**Cadiz, Inc.**
550 South Hope Street
Suite 2850
Los Angeles, CA 90071

**T** 213.271.1600
cadizinc.com

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Dear Fellow Shareholders,

Since my first shareholder letter last quarter, the Company has made significant progress toward commercializing the Mojave Groundwater Bank ("MGB") and bringing the project to first water. This progress could not come at a better time, given deteriorating water supplies in the Southwest. Drought conditions are driving a renewed sense of urgency to develop both new sources of water and new water storage solutions. We believe we are uniquely advantaged in this environment, having already completed decades of development, permitting, and engineering work. Our portfolio of assets can provide sustainable solutions for the 25 million people in the region who would be impacted by draconian cuts to water supplies.

The Colorado River is a key source of water supply for seven western states - California, Arizona, Nevada, Utah, Wyoming, New Mexico and Colorado. In July, the U.S. Bureau of Reclamation proposed a new operating framework that could reduce Colorado River water deliveries to the Lower Basin states—Arizona, California and Nevada—by up to 3 million acre-feet per year, equivalent to roughly 40% of their combined annual Colorado River apportionment. Further reductions could be required if reservoir elevations fall to critical levels, including to protect hydropower operations. Additionally, Reclamation is focused on expanding opportunities to conserve, store and exchange water supplies and proposes development of a new 1 million acre-foot federally managed water resource pool.

The new framework expressly contemplates the storage and exchange of new water supplies supplemental to the Colorado River as well as water conserved through extraordinary measures by tribal, agricultural and municipal entities. These are precisely the capabilities the MGB was designed to provide: new water supply, large-scale storage, and flexible exchange capacity for the Colorado River Basin.

The MGB—which combines new water supply, storage, and pipelines—is strategically located between the major population centers of Los Angeles, San Diego, Phoenix and Las Vegas. Our pipelines can connect to the regional infrastructure of the Lower Colorado River Basin and the California State Water Project, which would allow us to supply drought-proof water and evaporation-free storage at materially lower costs relative to other proposed solutions. Importantly, we believe MGB's unique infrastructure solutions, when constructed, will facilitate interstate exchanges of water at precisely the time when stressed water systems need additional resiliency and flexibility.

While multiple solutions are needed to address the water challenges in the Southwest, we believe the MGB is the most cost-effective and sustainable source of new water supply that is currently being developed. We believe we can supply water at an estimated cost of $2,000 -$3,000 per acre-foot. By comparison, online desalinated water costs more than $3,500 per acre-foot and proposed new desalination projects and advanced water recycling—or "toilet-to-tap"— are estimated to cost approximately $5,000 or more per acre-foot. Accordingly, we believe our project can supply new water at approximately 40% to 60% less than competitive new supply projects.[1]

MGB is not just designed to be a cost-effective water supply project — it is also designed to be a cost-effective, large-scale water storage solution. When all facilities are online, we expect MGB can provide more than 1 million acre-feet of new storage capacity in addition to a reliable supply of up to 75,000 acre-feet per year, at a projected total project cost of approximately $1.5 billion. Compare that to the planned Sites Reservoir in Colusa County, California. Sites is projected to cost approximately $6 billion to build. This implies approximately $4,000 per acre-foot of new storage, or approximately four times higher than the estimated cost of MGB. Unlike MGB, however, Sites will depend on intermittent surplus water supplies, which can require multiple years to fill, and stored water at Sites will be subject to evaporative losses.

We believe MGB's natural infrastructure provides a significant and durable cost advantage that makes it the optimal choice for water agencies that need to secure new water supplies.

Simply put, we are in the right place, at the right time, with the right price point.

**Milestones in Q2 2026**

Over the last quarter, we have been very focused on hitting the milestones necessary to bring our water to market. In my last letter, I noted that to advance the MGB to first water we needed to receive a federal "right of way" for the Northern Pipeline and also obtain a "guaranteed maximum price" contract for the construction costs of the project—this last item was referred to as the "longest pole in the tent." Both objectives have been met in the quarter. We received our federal permit in early July. Later in the month we executed two "guaranteed maximum price" contracts. These contracts, coupled with other purchase options, fix the capital expenditure needed to bring the Northern Pipeline into service at approximately $400mm. Getting all this done in the last few months is an extremely significant achievement and reflects many late nights of work by our team. I am extremely proud of these accomplishments, which are foundational to getting the MGB financed and ready for a final investment decision ("FID").

