

374 Water: A Billion-Dollar Opportunity in PFAS Destruction and Waste Management

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The convergence of stricter environmental regulations, mounting concerns over “forever chemicals,” and breakthrough waste destruction technology has positioned 374 Water Inc. (NASDAQ: SCWO) at the forefront of a massive market opportunity valued in the billions. With recent strategic contracts, a recently approved 1-for-10 reverse stock split effective December 26, 2025, and proprietary technology that addresses one of the most pressing environmental challenges of our time, the company represents a compelling investment case study for those seeking exposure to the cleantech and environmental remediation sectors.

The PFAS Crisis: A Multi-Billion Dollar Market Opportunity

Per- and polyfluoroalkyl substances (PFAS), known as “forever chemicals,” have created an environmental and public health crisis that demands urgent and permanent solutions. The global PFAS waste management market is projected to surge from \$2.23 billion in 2025 to \$3.72 billion by 2034, representing a compound annual growth rate of 5.84%. More broadly, the PFAS filtration and treatment market is expected to reach \$29.97 billion by 2030, up from \$21.38 billion in 2025, growing at 7.0% annually. Another analysis estimates the PFAS treatment market will expand from \$2.08 billion in 2024 to \$3.86 billion by 2033.

The U.S. Environmental Protection Agency’s recognition of supercritical water oxidation (SCWO) as a key PFAS destruction technology has validated 374 Water’s approach and accelerated market demand. With the EPA’s draft risk assessment indicating that biosolids containing as low as 1 part per billion of PFAS may pose unacceptable human health risks when land-applied, municipalities and industrial facilities face mounting pressure to adopt permanent destruction solutions rather than concentration or transfer methods.

The company has strategically positioned itself across three high-value market verticals: municipal wastewater treatment facilities (representing over \$600 million in backlog and pipeline), federal government contracts (exceeding \$900 million in backlog and pipeline), and industrial waste management (more than \$300 million in backlog and pipeline). Combined, 374 Water reports a total backlog and pipeline of approximately \$1.8 billion.

Disruptive AirSCWO Technology: Superior to Traditional Methods

374 Water's proprietary AirSCWO (supercritical water oxidation) technology represents a paradigm shift in waste destruction. Unlike incineration, which produces harmful emissions such as dioxins, furans, and volatile organic compounds, AirSCWO operates in a closed system that completely mineralizes organic contaminants without generating hazardous byproducts. The process heats water above its critical point (374°C and 22.1 MPa) to create supercritical water—a unique state where water exhibits both liquid and gas properties, acting simultaneously as a solvent and oxidizer.

The technology achieves greater than 99% destruction efficiency for PFAS, including particularly persistent compounds like perfluorooctanesulfonic acid (PFOS) and perfluorooctanoic acid (PFOA). In demonstration studies, PFOS was reduced from 190 mg/L to 8.57 µg/L, while PFOA was reduced from 3,100 µg/L to non-detect levels. These destruction rates far exceed those of concentration-based methods like activated carbon or ion exchange, which merely transfer PFAS to another waste stream rather than eliminating it.

AirSCWO offers several critical advantages over competing technologies. First, it does not produce biochar that may contain residual PFAS, unlike pyrolysis systems. Second, it operates at lower temperatures than incineration while achieving superior destruction efficiency, avoiding the formation of incomplete combustion products. Third, the closed-loop system enables energy recovery, with heat generated from the oxidation process captured to power other plant operations or provide energy to local systems. Fourth, the technology produces only safe dischargeable water, mineral effluent, carbon dioxide, and nitrogen gas as outputs—no hazardous residues.

The Crystal Clean Partnership: Unlocking Recurring Revenue Streams

In September 2025, 374 Water announced a transformative collaboration agreement with Crystal Clean, a leading environmental services provider with over 25 years of industry experience. This partnership establishes a Waste Destruction Services (WDS) business model that positions 374 Water to capture recurring revenue across municipal, federal, and industrial markets without requiring customers to make large capital investments.

