



## 374 Water Recaps Key Highlights from 2024 and Shares 2025 Outlook

**Durham, NC — December 19, 2024** — 374Water Inc. (NASDAQ: SCWO), a global leader in organic waste destruction technology for the municipal, federal, and industrial markets, releases key highlights of 2024 and their outlook for 2025.

December 18, 2024

Dear 374Water Shareholders,

2024 was a transformative year for 374Water and we are excited to move into 2025 as the market demand for innovative waste management and destruction solutions, like our AirSCWO (AS) system, has never been greater. Our mission and commitment remain steadfast - to transform the global water and wastewater treatment industries by solving critical pain points through innovative solutions. We believe our AS system sits at the forefront of cleantech innovation, offering a vital solution to address the organic waste destruction challenges of municipal, federal, and industrial market participants.

The core of our AS system is our patented supercritical water oxidation technology – designed to permanently destroy and mineralize a broad spectrum of organic non-hazardous and hazardous wastes - producing safe dischargeable clean water, safe mineral effluent, safe vent gas, and recoverable thermal energy. Our AS system can destroy traditional wastes including biosolids, landfill leachate, oily sludge, foam fractionate, military wastes, granular activated carbon, ion exchange resin, and industrial wastes. In addition, our AS technology can destroy emerging contaminants such as PFAS impacted wastes, as well as pharmaceuticals, pesticides, and plastics.

374Water ends 2024 with a municipal, federal and industrial backlog and pipeline of \$1.8 billion. In 2025, we intend to begin converting our backlog and pipeline to revenue through our AS capital sale and AS Destruction-as-a-Service (DaaS) offerings.

### 2024 Key Highlights

In 2024, 374Water outlined a new strategic plan and tactical roadmap. Throughout the year, we executed our plan reaching critical milestones which we believe position the company for material growth in 2025. These achievements include:

#### AS Technology

We industrialized and optimized our AS system to effectively and continuously process a variety of organic waste streams including biosolids/sludge, aqueous film-forming foam (AFFF), granular activated carbon (GAC), ion exchange resin (IX), foam fractionation byproducts (foamate), pharmaceutical, lithium-ion battery, plastics, and other waste streams.

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We plan to offer four AS models which consist of the AS1, a one wet tons per day hyper mobile system; the AS6, a six wet tons per day mobile system; the AS30, a 30 wet tons per day semi-permanent system; and our bespoke AS100+ system designed to process 100 or more wet tons per day in a permanent facility.

## **Commercial Deployment to City of Orlando, FL**

In September, we deployed our first commercial scale AS system to the City of Orlando's Iron Bridge Water Reclamation Facility. Our AS system is fully commissioned, and we are processing municipal sludge as well as executing federal and industrial waste destruction projects. Following the completion of our biosolids demonstration, Orlando has indicated their intentions to install our larger AS30 system, followed by our AS100+ system to ultimately service all wastewater operations.

## **Municipal, Federal, and Industrial Markets**

The municipal market faces the daily challenge of managing and disposing of contaminated biosolids, landfill leachate, AFFF firefighting foam, spent GAC and IX, and foamate. Our recent destruction demonstrations on these waste streams position us well to solve municipal market challenges. At year end, we have a municipal backlog and pipeline of \$600 million.

The federal market has been directed by congress to remediate contamination, by PFAS and other organic wastes, at government locations. The government has already appropriated hundreds of millions of dollars to perform this work. With our AS solution performing at commercial scale with recent demonstrations under our belt, we believe we are well positioned to win federal PFAS destruction opportunities. At year end, we have a federal backlog and pipeline of \$900 million.

The industrial market includes a diverse group of industries from landfills, oil & gas, healthcare to pharmaceutical, chemical and batteries. These industries generate significant organic waste annually. Throughout the year we completed numerous AS trials at lab and commercial scale, successfully eliminating a wide range of organic waste streams. At year end, we have an industrial backlog and pipeline of \$280 million.

The Treatment, Storage and Disposal Facility (TSDF) market consists of RCRA (Resource Conservation and Recovery Act) permitted sites throughout the U.S. We are actively engaged with major TSDFs to establish a national network of hazardous waste destruction facilities. We believe the TSDF DaaS market opportunity is measured in the 100s of millions of dollars.

## **Laboratory Expansion**

To meet increasing lab-scale waste destruction demand and expedite AS technology advancement, we relocated our lab facility to a significantly larger state-of-the-art Biosafety Level 1 Laboratory in Morrisville, NC. Our lab-scale tests demonstrate to our customers the effectiveness of our AS technology in destroying organic wastes. Our lab also develops robust pre-treatment and processing protocols for a wide range of organic wastes which are then utilized by our commercial scale AS systems.