As our Northern Pipeline is already fully committed to investment grade off-takers, the next step toward reaching FID is to secure debt financing. To this end, we have already been earmarked for $194mm in low-cost WIFIA loan funding and are advancing that application. In parallel, we are pursuing a credit rating for the Northern Pipeline project to support this WIFIA debt financing as well as revenue bond and other public financing opportunities. Project equity financing efforts are running in parallel- with more details later in this letter.

The Southern Pipeline is expected to reach FID roughly a year after the Northern Pipeline. During the quarter, we made significant commercial progress on this pivotal part of the MGB. In July we announced that the Central Arizona Irrigation and Drainage District ("CAIDD"), which serves one of the state's most productive agricultural regions, executed an MOU for the purchase and sale of up to 10,000-acre feet per year of water supply from the MGB. Not only does this provide off-take agreements for roughly 1/3 of the Southern Pipeline project, but having a firm off-taker allows us to begin negotiations on the interconnection and exchange agreements that are necessary to facilitate water supply deliveries to Arizona. Under a funding agreement we announced in May with the U.S.

[1] *The Bond Buyer:* https://www.bondbuyer.com/news/key-decisions-near-for-californias-sites-reservoir-project *& Cronkite News:* https://cronkitenews.azpbs.org/2026/06/25/water-swap-desalination-arizona/ *& Maven's Notebook:* https://mavensnotebook.com/2025/10/30/edward-ring-large-scale-desalination-could-transform-california/

Bureau of Reclamation, we are supporting the agency's evaluation of the federal government's support of such interstate exchanges as well as Reclamation's technical work to support consideration of a potential federal investment in the project.

We have also made important progress with the California State Lands Commission (SLC), which is processing our application to transfer an existing 1-mile lease along the Northern Pipeline route. As part of the lease transfer application, the SLC will review the environmental record and, we believe, confirm that the project will not result in adverse impacts under applicable state law. We have worked cooperatively with the Commission's staff and are appreciative of their professionalism as we work collaboratively to advance our application. During the quarter, as required under the application process, we funded the work of a contractor selected by the SLC staff to review the robust existing record related to the MGB—including the 2016 Court of Appeal decision upholding certification of the 2012 Final Environmental Impact Report (FEIR), as well as all Addendums to the FEIR and new studies and technical work carried out in accordance with our permits. We look forward to the publication of this report which we expect will satisfy the applicable state requirements.

Finally, in July we announced our CFO succession. This is a bittersweet moment, as I have had the privilege of working with Stan Speer since I joined the Cadiz board 5 years ago. Stan has been an incredible resource, a valued partner and a true gentleman. He will be missed. Luckily, he will continue to support us as we transition to a new CFO, Jacinto Hernandez, effective September 1st. Jacinto ("Jase") brings tremendous expertise in infrastructure, capital markets, board governance, and water. He has served on the boards of three S&P 500 companies and was a pivotal board member at Aris Water through its sale to Western Midstream for $2 Billion. Previously, he spent 22 years with Capital Group, where he served as a partner evaluating and investing in companies across a broad range of industries and market capitalizations. During his tenure, he held several leadership and operational roles and built a successful investment track record across equities, convertible securities and high-yield debt. Throughout his career, Jase has worked closely with management teams and boards on corporate strategy, capital allocation, and long-term value creation.

Moving forward, our quarterly shareholder letters will be written by both of us, with Jase contributing his perspective on our financial performance and position. I am excited to partner with Jase as we continue to advance the most important, strategic, and needed water project in the southwestern United States.

