Q3 2025 Earnings Call

AirJoule Technologies Corporation (Nasdaq: AIRJ)

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AIRJOULE TECHNOLOGIES PARTICIPANTS

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TRANSCRIPT

Operator

Greetings, welcome to the AirJoule Technologies Third Quarter 2025 Earnings Call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. If anyone should require operator assistance during the conference, please press *0 on your telephone keypad. Please note, this conference is being recorded. It is now my pleasure to turn the conference over to your host Tom Divine, Vice President of Investor Relations and Finance. Thank you, you may begin.

Tom Divine (AIRJ)

Thank you, and good morning. With me today for our third quarter earnings call are Matt Jore, Chief Executive Officer; Pat Eilers, Executive Chairman; Bryan Barton, Chief Commercialization Officer; and Stephen Pang, 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 statements 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 Jore.

Matt Jore (AIRJ)

Thanks Tom, and thanks everyone for dialing in this morning. Before I turn it over to Pat, who will review some of our recent milestones, and Bryan, who'll discuss our ongoing productization activities and customer engagements, I'd like to talk about some of the powerful macro trends that are fundamentally reshaping global water and energy markets. These converging forces are creating significant demand for the exact solutions that our AirJoule platform technology is designed to deliver—and AirJoule is well-positioned to play a meaningful role in this transformation.

The explosive growth of artificial intelligence is driving massive data center development across North America and globally. What's becoming increasingly clear—and creating urgent challenges for hyperscalers and data center operators—is that AI infrastructure has an enormous water and energy footprint. Modern data centers require millions of gallons of water annually for their cooling systems, and as AI workloads intensify, these requirements are escalating dramatically. Especially in arid environments, data centers are facing constraints relating to the availability of water in the quantity and quality that they require. This has some real operational impacts.

Additionally, we're seeing mounting concern from some local communities over data center water consumption. In regions already experiencing water stress, data center developers often face having to truck in water at significantly higher expense in order to satisfy water requirements for data center operations and expansion. Some projects even face permitting delays or even outright opposition from local stakeholders.

There's growing recognition across the industry that water security isn't just an operational concern—it's becoming a fundamental constraint on AI infrastructure development. This was reinforced by AirJoule's selection as a winner of the Net Zero Innovation Hub for Data Centers technology competition, which validated AirJoule as a critical solution for sustainable data center operations. We also saw the recent launch of the Water-AI Nexus Center of Excellence, led in part by Amazon and the Water Center at the University of Pennsylvania, that explicitly acknowledges the intersection of AI infrastructure growth and water resource challenges.

And beyond data centers, the CHIPS Act and other industrial policy initiatives are incentivizing billions of dollars in domestic manufacturing investment. Batteries, semiconductors, advanced electronics, these facilities have two critical requirements, substantial high purity water for manufacturing and precise humidity control for product quality and yield. Traditional approaches rely on municipal water infrastructure and energy-intensive dehumidification. AirJoule's platform addresses both requirements simultaneously. Dehumidification with high purity water generation, positioning us in a multi-billion dollar opportunity as domestic manufacturing scales.

Underlying these trends is the fundamental challenge of water scarcity. Population growth and changing environmental conditions are exacerbating water stress across the United States and globally. The western U.S. in particular is facing severe and persistent drought conditions that are constraining development, agriculture and industrial activity.

Water scarcity is not just an environmental issue, it's an economic development constraint. Communities wanting to attract data centers, manufacturing or residential development face constraints on water availability. Traditional approaches, deeper wells, pipelines, water transport are expensive, environmentally problematic, and even politically contentious.

And the military is increasingly focused on water resilience. Bases in water-stressed regions face operational constraints, and forward-deployed troops require reliable supplies where traditional logistics are challenging. Our collaborations with the ERDC and across the defense sector for anti-corrosion reflect recognition that AirJoule addresses critical national security challenges.

At the same time, rising electricity costs are driving renewed focus on energy efficiency. Industrial facilities, commercial buildings and data centers face intense pressure to reduce energy consumption, both for economic reasons and to meet corporate sustainability commitments. Traditional HVAC and water management systems are energy intensive, representing significant operational expenses and environmental footprints.