Under this agreement, 374 Water will establish full-service WDS operations at one of Crystal Clean's facilities, initially deploying an AirSCWO 6 system with the potential to generate \$3 million to \$5 million in annual recurring revenue. The company has indicated plans to install a second AirSCWO 6 system in 2026 to meet anticipated client demand, potentially doubling this revenue stream. Looking further ahead, 374 Water intends to upgrade these facilities with its larger AS30 system, which has the potential to generate \$12 million to \$20 million in recurring annual revenue with gross margins exceeding 50%.

The Crystal Clean partnership serves as a model for future collaborations aimed at creating a national network of Treatment, Storage, and Disposal Facility (TSDF) partnerships across North America. The company's strategy calls for establishing 8-10 TSDF waste destruction service facilities over the next several years to service all major geographic markets. Each facility is estimated to cost approximately \$4.5 million to \$6 million to build, with a payback period of 1.5 to 2.5 years.

This collaboration enables 374 Water to actively pursue large federal destruction contracts for Aqueous Film-Forming Foam (AFFF), granular activated carbon (GAC), ion exchange resin (IEX), and other PFAS-contaminated wastes. Crystal Clean's established capabilities in collecting and concentrating PFAS waste streams complement 374 Water's destruction technology, creating a vertically integrated solution that addresses the complete PFAS management lifecycle.

Federal Contracts: The Department of Defense Opportunity

The federal government represents one of 374 Water's most significant growth opportunities, particularly through contracts with the Department of Defense (DoD). The DoD estimates cleanup costs exceeding \$29 billion for PFAS contamination at military installations, with hundreds of millions of dollars already allocated to eliminate AFFF from all U.S. military facilities. With 715 DoD sites and 50 Department of Energy sites requiring remediation, the federal waste management market is valued at approximately \$15 billion.

In November 2025, 374 Water commenced a contract with the State of North Carolina to destroy up to 29,000 gallons of AFFF-contaminated waste using its AirSCWO technology. This contract serves as a critical validation of the technology's effectiveness and scalability for state and federal applications. The company has indicated that similar AFFF destruction opportunities with state and municipal fire departments represent near-term revenue opportunities.

374 Water is contractually engaged through 2025 with multiple DoD entities for evaluating PFAS and other organic waste stream destruction effectiveness. The company successfully completed a commercial-scale field demonstration in collaboration with the Department of Defense and Clean Earth, with comprehensive emissions, liquid sampling, and operational data expected to be released by Q1 2026. This demonstration validates the AirSCWO technology for a range of common PFAS-containing wastes and supports a centralized "hub" deployment model for the DoD.

The bipartisan political support for PFAS remediation and destruction, combined with substantial federal funding appropriations, provides a stable foundation for multi-year contract opportunities. As the DoD continues to spearhead federal action on PFAS

contamination, 374 Water's proven technology positions the company to capture a significant share of this market.

Municipal Contracts: Scalable Solutions for Wastewater Treatment

The municipal market represents another substantial revenue opportunity for 374 Water. With approximately 16,000 wastewater treatment facilities and 150,000 public drinking water facilities in the United States, plus thousands of capped and uncapped landfills and more than 52,000 state and local firefighting units, the addressable market is immense. The company's municipal backlog and pipeline exceed \$600 million.

In October 2025, 374 Water secured a significant agreement with the City of Olathe, Kansas to deliver an AirSCWO 6 system plus a full-scale 30 wet tons per day pre-treatment and dewatering system valued at approximately \$4 million over two years. Under this agreement, Olathe will operate the equipment under real-world conditions for six months to assess sludge management scale-up potential, operational performance across multiple waste streams, and the system's ability to remove contaminants including PFAS. This pilot project could inform future municipal purchases and wider adoption of AirSCWO technology across other municipalities facing similar biosolids management challenges.

The City of Orlando represents another key deployment, where 374 Water has installed an AirSCWO system at the Iron Bridge Water Reclamation Facility. Following successful completion of the biosolids demonstration, Orlando has indicated intentions to install 374 Water's larger AS30 system, followed by an AS100+ system to ultimately service all wastewater operations. This progression from pilot to full-scale deployment illustrates the scalability of the technology and the potential for long-term revenue relationships with municipal clients.