### *Financial Commentary – Jase Hernandez*

I am honored and humbled to join the Cadiz team and help get this critical project built and operational for California and the other lower basin states. I moved to California in 1996 to attend Stanford- and except for a couple of years with Capital Group in London- I never left. California is my home and where I raised my kids. Its environment, resources, and economy are deeply and personally important to me. Cadiz has spent decades responsibly planning and permitting this project, and I am excited to help get it over the finish line.

Earlier in this letter, Susan mentioned many of the project's unique attributes. Investors have for decades looked for ways to get exposure to water as an asset class. I believe Cadiz provides investors unique exposure to water via an asset that would simply be impossible to replicate today. Once operational, Cadiz will both provide affordable water solutions to the lower basin states and generate long-term, inflation-protected cash flows for our investors. Importantly, these cashflows will be backed by investment-grade counterparties under contractual "pay-on-availability" commitments. I believe these cashflows will deserve a premium multiple.

What is perhaps not as well understood is that our cashflow profile, once the MGB is operational, should provide investors with a royalty-like revenue stream and steady, inflation-protected growth. I say "royalty-like" because while we will incur operating, maintenance, finance, and capital costs- these are "pass-throughs" in our contracts with our public agency partners. With capital and operating costs passed through, the resulting risk profile more closely resembles a royalty than that of an operating company.

Not only do our contracts provide expected cashflows with attractive financial characteristics, but we expect they provide investors durable and predictable growth that is not subject to disruption risk from AI. Our contracts have 30 – 50 year terms with contractual 5% price escalators—backed by investment grade balance sheets. And while our current contracts have durations of "just" thirty or more years, we believe our project can deliver cashflows beyond these initial contract terms. We estimate that the watershed contains over 30 million acre-feet of groundwater in storage today and continues to be recharged from precipitation across the 2,000-square-mile watershed. Managed recharge- also known as storm water capture- as well as imported storage provides additional opportunities to augment our natural storage and take advantage of the increasingly volatile rainfall brought about by climate change. Accordingly, the initial contracts represent only the first generation of value from an asset that we believe could provide water supply and storage for centuries.

This brings me to the company's efforts to secure project equity financing. This process has taken longer than anticipated- in part because of the lengthy and thorough review by the BLM for our ROW for the Northern Pipeline. I understand that the lack of public disclosure is frustrating to investors- but the lack of public disclosure should not be read as a lack of progress or a lack of interest from potential project equity partners. This was my first diligence item when I was evaluating the opportunity to join Cadiz. Like a duck paddling in the water, what can appear calm and placid on the surface can hide relentless, quiet work underneath. Keep in mind that as we advance the project, we are also substantially de-risking it. Accordingly, we are working diligently to negotiate the best possible terms for Cadiz shareholders. I would rather do the right deal than a quick deal.

I believe it is my responsibility to closely evaluate the various potential structures for a project LLC to maximize value for Cadiz investors. Given our receipt of the necessary government permits, we are in the best position in the history of the project to market this water and attract project level equity financing partners. We continue to advance the project commercially, which, in my estimation, de-risks the project for potential investors and should improve the net economic value to Cadiz shareholders. In fact, recent progress has attracted inbound interest from new potential partners, increasing our available options to maximize the value of this asset. As we noted in our new shareholder presentation, we currently expect the project to generate $5.5bn in gross cashflows in its first 20 years, and we estimate $300mm of annualized cashflows after that- with continued contractual growth escalators of ~5% per annum. The overall project NPV is currently estimated to be over 10x the current fully diluted market cap of Cadiz. This size and scale of inflation protected cash flows provides us optionality as we evaluate potential project structures and partners—with the goal of retaining as much value as possible for Cadiz shareholders. We will update the market when we have finalized financial terms and signed definitive documentation for project financing.

Stepping back, Cadiz owns a unique and valuable set of assets. Even more than our proximity to markets or our existing infrastructure, our permits and consistent success in winning litigation create a substantial moat around the business. No matter how hard you tried, you simply could not replicate this asset today. It would take decades. This moat, our contract structure, the inflation protection, and the royalty-like nature of our expected cash flow stream are extremely valuable. Our primary focus will be maximizing value for our fellow shareholders.

