

NASDAQ:ERII

Energy Recovery

Southwest IDEAS Conference

James Siccardi, VP Investor Relations



November 15, 2023

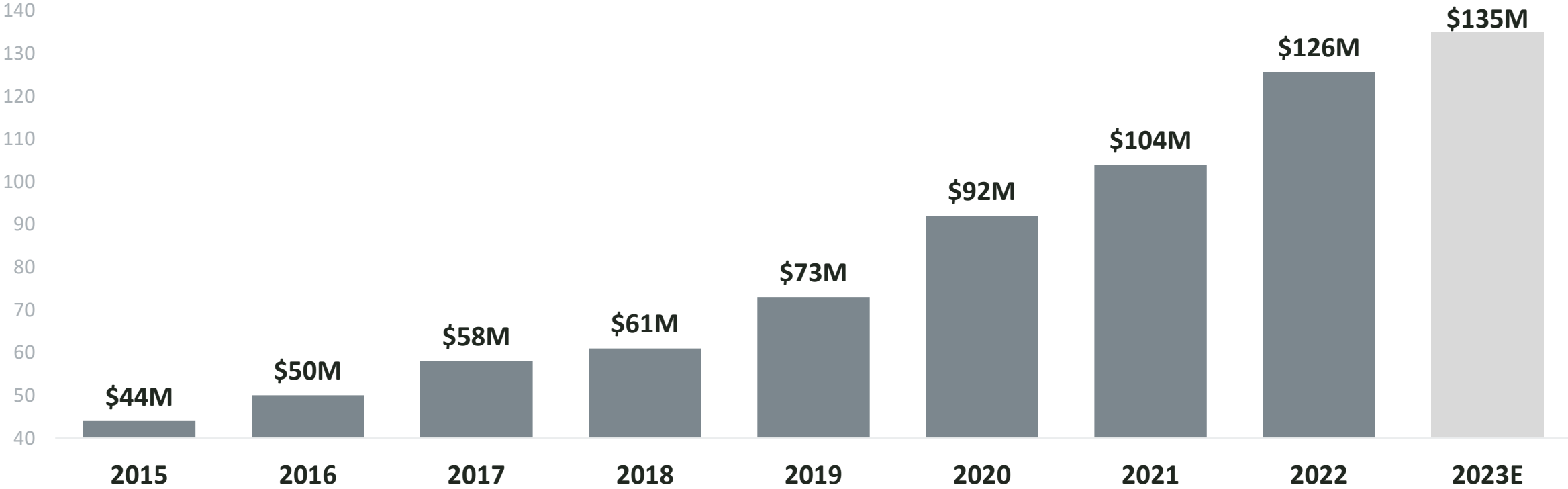
Forward-Looking Statement

This presentation contains forward-looking statements within the “Safe Harbor” provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements in this report include, but are not limited to, statements about our expectations, objectives, anticipations, plans, hopes, beliefs, intentions, or strategies regarding the future. Forward-looking statements that represent our current expectations about future events are based on assumptions and involve risks and uncertainties. If the risks or uncertainties occur or the assumptions prove incorrect, then our results may differ materially from those set forth or implied by the forward-looking statements. Our forward-looking statements are not guarantees of future performance or events. Words such as “expects,” “anticipates,” “believes,” “estimates,” variations of such words, and similar expressions are also intended to identify such forward-looking statements.

These forward-looking statements are subject to risks, uncertainties, and assumptions that are difficult to predict; therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. You should not place undue reliance on these forward-looking statements, which reflect management’s opinions only as of the date of this presentation. All forward-looking statements included in this presentation are subject to certain risks and uncertainties, which could cause actual results to differ materially from those projected in the forward-looking statements, as disclosed from time to time in our reports on Forms 10-K, 10-Q, and 8-K as well as in our Annual Reports to Stockholders and, if necessary, updated in our quarterly reports on Form 10 Q or in other filings. We assume no obligation to update any such forward-looking statements. It is important to note that our actual results could differ materially from the results set forth or implied by our forward-looking statements.