AirJoule's platform technology is designed to deliver step-change improvements in energy efficiency. By leveraging waste heat to produce water from air and utilizing advanced sorption materials for dehumidification, we can reduce energy consumption by up to 50% compared to traditional refrigerant-based systems. In an environment where every kilowatt-hour matters for both cost and sustainability, this efficiency advantage is increasingly valuable to customers.

And lastly, we're benefiting from significant regulatory tailwinds. Governments globally are mandating the phase-out of high-global-warming-potential refrigerants as part of climate mitigation efforts. The American Innovation and Manufacturing Act and similar regulations worldwide are forcing HVAC and indoor air quality companies to fundamentally rethink their technologies.

Traditional dehumidifiers, air conditioners, and cooling systems rely heavily on these refrigerants that are being phased out or face escalating costs and regulatory restrictions. This is creating urgent demand for alternative technologies that can deliver comparable or even superior performance. AirJoule's sorption-based platform can unlock a refrigerant-free system, positioning us as a solution to this regulatory transition. This is why we've partnered with Carrier to integrate AirJoule technology into their next-generation HVAC systems.

What makes this moment particularly compelling is that these trends are not isolated—they're converging and reinforcing each other. AirJoule's platform sits at the intersection of all these pressures, providing solutions that address multiple needs for industrial, commercial, defense, and data center customers. This is why we're seeing accelerating interest from diverse industries, why prestigious partners like GE Vernova and Carrier are collaborating with us, and why defense organizations are engaging on multiple AirJoule applications. The market is recognizing that AirJoule is a transformational platform for a water- and energy-constrained world.

Now, I'd like to turn it over to Pat Eilers to discuss some of our recent milestones on our path towards commercialization.

Pat Eilers (AIRJ)

Thanks Matt. During the third quarter, we achieved several milestones that represent critical validation of our technology, demonstrate strong market demand across multiple sectors, and are advancing us toward multi-system deployments and commercialization in 2026.

Our Hubbard, Texas deployment is operating 24 hours a day, 7 days a week across diverse environmental conditions, generating critical performance data. This isn't laboratory testing—it's real-world operation with full variability. The data we're collecting is helping us optimize system design, validate our performance and water quality expectations, and

demonstrate to customers that our technology works reliably in demanding environments. This track record is increasingly important as we advance commercial discussions with customers who need confidence in consistent and reliable operation.

During the quarter, AirJoule was selected as a winner of a technology competition sponsored by the Net Zero Innovation Hub for Data Centers, which is a consortium founded by Google, Microsoft, Data4, Vertiv, Schneider Electric, and Danfoss. These are some of the most influential companies in global data center infrastructure, and this prestigious recognition validates our technology as a critical solution for sustainable data center operations. We look forward to collaborating with these partners on sustainable data center design and showcasing our AirJoule system at the Innovation Hub's testbed facility in Europe this coming year.

At the end of October, we delivered an AirJoule system to Arizona State University's Global Center for Water Technology. Led by Dr. Paul Westerhoff, this is one of the leading research institutions in the field of atmospheric water harvesting. This collaboration with ASU will generate rigorous, independent research data on AirJoule's performance and potential applications. Dr. Westerhoff also plans to demonstrate our AirJoule system for industrial customers with operations in the Southwest United States.

We also announced a Cooperative Research and Development Agreement, known as a CRADA, with the U.S. Army Engineer Research and Development Center to integrate AirJoule's waste heat to water capability for military applications. The military has rigorous requirements for reliability and performance in extreme environments. The fact that the ERDC has committed to AirJoule for this program demonstrates confidence that our platform can meet these exacting standards. Beyond the immediate research program, this partnership positions AirJoule for broader adoption across wider military applications.

On our last earnings call, we mentioned a collaboration with a United Statese defense contractor to evaluate AirJoule's technology for anti-corrosion applications in high-value military storage environments. I'm pleased to say that those discussions have come to fruition, and we now have an agreement in place with that defense contractor. Under the agreement, we'll work together to establish a deployment project at a military storage facility and demonstrate how AirJoule provides dehumidification capabilities and substantial cost savings to the American taxpayer. This represents a significant expansion of our opportunities beyond water generation across military applications globally.

These milestones provide the operational track record and customer validation needed to advance commercial deployments in 2026. Now I'll turn it over to Bryan to discuss our ongoing customer conversations and productization activities.