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## **Manufacturing and Supply Chain**

In conjunction with our move to Orlando's Iron Bridge Facility, we co-located our manufacturing operations to a temporary facility near our commercial AS installation. We also expanded our supply chain relationships and their capacity for full-scale production.

## **Leadership and Organizational Enhancements**

In April 2024, 374Water's Board of Directors appointed Chris Gannon as Chief Executive Officer. Following this appointment, 374Water appointed Deborah Cooper as Chief Administrative Officer and Chief of Staff, Russell Kline as Chief Financial Officer, and Peter Mandel as General Counsel. In addition, Brad Meyers expanded his scope as Chief Operating Officer. These strategic hires, along with an updated Board of Directors, materially strengthens our ability to meet our commitments and growth objectives.

## **Capital Raise**

374Water completed a registered direct offering with gross proceeds of \$12.2 million, securing operational capital to support the company's growth. This funding will be utilized to accelerate the commercialization of AS technology, build additional AS systems, launch our AS DaaS offering, further expand our team, and expand our manufacturing and engineering operations.

## **2025 Outlook**

As we head into 2025, we believe we are well positioned with a robust and aggressive plan and clear set of priorities. You can expect much from the company as we deliver critical AS waste destruction solutions to customers, generate AS DaaS, capital sale, lab trials and other service revenue, expand the use case of our AS technology, seed key markets, increase manufacturing and operating capabilities, enhance our global presence, and pursue strategic partnerships, joint ventures and accretive acquisitions.

## **Regulatory Outlook**

Following the 2024 Presidential election, our team has stayed on top of regulatory developments in Washington. While we anticipate changes under the new administration, we believe the federal government will continue to demonstrate bi-partisan support for PFAS regulations, and funding for federal remediation and destruction of PFAS-contaminated waste streams. Demand remains strong at the state and local levels with waste destruction spending, regulation, and bi-partisan clean-up efforts continuing to be an important area for municipalities and a broad range of industrial segments. Our team is engaged across all levels of government, partnering with policy makers to position 374Water as the go-to waste destruction service provider and advocate for AS system as the most effective means for organic contaminant destruction.

## **AS Systems**

In early 2025, we will finish manufacturing an AS1 system for immediate deployment to federal government and industrial facility destruction demonstrations. We will also finish manufacturing

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multiple AS6 systems, one of which will be delivered to OCSan and another will be installed at our inaugural AS DaaS site. We also intend to begin manufacturing AS30 systems to be used in our municipal and TSDf market verticals and our AS DaaS operations.

## **AS DaaS**

We are launching our AS DaaS business based on a build-own-operate model by which we partner with: (1) Wastewater facilities, (2) Federal facilities, (3) Industrial facilities, and (4) RCRA permitted TSDf facilities. These partnerships may take the form of operational joint ventures and/or service provider models. By providing permanent and mobile treatment solutions, we expect to access a wide variety of customer waste streams. We are actively bidding on waste destruction contracts and in active negotiations with potential partners.

We intend to establish our first AS DaaS facility during the first half of 2025, initially using our AS6 system, which we intend to upgrade to our AS30 as the technology matures. We believe our initial AS6 DaaS installation has the potential to generate \$3.0 million and \$5.0 million per year in revenue. In the future, we intend to install our AS30 system which has the potential to generate \$15.0 million to \$25.0 million per year in revenue.

## **Converting our Municipal, Federal, and Industrial Opportunities**

We intend to begin generating revenue from our backlog and pipeline of \$1.8 billion during 2025 as we are now well positioned to begin delivering our commercial scale AS solutions. Municipal officials remain eager to begin waste destruction operations and have expressed interest in capital purchase and DaaS models. Federal government officials have plans to remove and destroy PFAS from numerous military and civilian facilities and have appropriated hundreds of millions of dollars to perform AS DaaS work. We believe we are well positioned to secure government work. We have increased our focus on pursuing industrial waste destruction opportunities. With strong interest in our AS technology, we believe we will begin generating material Industrial revenue. Finally, we are in active discussions with potential TSDf partners to establish a national network of AS DaaS waste destruction operations. We intend to finalize one or more of these agreements and begin operations in 2025.

## **Deployment to Orange County Sanitation (OCSAN)**

We are completing construction of the OCSAN AS system scheduled for delivery in 2025. Prior to this deployment, we will complete a factory acceptance test, and upon delivery the system will undergo a six-month operational period managed by 374Water engineers, followed by another six-month operational period managed by OCSAN staff. Following a successful biosolids demonstration, OCSAN has communicated their intention to upgrade to our larger AS30 system, followed by the installation of a AS100 or larger system to manage a significant portion of their biosolid wastewater.