The regulatory environment is increasingly favorable for 374 Water's solutions. Traditional biosolids disposal methods—including land application, which accounts for more than 50% of U.S. municipal biosolids—face mounting challenges due to PFAS contamination concerns. Studies indicate that utilities can expect to see an average 37% increase in biosolids management costs due to PFAS regulations, creating strong economic incentives to adopt permanent destruction technologies that eliminate long-term liabilities.

Orange County Sanitation District (OCSan) represents another strategic deployment, with an AS6 system scheduled for delivery in 2025. Following a successful biosolids demonstration, OCSan has communicated intentions to upgrade to the larger AS30 system, followed by installation of an AS100 or larger system to manage a significant portion of their biosolid wastewater. These progressive deployments demonstrate how pilot projects can evolve into substantial long-term revenue streams.

Diversified Product Portfolio: From Mobile to Large-Scale Systems

374 Water has developed a comprehensive product portfolio designed to address diverse customer needs and capacity requirements. The company offers four distinct AirSCWO models, each targeting specific market segments and waste volumes:

AS1 System (1 wet ton per day): This ultra-mobile system is designed for federal government and industrial facility destruction demonstrations. The company completed manufacturing of its first AS1 system in late 2025, with deployment scheduled for revenue-generating WDS work. The mobility of this system makes it ideal for on-site federal government work and industrial projects, helping to open these markets for 374 Water.

AS6 System (6 wet tons per day): This mobile system serves as the workhorse for initial TSDf waste destruction service facilities and represents the primary technology for the Crystal Clean partnership. Based on internal modeling, 374 Water estimates the AS6 has the potential to generate \$3 million to \$5 million in recurring annual revenue with gross margins of 30-50%. The company has completed a modularized AS6 system design, providing greater mobility, ease of setup, and better operations and maintenance access for future builds.

AS30 System (30 wet tons per day): This semi-permanent system represents a significant capacity upgrade, designed for municipal wastewater treatment facilities and TSDf operations. The company is currently designing the AS30 for potential start-up fabrication before year-end 2025 and initial deployment in 2026. 374 Water estimates AS30 systems have the potential to generate \$12 million to \$20 million in recurring revenues with gross margins exceeding 50%. This system provides a modular, scalable platform that serves as the foundation for the company's largest capacity systems.

AS100+ System (100+ wet tons per day): These bespoke, high-capacity systems are designed to process 100 or more wet tons per day in permanent facilities. The company is monitoring long sales cycle, high-value opportunities for AS100+ systems with large municipal customers, which it intends to convert to revenue in coming years. These systems are particularly suited for major metropolitan wastewater treatment facilities seeking comprehensive biosolids management solutions.

This tiered product strategy allows 374 Water to serve customers ranging from small-scale demonstration projects to large municipal operations processing hundreds of tons of waste daily. The modular design philosophy enables the company to standardize components across product lines, reducing manufacturing costs while maintaining flexibility to meet specific customer requirements.

Financial Positioning and Growth Trajectory

374 Water has demonstrated strong revenue growth momentum, with Q3 2025 revenue increasing to \$760,000 compared to just \$81,000 in the prior year period—a nearly tenfold increase. The company projects 2025 calendar year revenue of approximately \$4 million based on expected deliverables for the fourth quarter. Looking to 2026, management has provided revenue guidance of \$6 million to \$8 million, representing a 50% to 100% increase over 2025 levels.

This near-term revenue acceleration is driven by several catalysts: completion of waste destruction service projects, deployment of systems to Orange County Sanitation District, establishment of the first WDS site with Crystal Clean, and execution of federal contracts including the North Carolina AFFF destruction project. The company has indicated it is actively bidding on tens of millions of dollars in additional waste destruction services contracts.