**ATEC Water Systems**

Our ATEC segment continues to expand its footprint across the water treatment industry following the successful completion of the Central Utah project.[2] We are broadening our reach across geographies, customer types and treatment technologies—positioning ATEC to serve more segments of the market and convert its growing pipeline of opportunities into future revenues. Recent regulatory relief, however, has given California water agencies more time to address the growing threat of PFAS and Chromium-6 contamination in drinking water, reducing the near-term urgency for some customers. Additionally, longer permitting and funding timelines continue to delay larger publicly funded water treatment projects across the industry. These factors contributed to a decline in filter shipments year-to-date, and we now expect full-year 2026 revenue to be lower than 2025. Importantly, underlying demand remains strong. July generated a record 34 budgetary proposals valued at $17.1 million, along with four new pilot contracts. We will work to convert these prospects into backlog and will report back to you next quarter.

**Cadiz Ranch**

In July, we signed an MOU with RIC Energy to develop solar power to support our agricultural operations while the companies continue to advance plans for potential hydrogen production facilities at the ranch. These plans may also include utilizing Cadiz's 220-mile Northern Pipeline corridor and other rights of way to support future delivery of hydrogen. While still in early-stage permitting and feasibility, these initiatives represent important steps toward monetizing the value of the Cadiz Ranch.

In closing, I am pleased with all we've achieved this past quarter and excited about what's to come. I am confident in the multifaceted business we have built to meet the water supply and infrastructure challenges facing our country. I believe we have an excellent team in place to execute our mission and create value for our shareholders. Enjoy the remaining days of summer and I will speak with you soon.

Sincerely,

*Susan*

Susan Kennedy
CEO & Chairman of the Board

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<u>Cautionary Note About Forward-Looking Statements</u>

This investor briefing contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified

[2] KSL News Utah:, https://youtu.be/9VVpSfIwVR0?si=FYr-wmquo7jzTtXp

by the use of words such as "expect," "plan," "intend," "projected," "believe," "anticipated," "target," "will," "may," "could," "should," "would," and variations of such words and similar expressions.

These forward-looking statements include, without limitation, statements regarding the Company's expectations concerning the timing, structure, and closing of project financing; the ability to secure commitments from investors and enter into definitive agreements, including the project LLC agreement; expectations regarding the achievement of project development milestones, including the timing of construction and commencement of operations for the Northern Pipeline and Southern Pipeline projects; estimated project costs, cost comparisons with alternative water supply projects, and projected storage capacity and production volumes; the potential favorable impact of regulatory, permitting, and political developments and the outcome of the 1-mile lease transfer application with the SLC for the Northern Pipeline; the Company's expectations regarding future revenues of the Company, cashflows for investors and value creation for shareholders; the duration of any future revenues to be derived from the MGB; estimates of groundwater in storage and watershed recharge; the expected expansion of ATEC operations and commercialization of new technologies, including expectations regarding near-term ATEC revenue and demand for ATEC's products and solutions; future hydrogen production and solar energy development opportunities at Cadiz Ranch; and the overall pace and success of the Company's project development and financing activities.

Although the Company believes that the expectations reflected in these forward-looking statements are reasonable as of the date made, there can be no assurance that such expectations will prove to be correct. Actual outcomes and results may differ materially due to a variety of factors, including, without limitation: the ability to negotiate and execute definitive agreements with project investors and partners; delays in construction schedules; delays or setbacks in obtaining required permits and regulatory approvals; changes in applicable laws, regulations, or federal and state policies; the impact of lawsuits filed challenging the federal right of way grant for the Northern Pipeline and any future lawsuits that may be filed against the Company or its projects; the availability and terms of project financing; increases in project costs or adverse shifts in market conditions, including those related to tariffs, inflation, or supply chain disruptions; the ability to further scale ATEC's growth and commercialize its new technologies; and broader political, environmental, or economic developments that may affect the Company's operations, assets, or financing strategy. Additional information regarding factors that may affect the Company's forward-looking statements can be found in the Company's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended December 31, 2025, and any subsequent filings under the Securities Act and Exchange Act. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise, except as required by law.