Bryan Barton (AIRJ)

Thanks Pat.

The milestones and partnerships that Pat and Matt discussed are translating directly into commercial opportunities as companies realize the value we can bring by delivering distilled water and compelling economics. Our water generation system is fundamentally unlike anything else on the market in that it produces clean distilled water with no contaminants.

A critical differentiator driving these conversations is water quality. AirJoule delivers distilled-quality water with zero dissolved solids, meeting EPA and FDA bottled water standards. Our sorbent-based process natively features three purification steps, and our Hubbard system is consistently demonstrating excellent water quality. This is important because our technology works best for customers lacking reliable sources of clean pure water—and that's exactly who we're targeting.

For many industrial customers in water-stressed areas, municipal water sources may not be reliable or have the desired quality, and trucking water—a $50 billion market—is often the only viable option.

We're actively engaged in discussions with customers to lock in additional deployments in 2026, and the breadth of this commercial pipeline demonstrates how the AirJoule platform can deliver across multiple industry verticals including data centers, advanced manufacturing, and the military. We look forward to providing more specific guidance on deployment timelines as we are able.

Through these customer conversations, a compelling business model has emerged with the introduction of Water Purchase Agreements, or WPAs. Several of our customers are exploring this structure as an alternative to traditional capital equipment purchases.

Under a WPA, customers purchase water on a volumetric basis—dollars per gallon—rather than purchasing the capital equipment. AirJoule owns, operates, and maintains the systems, and customers pay for the water delivered. This is directly analogous to a Power Purchase Agreement that has driven massive value in the power sector.

For customers, WPAs eliminate upfront capital requirements and align economics with performance—they only pay for water actually delivered. And WPAs can improve project economics by converting capital expenditures to operating expenses. For AirJoule, WPAs create recurring revenue streams and can accelerate customer adoption.

We're actively discussing WPA structures with several customers, and we believe this could become a significant component of our commercial strategy.

Before I move to our productization efforts, I should mention that we're also making progress in adjacent markets beyond the industrial and commercial applications I've discussed, specifically in the residential dehumidifier market. This is an opportunity that would leverage our sorbent technology for a high-volume consumer application in a multibillion-dollar market. We'll have more details to share on that soon.

In preparation for these commercial deployments in 2026, we've been making significant progress on scaling our manufacturing readiness and productization of the AirJoule platform.

During the third quarter, we celebrated the ribbon cutting of our manufacturing facility in Newark, Delaware, which is designed to support productization, assembly, quality assurance, and performance validation as we transition from demonstration systems to commercially viable products. We also expanded our testing infrastructure with an additional environmental test chamber, enabling us to validate system performance across a broader range of conditions and accelerate our product development cycles.

Productization is absolutely critical to achieving our commercialization objectives. We have proven technology that works in the field, our current deployments have demonstrated that. We have strong customer interest across multiple sectors. But to convert that interest into revenue, we must deliver systems that are economical and reliable with minimum maintenance costs.

To this end, we are focused on three objectives: increasing our water output, reducing our overall system cost, and ensuring reliability.

First, maximizing water output from our chambers. We're focused on optimizing our sorbent chambers to extract as much water as possible from each cycle. This isn't just about incremental gains—improving water output per chamber directly translates to better economics for our customers and more competitive positioning for AirJoule. Currently, our sorbent chambers in Hubbard are each producing 100 liters per day each at 60% relative humidity. We expect this to increase to 150 liters per day, per chamber, and with this 50% improvement, we can expect our 16 chamber A1000 product to deliver more than 2,000 liters of water per day, or around 500 gallons.

Second, reducing overall system costs. We have extensive design-for-manufacturing efforts and supply chain activities underway to identify cost-effective components, optimize our bill of materials, and establish relationships with suppliers who can support our volume production. Our goal is to ensure competitive economics for our customers while maintaining the performance and reliability standards they require.

Third is our focus on ensuring reliability. Our customers—whether they're data centers, industrial facilities, or military installations—need systems that work consistently over extended periods with minimal maintenance costs. We're implementing rigorous quality assurance protocols, stress-testing components, and building redundancy into critical systems to ensure that when we deploy these units, they will perform as promised.