The longer-term financial opportunity is even more compelling. Based on current and anticipated demand and the company's ability to convert its commercial pipeline into actionable backlog, 374 Water projects achieving \$250 million to \$500 million in annual revenues within five years. This projection is supported by the company's \$1.8 billion backlog and pipeline, diversified revenue model combining equipment sales and waste destruction services, and expanding manufacturing capacity to meet customer demand.

In terms of capital structure, 374 Water completed a \$12.2 million registered direct offering in 2024, strengthening its balance sheet to support manufacturing expansion and operational scaling. The company held \$10.7 million in cash as of December 31, 2024, providing runway to execute on near-term growth initiatives. The company has strengthened its leadership team with the appointment of Russell Kline as CFO and Raj Melkote as CTO, adding expertise to support commercialization efforts.

The Reverse Stock Split: Positioning for Growth in 2026

On December 15, 2025, 374 Water's shareholders overwhelmingly approved a 1-for-10 reverse stock split, with 99,559,608 votes cast in favor versus 30,352,738 against. The reverse split became effective at 12:01 a.m. Eastern Time on December 26, 2025, with shares beginning to trade on a split-adjusted basis that same day under the existing ticker symbol SCWO.

Interim President and CEO Stephen J. Jones stated: "This proposal is intended to support long-term shareholder value and give us optionality in preserving our listing on Nasdaq and pursuing additional financing options to grow our business." The reverse split serves multiple strategic purposes: maintaining compliance with Nasdaq listing rules, improving

the company's attractiveness to institutional investors who often have minimum share price requirements, and maintaining S-3 shelf eligibility which allows access to capital markets for future financing activities.

Following the reverse split, 374 Water's total authorized shares remain unchanged at 1,000,000,000 common shares and 50,000,000 preferred shares, with par value staying at \$0.0001 per share. The split proportionally reduces the number of shares outstanding, shares available under equity incentive plans, and shares issuable upon exercise of stock options, restricted stock units, and warrants, while correspondingly adjusting exercise prices.

The reverse split positions 374 Water for accelerated growth in 2026 by enhancing the company's ability to attract institutional capital, facilitating potential strategic partnerships or acquisitions, and maintaining the flexibility to execute on its ambitious expansion plans. With the company projecting \$6-8 million in revenue for 2026 and multiple high-value contracts in the pipeline, the improved capital structure provides a foundation for sustainable growth.

Investment Thesis: Why 374 Water Represents a Compelling Opportunity

Several factors converge to make 374 Water an attractive investment opportunity for those seeking exposure to the rapidly growing environmental remediation and cleantech sectors:

Proven Technology with Regulatory Validation: The EPA's recognition of SCWO as a key PFAS destruction technology, combined with successful demonstrations achieving >99% destruction efficiency, validates the commercial viability of 374 Water's approach. Unlike concentration technologies that merely transfer contaminants, AirSCWO provides permanent destruction—a critical differentiator as regulations tighten and liability concerns mount.

Massive Addressable Market: The combined PFAS treatment, waste management, and biosolids remediation markets represent a multi-billion dollar opportunity growing at 5-7% annually. With municipal, federal, and industrial backlog and pipeline totaling \$1.8 billion, 374 Water has visibility into substantial near and medium-term revenue opportunities.

Diversified Revenue Model: The company's dual approach—combining capital equipment sales with recurring waste destruction services—provides multiple paths to revenue growth and margin expansion. The WDS model is particularly attractive, generating stable recurring revenues with gross margins potentially exceeding 50% for AS30 systems.

Strategic Partnerships: The Crystal Clean collaboration demonstrates 374 Water's ability to leverage established industry players' customer relationships and infrastructure to

accelerate market penetration. This partnership model can be replicated across 8-10 TSDF facilities, creating a national network for waste destruction services.

Federal Government Support: With the DoD facing \$29 billion in PFAS cleanup costs and hundreds of millions already allocated for AFFF elimination, federal contracts provide a stable, well-funded revenue stream with strong bipartisan political support. The company's contractual engagements with multiple DoD entities through 2025 and beyond position it to capture significant market share.

