Athena Technology Acquisition Corp. II
SPV Investor Update
March 2024

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Recap of Previous Business Combination with Air Water Ventures Ltd Company

- Signed an LOI over a year ago
- Started working with them to announce the transaction (which Athena completed)
- Typical process for these types of transactions:
  - Find a company, sign an LOI, and two months later, announce the business combination and signing of the business combination agreement (BCA).
- Athena signed the BCA with the company and announced in April/May of 2023

Business Combination Update - Air Water Ventures Ltd

- The company struggled to provide Athena audits and eventually didn't, but Athena filed
- The first filing is the s-4 or F4 typically comes after announcing the business combination
- Usually, within 1-2 months of announcing the business combination, you would file for the S-4 for a domestic company or F4 for an international company.
- From there, the SEC and companies close anywhere between 4-9 months until the business combination can close, at which point the company is publicly traded, and the investor's shares can be sold, depending on the lockup
- The lock-up can be anywhere from no lock-up to 6-12 months (typically what they've seen)
- The SEC started reviewing and had a number of questions which Athena replied.

Issues with Air Water Ventures Ltd

- Not generating revenues at the company's target
- Expecting $5M in revenue, and by the end of 2023, they only had $1M in revenue
- Could not raise additional capital
- It became clear that this was not a viable transaction. Taking a company public with only $1M in revenue and no capital and still a cash-burning company in this market does not work.
- There would have been a low stock price for the high cost of the transaction that the company couldn't cover. The deal was terminated in November/December of 2023

Primary alternatives - Insurance company

- Identified a company in the insurance space
- Tried to stay away from ESG that have high burning operations, high cash needs that the market is unable to fulfill
- The insurance company is a large call center, and Athena is helping them fiance the center with debt.
- The company's growth strategy is to acquire insurance workers.
- EBITDA positive
- Closing on their 2nd/3rd acquisition. This is their anchor acquisition and proof of concepts

- Athena signed an LOI with the company a couple of months ago. However, it is key for them to complete the first anchor acquisition, and there would be at that point around $17M before it can go to market. Athena is actively working with a company to secure the debt financing (not difficult but time-consuming)
- The company does not have audits yet
- If all goes well and the company finances the call center and is in a position to finance additional acquisitions, to take them to $35M EBITDA
- Already identified acquisition targets
- The purpose of the company going public through a SPAC is to complete those acquisitions at the same time as the company, as the business combination would be a concurrent merger or become complete acquisitions after using a combination of cash and public stock to finance the acquisitions
  - This is a good example of how the SPAC product continues to be attractive for companies who want to go public. For this particular company they're reviewing it is too small to go public for an IPO but can nonetheless go public with a SPAC and execute its vision of growing through acquisitions.
- It will take a few months for the company to get both audits; Athena is working towards a business combination agreement
- Timing: Could take a couple of months to get to a BCA and another few months to get audited. In the best-case scenario, Athena could close at the end of the year or early next year.
- The company does not need too much cash other than the debt financing that they can get from investors/credit investors
- Cost form Extension
  - Athena went to $20M of cash due to the extension cost they needed to pay to keep the cash in the trust.
  - A recent extension was filed a few days ago, taking Athena from March to December
  - The team is finalizing the redemption but has about $10M (half of what they had)
  - It'll take time for the deal to close and might go past 3 years, in which case, they'll do another extension.

Back-up Options

- 3 viable backup options:
  - A technology company for the construction industry that has not experienced significant cyclical impacts. The construction industry is resilient to the market and profitable. However, it operates in a project financing mode.
  - A blockchain technology company that can authenticate art and has an art marketplace. Based in China, are looking to expand in the US aggressively and doing the SPAC in the US
  - A company providing transportation solutions to cities and municipalities via electric buses. The team likes this company because they're already EBITDA positive (already profitable) and because of their recurring revenue.

        - Other highlights: if Athena decides to pursue a SPAC transaction with this company, they're already prepared since they already have a PCAOB audit, so the closing transaction with them would be a fast timeline.
    - The team continues to work hard in maintaining back up options. They're all in the same range of valuation, working through assumptions and relationships with the companies.