The productization work we're doing now is directly enabling our 2026 commercialization goals. When we engage with customers about multi-unit deployments—whether it's the tens to hundreds of unit we're discussing at individual data centers and industrial sites, or defense deployments—they need confidence that we can deliver reliable, cost-effective systems.

As we move through Q4 and into 2026, productization will remain a top priority. Every improvement in water output, every dollar we take out of our system, and every enhancement to reliability directly strengthens our competitive position and accelerates our path to commercialization.

Now, I'll turn it over to Stephen for the financial update.

Stephen Pang (AIRJ)

Thank you, Bryan. We can turn to slide 11 of the presentation for a review of our financial results for the third quarter. As a reminder, AirJoule Technologies accounts for its 50% ownership in the JV using the equity method. These numbers in the table are only reflected for AirJoule Technologies. And the results from the joint venture are reflected in the "loss from investment in AirJoule JV" line, which was $1.9 million for the third quarter. This is slightly lower than the $2.2 million loss in the first quarter and $2.1 million loss in the second quarter.

AirJoule's net operating expenses during the third quarter were $3 million. This is inclusive of the approximately $487,000 in administrative and engineering expenses reimbursed to us by the joint venture under our statement of work. Operating expenses were lower in the third quarter primarily due to professional fees normalizing after our equity-related transactions in Q2, along with lower non-cash share-based compensation expense. We also amended our licensing agreement with Pacific Northwest National Lab, and as a result, reversed $475,000 worth of accrued royalty expense which resulted in a negative R&D expense for the third quarter.

Our net loss for the quarter was $4.0 million, compared to net income of $2.5 million for the second quarter. The main driver of this difference is primarily the non-cash losses associated with an increase in the fair value of our earnout liability and subject vesting shares, which are both non-cash.

During the third quarter, AirJoule Technologies contributed $2.75 million of capital to the joint venture with GE Vernova, which is being used to support the ongoing productization and commercialization activities that Matt and Bryan have touched on.

AirJoule Technologies ended the third quarter with approximately $26 million of cash sitting on the balance sheet between the two entities. Subsequent to the quarter end, AirJoule Technologies contributed an additional $5 million of capital into to the JV.

Looking ahead, I'll reaffirm that we have sufficient cash and liquidity to support both our operations and those of the JV. As you've heard on this call, we are focused on productizing our AirJoule system and preparing for multiple customer deployments in 2026. We expect the joint venture's full year 2025 spend to be at the higher end of the guidance I previously provided on our prior earnings call of around $17-$18 million.

Today, as part of our ongoing capital market strategy and following our recent milestone being a timely filer for over 12 months as a public company, we've filed a shelf registration statement, which remains subject to SEC review.

We view this as a prudent step that gives us flexibility and efficiency in accessing the capital markets when the timing is right. For clarity, the S-3 we filed today did not involve the issuance of any new shares. This filing simply ensures we're prepared to be opportunistic and reflects our disciplined approach to maintaining optionality and managing our access to capital.

Now, I'll pass it back for the Q&A portion of the call.

Operator

Q&A portion of the call

Amit Dayal (H.C. Wainwright)

Thank you. Good morning, everyone. Thank you for taking my questions. I just want to go over line from the press release that says data from Hubbard is accelerating commercial adoption. How should we sort of read this statement? Are you implying the potential pipeline or other
some pilots that are taking place, like, any clarity on this sentence would be very helpful? Thank you.

Matt Jore (AIRJ)

Thanks, Amit. I'll take the question. Yeah, so the system in Hubbard is generating immense amounts of data. And through that data and through our partnerships with customers, it's been a real catalyst to see systems operating in the field and performing very well making clean water.

At the same time in Texas, right, there are a number of hyperscalers that are looking to build operations in Texas. And so when we talk about a lot of the data center interest, and then

overlaid with the fact that they're building those data centers in the broader Texas area, it's been great for us to have that system on the ground, performing well. And to date, many hyperscalers have come through and have seen that system operating.

Amit Dayal (H.C. Wainwright)

Understood. Okay. Thank you for that. And then, in the last earnings call you had sort of talked about exploring product integration opportunities with GE Vernova. How is that going? Any progress on that front, any color and how we should see, maybe that contributing to any commercialization efforts in 2026?