Favorable Regulatory Tailwinds: Increasingly stringent PFAS regulations at federal and state levels are forcing municipalities and industrial facilities to adopt permanent destruction solutions. The EPA's draft risk assessment indicating health risks from biosolids containing just 1 ppb PFAS accelerates the urgency for solutions like AirSCWO.

Strong Near-Term Growth Trajectory: Management's revenue guidance of \$6-8 million for 2026 (up 50-100% from 2025) combined with multiple contracts in execution provides clear visibility into accelerating revenue growth. The five-year projection of \$250-500 million in annual revenues demonstrates the long-term scalability of the business model.

Enhanced Capital Structure: The recently completed reverse stock split improves Nasdaq compliance, enhances institutional investor appeal, and maintains financial flexibility through S-3 shelf registration capability. Combined with the \$12.2 million capital raise, the company has the resources to execute on its growth strategy.

Risks and Considerations

As with any investment in an early-stage growth company, potential investors should consider several risk factors. The company's operating history includes net losses—\$12.4 million in 2024 compared to \$8.1 million in 2023—reflecting the capital-intensive nature of technology development and commercialization. Revenue conversion from the \$1.8 billion pipeline depends on 374 Water's ability to successfully close sales and service contracts, navigate complex procurement processes, and compete against alternative technologies.

Manufacturing scale-up presents operational challenges, as the company must expand production capacity while maintaining quality and managing costs. The technology requires specialized components and expertise, potentially creating supply chain vulnerabilities. Customer adoption timelines for new technologies can be uncertain, particularly in conservative municipal and government markets where procurement cycles are long and risk tolerance is low.

Regulatory changes could impact market dynamics, either positively through stricter PFAS standards or negatively through shifts in federal spending priorities. Competition is

intensifying as other companies develop alternative PFAS destruction technologies, including plasma-based systems, electrochemical oxidation, and advanced thermal methods. The company's ability to maintain its technological edge and cost competitiveness will be critical to long-term success.

Conclusion: A Clear Water Stewardship Message for Billions in Revenue

374 Water stands at the intersection of urgent environmental need, proven technological innovation, and substantial market opportunity. The company's proprietary AirSCWO technology addresses one of the most pressing environmental challenges of our generation—the permanent destruction of PFAS “forever chemicals”—with a solution that is demonstrably superior to traditional concentration or transfer methods.

With a reported \$1.8 billion backlog and pipeline spanning municipal, federal, and industrial markets, strategic partnerships like Crystal Clean that enable recurring revenue models, strong near-term revenue growth projecting \$6-8 million in 2026, and a recently completed reverse stock split positioning the company for enhanced institutional access, 374 Water represents a compelling case study in how disruptive cleantech innovation can create substantial shareholder value while addressing critical environmental and public health challenges.

The convergence of regulatory tailwinds from EPA PFAS standards, federal funding through DoD cleanup appropriations, and municipal urgency to address biosolids contamination creates a powerful catalyst for adoption of permanent destruction technologies. As the only commercial-scale, continuous flow SCWO solution available on the market, 374 Water is uniquely positioned to capture significant market share in the multi-billion dollar PFAS treatment sector.

For investors seeking exposure to the environmental remediation megatrend with clear water stewardship impact, 374 Water offers a differentiated opportunity backed by proven technology, validated market demand, and a management team executing on an ambitious yet achievable growth strategy. The company's mission to eradicate harmful pollutants while creating a greener future aligns financial returns with environmental and social impact—a rare combination in today's investment landscape.

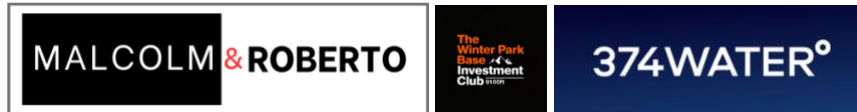
Want to learn more? Come meet the 374 Water team at Winter Park Resort Base Investment Club January 16, 2026 meeting!

Held at the Timbers meeting room at the Vintage Hotel

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