Product Revenue¹: 2015 – 2023E

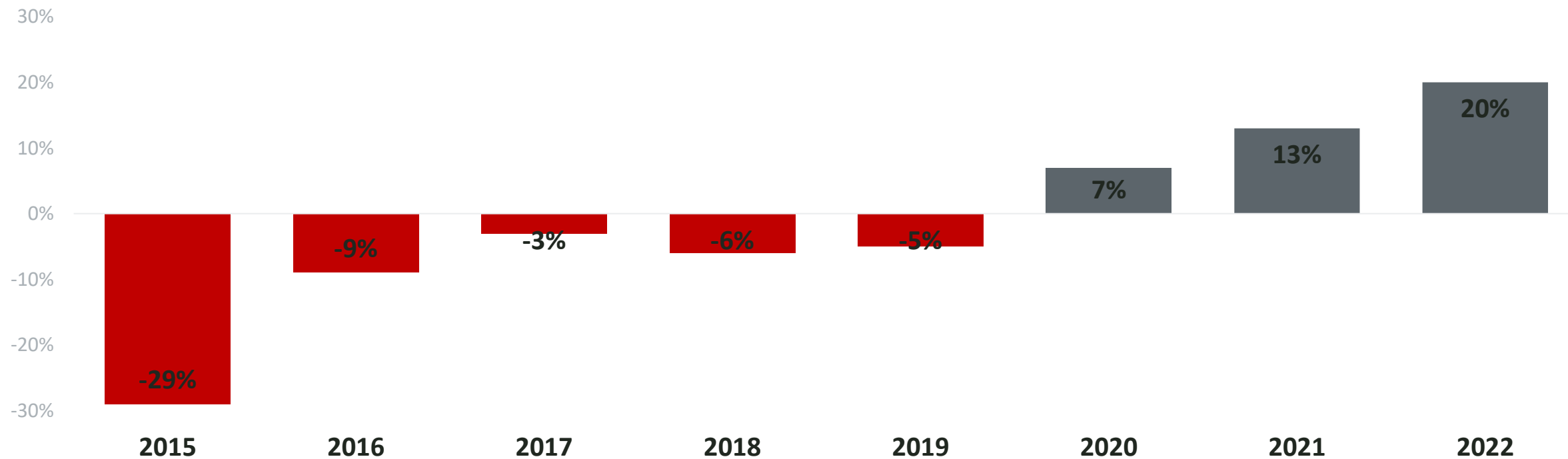
 **Rapid Growth** **16%** Average Product Revenue Growth 2015-2022



⁽¹⁾ Excludes reported License and Development Revenue 2015 through 2020.

Operating Margin¹: 2015 – 2022

Turnaround in Profitability



⁽¹⁾ Calculation excludes reported License and Development Revenue in 2015 through 2020 and the one-time impairment of VorTeq related assets in 2021.

Other Strong Fundamentals

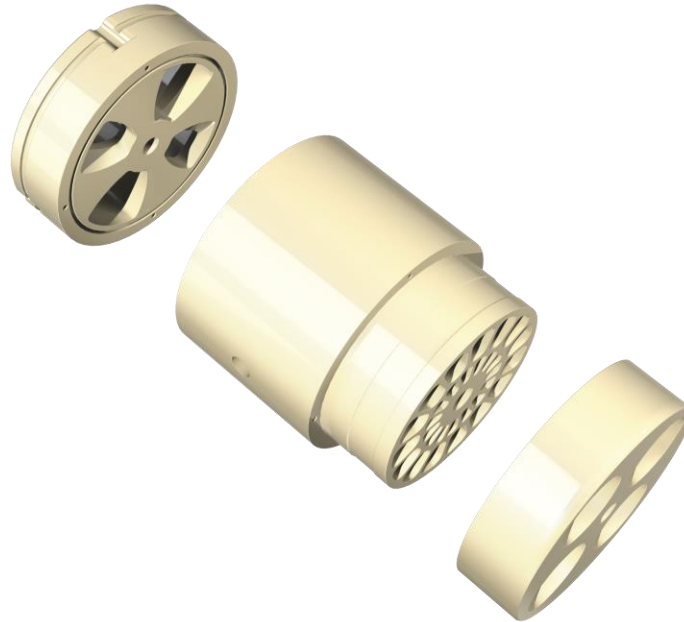


⁽¹⁾ As of 3Q 2023

What Is Driving This Value?