Matt Jore (AIRJ)

Yeah, thanks. So just as a reminder, our previous announced collaboration with GE Vernova is to really focus on the waste heat from gas turbines, and integration of that waste heat into AirJoule's products. And so that we can deploy at sites that have perhaps behind-the-meter power gen, or just in general the power generation capabilities of GE Vernova and then connecting to that waste heat. And so that project is in full swing, it's still in the -- I would say, forming and paper exercise and really understanding how to integrate AirJoule, right? The next step would be actually integrating AirJoule. So we can look forward to seeing the progress on like a demonstration type of system, but really the first part is educating our customers that have these assets, these gas turbines that are generating immense amounts of heat. How to integrate those that waste heat directly into AirJoule. And so we can expect that this initiative with GE may first find life in the field through an actual project.

Amit Dayal (H.C. Wainwright)

Understood. Okay. Thank you. And then, the R&D spend was pretty low in 3Q. I mean, if I'm reading it correctly it was around $8,000 and change. Any reason for such a low spend, as you get closer to commercialization? Should we think about it in a way where most of that R&D stuff is now out of the way? And you're focusing more on the commercialization part of it, like, just trying to understand why the R&D is at these levels?

Stephen Pang (AIRJ)

Yeah, I'll take that. As I mentioned, most of the R&D spend now is being born at the joint venture level. So if you take a look at the earnings slide, which is the supplement to our results, you'll see that spend be pretty consistent with what we've heard in prior quarters. And then the R&D spend directly, as it relates to AirJoule Technologies corporate balance sheet, that's reflective of reversal in the maintenance royalty expenses that we've been accruing that were previously being born to Pacific Northwest National Labs, and through a

restructuring of that agreement we were able to reverse the maintenance charges. So this quarter reflects that adjustment. But like I said, the R&D at the JV level remains pretty consistent with prior quarters. And we would expect that to continue going forward.

Amit Dayal (H.C. Wainwright)

Okay, thank you. I missed that. Appreciate it. Just last one guys, what's the runway for the AirJoule JV? I know you put in sort of $2.5 million in 3Q. How long will that sustain and what are your needs on that front going forward?

Stephen Pang (AIRJ)

Yeah. So as I also mentioned in our prepared remarks, we do expect the JV spend for the full year to come in at the higher end of the previously provided range, of around $17 million to $18 million. This year that spend also was inclusive of a previously agreed upon statement of work, we had with GE Vernova. We are evaluating kind of what that spend will look like for 2026, but I would expect that specific statement of work to likely come in lower from an aggregate spend standpoint for next year. From a -- on a go forward basis, I also reiterate that our cash currently is sufficient to support both the corporate expenses, as well as the JV spend through commercialization into 2026.

Amit Dayal (H.C. Wainwright)

Understood. Thank you guys. That's all I have.

Thank you. The next question is coming from Jake Sekelsky of Alliance Global Partners. Please go ahead.

Jake Sekelsky (Alliance Global Partners)

Hey, guys. Thanks for taking the questions. So, just starting with the water purchase agreement model, it looks like an interesting avenue for commercialization. Can you just comment on maybe the types of customers that are showing interest here in -- would these be AirJoule owned and operated systems under this model?

Bryan Barton (AIRJ)

Thanks, Jake. Yeah, that’s accurate. We would -- AirJoule would own and operate these systems and the customer interest that we’re getting is -- I’ll comment on two respects. One, these are customers that need clean water at an operations site, and they don’t have access to cheap and abundant municipal water or groundwater. So there's somehow limited on the access to water, or the water that they can get is not of the right quality that they need for their operations. So, that’s really where we’re seeing a fair bit of traction. In those conversations, it typically goes like they really like what we’re capable of delivering. They see the value, and they want the AirJoule solution. But we’re still early days in terms of deploying

and demonstrating, especially large amounts of water. And so to build the confidence that we can deliver the economics overall and have bankable projects, AirJoule will own and operate these assets and simply sell the water that's produced as I said dollar per gallon.

Pat Eilers (AIRJ)

If you don't mind, Jake, this is Pat Eilers, Real quickly, I would just add that despite us putting up the CapEx for these projects, we're not raising capital, our cost of capital. It's a long-term offtake. We can look through to the investment grade status of the offtake customers that are looking at these WPA. So it's very accretive.