## **Manufacturing and Supply Chain Operations**

We intend to establish a much larger manufacturing facility to further scale our operations to meet our growing customer demand. We have relocated to a new facility closer to our AS waste destruction operations and will be hiring additional manufacturing personnel, increasing

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our capacity to build additional AS systems, while reducing our manufacturing costs. In addition, we intend to begin engineering and manufacturing our AS30 and larger units, in addition to previously discussed AS1s and AS6s.

## **Transportation/Logistics Operations**

We are beginning to establish our transportation and logistics operations to accept and transport waste streams for destruction at AS DaaS sites. We plan to have a network of transportation and logistics partners to assist us as we grow our AS DaaS operations nationally.

## **Leadership and Organization Enhancements**

We are actively seeking to round out our senior leadership team with the addition of a Chief Technology Officer (CTO). The CTO will oversee our engineering organization and will bring deep experience in technology development, commercialization, and technology deployment. In conjunction with the CTO hire, we will further build our engineering, field, and manufacturing teams to drive technology innovation and deliver new destruction solutions to our market verticals more rapidly.

## **Industry and Technical Advisory Board**

We plan to build an advisory board comprised of subject matter experts as we seek to capitalize on existing and enter new markets and industries. The advisory board will provide the company strategic advice and guidance on waste destruction needs of various consumers, technical and R&D matters, capital markets, strategic partnerships, key industry relationships, and other issues. We believe this advisory board will complement our organization and enable the company to scale more rapidly.

## **Strategic Partnerships, Joint Ventures, and Acquisitions**

We also intend to actively explore partnerships and other strategic transactions to further advance our growth. These initiatives are aimed at unlocking new opportunities, strengthening our market position, and accelerating the adoption of our groundbreaking solutions. We believe that combining our technology and expertise with that of complementary partners will allow us to expand our reach and drive the advancement and adoption of our waste destruction technology.

## **Closing**

Our commitment to providing sustainable solutions for the circular economy and transforming how the world addresses waste has never been stronger. With a strong year behind us and actionable goals for the future, 374Water is positioned to grow rapidly in 2025. We believe the fundamentals of our business and demand for AS technology are strong and we intend to generate meaningful revenue within our municipal, federal, and industrial market verticals.

Thank you again for being a 374Water shareholder and part of our journey to transform the waste management and destruction industry. The future is bright for your company, we look forward to providing further updates on our progress as we drive results for our customers,

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investors, and partners, and appreciate your continued support as we look forward to another successful year.

Happy Holidays!

Best,

**Chris Gannon**  
Chief Executive Officer

**Brad Meyers**  
Chief Operating Officer

**Deborah Cooper**  
Chief Administrative Officer &  
Chief of Staff

**Pete Mandel**  
General Counsel &  
Chief Legal Officer

**Russell Kline**  
Chief Financial Officer

## **About 374Water**

374Water Inc. (NASDAQ: SCWO) is a global cleantech company providing innovative solutions addressing wastewater treatment and waste management issues within the municipal, federal and industrial markets. 374Water's AirSCWO technology is designed to efficiently destroy and mineralize a broad spectrum of organic non-hazardous and hazardous organic wastes producing safe dischargeable water streams, safe mineral effluent, safe vent gas, and recoverable heat energy. 374Water's AirSCWO technology has the potential to assist its customers to meet discharge requirements, reduce or eliminate disposal costs, remove bottlenecks, and reduce litigation and other risks. 374Water continues to be a leader in innovative waste treatment solutions, dedicated to creating a greener future and eradicating harmful pollutants. Learn more by visiting [www.374water.com](http://www.374water.com) and follow us on LinkedIn.

## **Cautionary Language on Forward-Looking Statements**

Certain statements in this communication are "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, as amended. These statements relate to future events or our future financial performance, including statements relating to the benefits of our recent financing, our ability to execute on our strategic plan, our hiring strategy, our positioning in the market, our ability to process a range of waste and contaminants at scale, the timing and success of our DaaS offering, the timing of the deployment of our AirSCWO system in Orange County, our ability to execute on our backlog and pipeline, and our future prospects and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or our achievements or those of our industry to be materially different from those expressed or implied by any forward-looking statements. In some cases, forward-looking statements may be identified by the use of words like "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "project," "consider," "predict," "potential," "feel," or other comparable terminology. The Company has based these forward-looking statements on its current expectations, assumptions, estimates, beliefs, and projections. While the Company

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believes these expectations, assumptions, estimates, and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which involve factors or circumstances that are beyond the Company's control. These and other important factors, including those discussed under "Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, as well as the Company's subsequent filings with the SEC, may cause actual results, performance, or achievements to differ materially from those expressed or implied by these forward-looking statements. The forward-looking statements herein are made only as of the date they were first issued, and unless otherwise required by applicable securities laws, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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