The PX Technology Platform

The PX Pressure Exchanger



Unique Value Proposition: Reduce Emissions & Save Customers Money



(1) Energy Recovery estimates. Assumes all deployed devices are in operation.

Our PX Technology Revolutionized the Desalination Industry

1

Reduces energy costs by up to 60%

3

Designed for a 25-year life

2

Transfers energy at up to 98% efficiency

4

Needs no maintenance

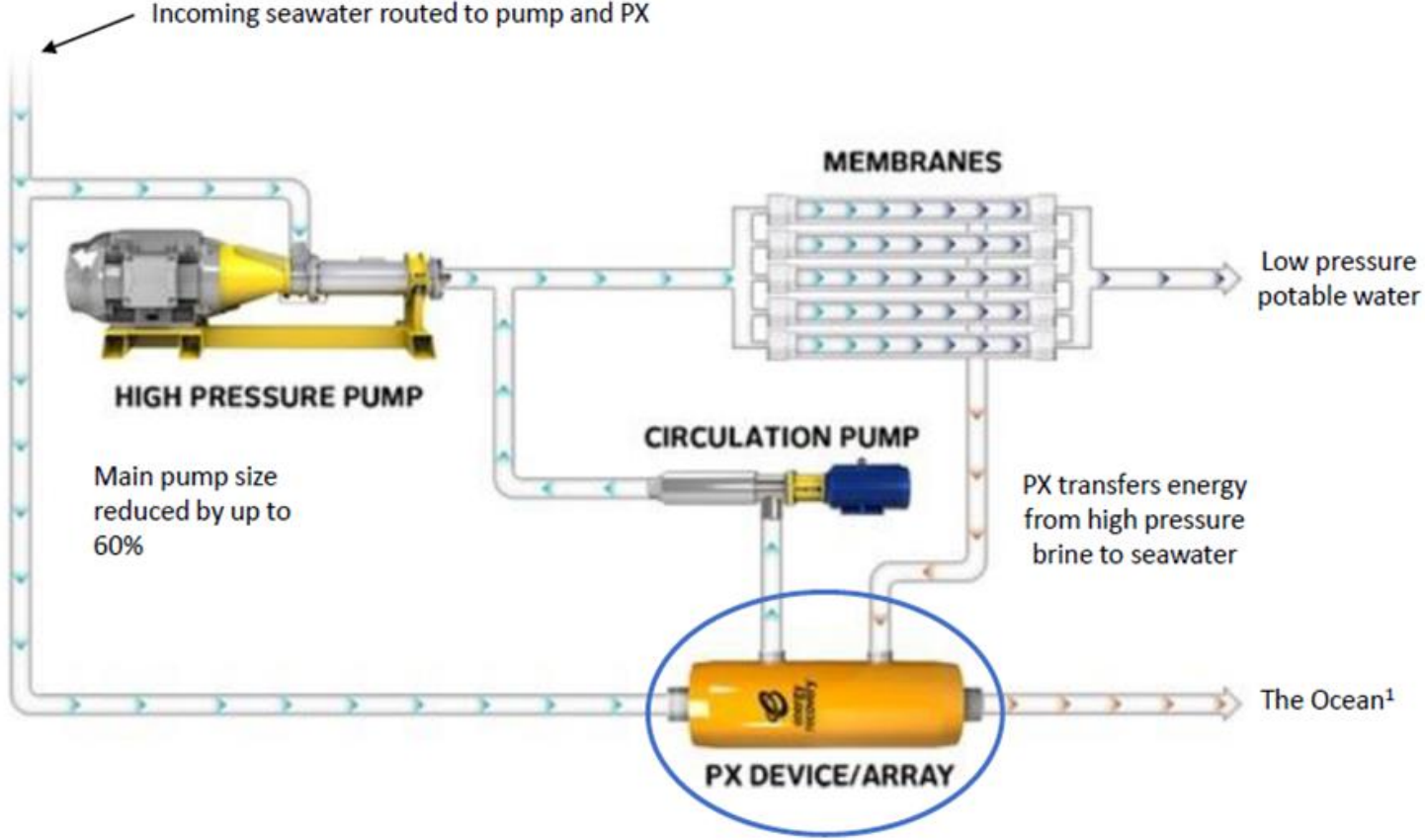
Significant Customer Value Proposition Translates into ERII Profitability