Matt Jore (AIRJ)

Yeah. And I was just going to add -- this is Matt, Jake. I was just going to add to what Pat and

Bryan said, is that. I love the idea of an asset that you can make money on over a 15 year period. It just makes perfect sense to me. So that's another exciting proposition. Especially as Bryan said, as we're in total control of the operation and the data that comes out of these things. So that's another facet. Thanks for the question.

Jake Sekelsky (Alliance Global Partners)

That's helpful.

Operator

Thank you. The next question is coming from Ryan Pfingst of B. Riley Securities. Please go ahead.

Ryan Pfingst (B. Riley Securities)

Yeah. Hey, good morning, guys. Thanks for taking my questions. Bryan, you talked about water quality in the prepared remarks, how important is that water purity advantage when you're having commercial discussions with data centers and industrial customers? And can you talk about AirJoule's differentiation a little bit compared to other atmospheric water generation approaches?

Bryan Barton (AIRJ)

Yeah. Thanks, Ryan. So I'll take the first part first. And that is the water quality really depends on exactly who we're talking to be it food and beverage customer or an industrial customer or a data center operator. Data centers actually have many different needs for water across their operation. We most often think about evaporative cooling, but if the data center puts a power- generating asset on the site, they may also need what's called demineralized water, which is distilled water, so has zero TDS water for use in, for example, a gas turbine. And so there are actually a variety of needs for clean water and distilled water, depending on the

industry or the use of the water. So we're really well positioned to address water for purpose and having clean water depending on who we're talking to. So that's the first part. And then, I'm sorry, remind me the second part?

Ryan Pfingst (B. Riley Securities)

Just the differentiation of AirJoule compared to other approaches.

Bryan Barton (AIRJ)

Yeah. Yeah, thanks. So I think actually this comes down to two main points. One is overall economics and reliability. Conventional atmospheric water generators work well in humid climates, but it's only humid for, depending on location, half the day. But -- so we're really starting to think about this more in terms of like seasonal efficiencies. Like you could deploy a conventional system in Miami and it may work well. But even in Miami, it's not very humid in the peak midday sun. And so we -- it's really around seasonal efficiencies and operational costs for the entire duration of the year. So as we think about actual dollars per gallon, right, delivered from the asset -- the asset is going to sit on the ground every month, 24/7 and operate. And so really what we have to do to calculate levelized cost of water is think about the asset cost and how much water is generated for the entire length of the year. And so this is where AirJoule really shines, because we can make water economically down to 30% relative humidity or so. And so now we have the full gamut of environmental conditions, mostly accessible to us. And the other point that I stressed on the call is really on our ability to generate clean water. When you condense water from the air, you often pick up other things, and there could be biological concerns. So you have to clean that water up quite a lot in order to get very good biological counts and very good contamination counts. And because AirJoule kind of selectively pulls water vapor out of the air, and then we have a vacuum distillation process, the water that we make is natively very clean.

Matt Jore (AIRJ)

Yeah. Hey, Ryan, this is Matt. Ryan, I'm glad Bryan said that, he's a PhD in chemistry. So I'm glad that he mentioned that last part because this whole system is completely unique in that, just as Bryan said, it pulls water vapor out selectively and only water vapor comes out and is condensed inside our condenser. If you think about what Bryan talked about with the DX systems that are out there, other atmospheric water generators, they do just what conventional air conditioning systems, they condense on the outside of an evaporator. So all that stuff that's in the air goes right along with the water. So that's why we have this really unique advantage. So Bryan, thanks for adding that second part.

Ryan Pfingst (B. Riley Securities)

Yeah. I appreciate all that detail, guys. And then secondly, just curious how much of the validation work you're doing with ASU and Dr. Westerhoff help your commercial discussions? And does that project also help anything regarding regulatory approvals?

Bryan Barton (AIRJ)

Yeah. I would say, first and foremost, the effort with Paul is independent validation, not just on how much water is generated per day or how much energy the system consumes, but also on the water quality side. So we'll have Paul's full academic and professional evaluation of those components. And at the same time, he is kind of the center spoke of a large network of folks interested and industries interested in atmospheric water harvesting and when it makes sense and how it makes sense, right? So there's really, I think, a mature perspective on when these types of deployments make sense. And Paul is involved in those conversations with interested industries. And so he also serves as kind of an industrial, I think, collaborator of sorts when people will come to him and ask how does the system work? And he's a key voice in that conversation. So those are the primary things. On the regulation side or certification side, not really involved. We're heavily pursuing this internally. We have to have certifications of the actual product from multiple perspectives and regulatory bodies. And then for individual deployments like, for example, the one in Texas, the Texas TCEQ, you have to go through those validations at a particular location and then be vetted and approved as a public water -- a potable water provider. So it's kind of location dependent in that respect.

Matt Jore (AIRJ)

Ryan, one thing that you was stunning to me that Paul taught us is that in the Greater Phoenix area, they get -- they consume about 1.2 billion gallons of water a day out of their aquifer and another 1 billion off of groundwater, service water, and yet every day, 25 billion gallons influxes

into the Greater Phoenix area in the air. That's how much water is in the atmosphere. That's something that I was stunned to hear Paul talk about. That's one of the reasons I suppose they're looking to the air for the water solution.

Bryan Barton (AIRJ)

Yeah. It's actually quite obvious in the Phoenix area with the Palo Verde nuclear plant that's putting just an ungodly amount of water into the atmosphere. So you really see it.

Ryan Pfingst (B. Riley Securities)

Yeah. Great. Appreciate all that detail, guys. I'll turn it back.

Bryan Barton (AIRJ)

Thanks, Ryan.

Matt Jore (AIRJ)

Thanks, Ryan.

Operator

Thank you. The next question is coming from Sean Milligan of Needham & Company. Please go ahead.

Sean Milligan (Needham & Co)

Hey, good morning guys. I just want to go back to the WPA model. I mean you gave some color earlier, but it seems like that would be a great model for you to pursue from a higher return perspective but also from the customer in terms of like you're taking on the risk. I mean can you frame up like how many discussions you're having there in terms of order of magnitude in your total pipeline? Like percentage, is it 25%, 50%? Like what are the rate of discussions you're having on the WPA model?

Matt Jore (AIRJ)

It's an offer that we're making -- sorry, Bryan, it's an offer we're making out across the board, Sean. Bryan is going to be happy to talk about specifics here in the coming periods. But Bryan, go ahead.

Bryan Barton (AIRJ)

Yeah. So I would just say that in our conversations over many months, the -- often goes to the risks of deployment and the assured guarantees. And so the WPA model kind of emerged. And then we started outreach back to all interested customers. And it's in the many dozens that we've discussed with and most of the conversations are going very well. There's a lot of positive reception on this business model for launching technology with us taking on the risk and just delivering against the water it needs. And we're in final conversations or, I would say, approaching the final conversations with what we will take on in '26 and '27. And stay tuned for kind of that conversation.

Matt Jore (AIRJ)

Yeah, I'll add to that. Sean, I'll add to that. The thing that we learned in -- well, we're learning across the board, but in the New Orleans conference last year talking about data centers, where are we going to get all the power from? It's one of the reasons why power purchase agreements are so compelling, we realize now, it's the same thing with water. Where are you going to get all the water to do all these new developments? And so these WPAs are really emulating the PPAs that you're familiar with.

Sean Milligan (Needham & Co)

Got it. Like who are you -- I mean what are you pricing against the WPA model like other water suppliers? And then just kind of like how your pricing maybe fits against that?

Matt Jore (AIRJ)

Yeah. Great. Go, Bryan.

Bryan Barton (AIRJ)

Yeah. So it's really kind of unique in the situation where a customer needs distilled water and they don't have access, right? So I mean municipal water is typically is quite affordable if it's available. And so we're specifically talking to folks that may have to truck in water, and trucking in water can be pretty expensive. It can be $0.50 to $0.75 per gallon. And so that's really the main comparison. If you want to deliver clean, pure water and certainly cheaper than the cost of trucking at those price points. Really as we kind of like take these WPA conversations forward, we're really in the position, I think unique position, that we can only take on so much, right? Like there is a real strategy and logic to, okay, what can we actually deliver against in 2026 for customers that really need this technology and are going to grow the pipeline and the demand signals out into the future. So while we have many conversations ongoing, we're going to be fortunate enough to be selective on who and where and how we deploy the initial WPAs.

Sean Milligan (Needham & Co)

That's great color. And then one last question on the Net Zero Innovation project. Congrats on that. But I was curious in terms of the timing of that and then just sort of is it a single unit? Or what's the scope of that project? And the timing in terms of like when that starts, how long that runs for and maybe what might the expected outcomes for you all could be off of that project. Because it sounds like it's a chance to kind of highlight the benefit for just the data centers, you're also doing that concurrently via other discussions. So just kind of curious about like how important that project could be in the future for you all?

Bryan Barton (AIRJ)

Yeah. Thanks, Sean. It's actually, I think, a really exciting thing to be recognized as a winner for this Net Zero Innovation Hub. This kind of consortium or hub is, right, is founded from Google, Microsoft, Data4, Vertiv, Schneider and Danfoss. And so there's amazing visibility to these key players in the industry to the AirJoule technology. The project itself is a kind of a testbed center data center that will be in the Denmark area, and AirJoule will deploy into that data center and really showcase how does it take waste heat from data centers in a circular way, right, reuse that waste heat and create clean distilled water for the data center or other operations locally. And so we view it as just a great catalyst for the conversation around

circularity with these key data center partners as well as a catalyst for real operational projects globally.

Operator

Thank you. (Operator Instructions) Next question is coming from George Gianarikas of Canaccord Genuity. Please go ahead.

George Gianarikas (Canaccord Genuity)

Hi. Thank you so much for squeezing me in. I appreciate it. So first question is, looking at 2026, can you help us understand the sequencing? Will you see A250 dehumidification deployment first and then A1000? Or will they launch simultaneously? Thank you.

Bryan Barton (AIRJ)

Yeah. Thanks, George. You will likely see the A250 product launch before A1000 simply out of the simplicity of a two-chamber system versus a 16-chamber system. Our engineering activities have started so we're full swing and the design and build of A1000, but A250 is simply is ahead of the race because it started earlier. So we'll see that one go into the marketplace. And as a reminder, the -- a dehumidifier is the same machine as an atmospheric water generator. And really it's the process of how it runs that distinguishes whether or not it's a dehumidifier or a water generator or both. In some cases, customers want to dehumidify spaces and also generate clean distilled water. So we'll see that one likely lead the pack by potentially a few months.

George Gianarikas (Canaccord Genuity)

Thank you. You've also talked about 2026 as an inflection point for commercialization. Could you possibly define what success looks like by the end of next year? Thanks.

Bryan Barton (AIRJ)

Yeah. Thanks, George. For me, our key focus is firming the demand signals for where AirJoule will be successful and how it will be successful, so generating that and firming that pipeline for deployments and units either through the WPA or units sold. And then the product that can deliver the compelling economics is the second key milestone for those deployments. And so really, this is quite simple in that we are in those conversations to firm the demand, and then you will see in track the launch of the product and how it's capable of delivering the overall dollars per gallon or dollars per dehumidified air or the savings for those customer opportunities. So those are the key things to look for, we'll be referring against.

Operator

Thank you. At this time, I'd like to turn the floor back over to Mr. Jore for closing comments. There are no more questions in the queue, so I'll turn it over to Matt Jore for some closing comments.

Matt Jore (AIRJ)

Thank you, everybody, for joining us today. The message I hope you take away from this call is straightforward. We're capitalizing on powerful converging macro trends that are creating significant demand for AirJoule solutions. We're systematically building the foundation for commercialization, validating our technology through real-world deployments, earning recognition from industry leaders, establishing critical defense partners, building a robust commercial pipeline and advancing productization to deliver cost-effective and reliable systems. The progress we've made this quarter moves us meaningfully closer to our 2026 deployment goals. We have the technology the partnerships, the manufacturing capabilities and, increasingly, the customer demand to establish AirJoule as the leader in industrial scale water from air. We're executing our strategy with discipline and focus, and we look forward to updating you on our continued progress in the quarters ahead.

Operator

Ladies and gentlemen, thank you for your participation and interest in AirJoule Technologies, you may disconnect your lines or log off the webcast at this time, and enjoy the rest of your day.