70% ERII Gross Margin¹

25% Russell 2000 Industrials

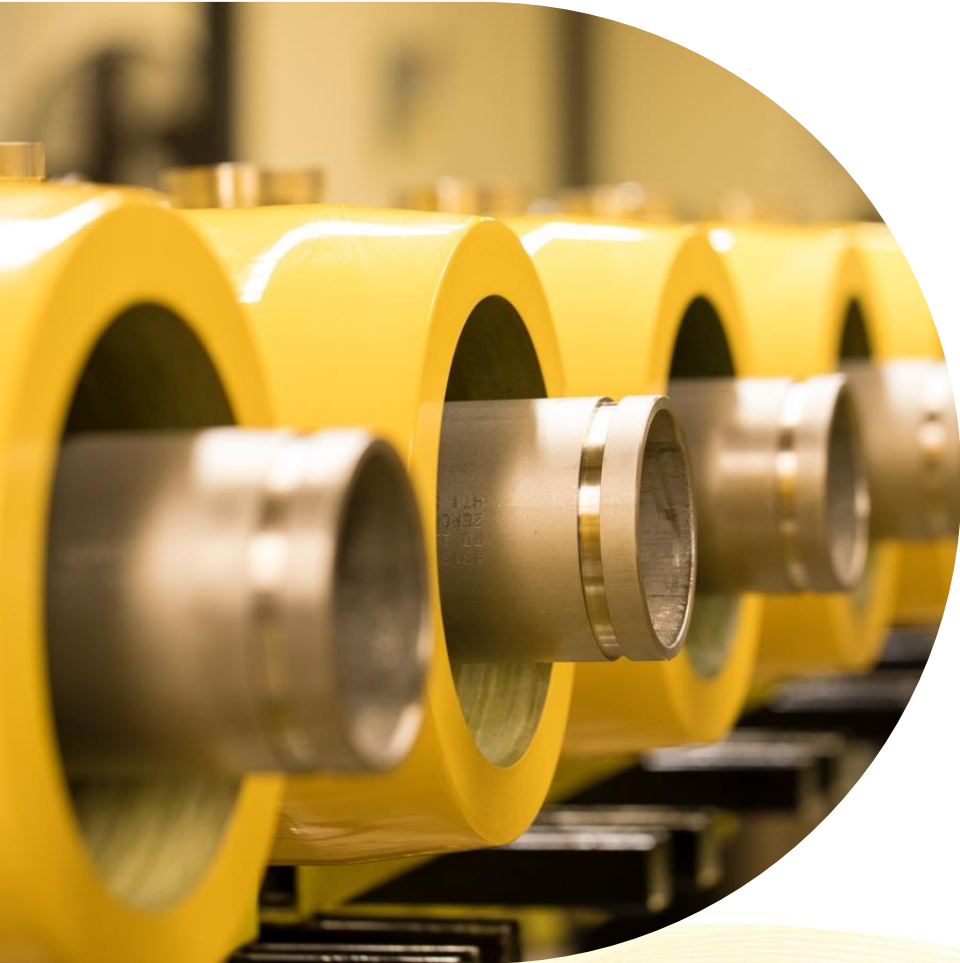
(1) 2022 FY Reported Avg. Gross Margin

PX In Action: Desalination



PX lowers energy consumption by up to 60%

Global Leader in Desalination Expanding the PX Into New Industries



 **Water Desalination**

 **Wastewater**

 **CO₂ Refrigeration**

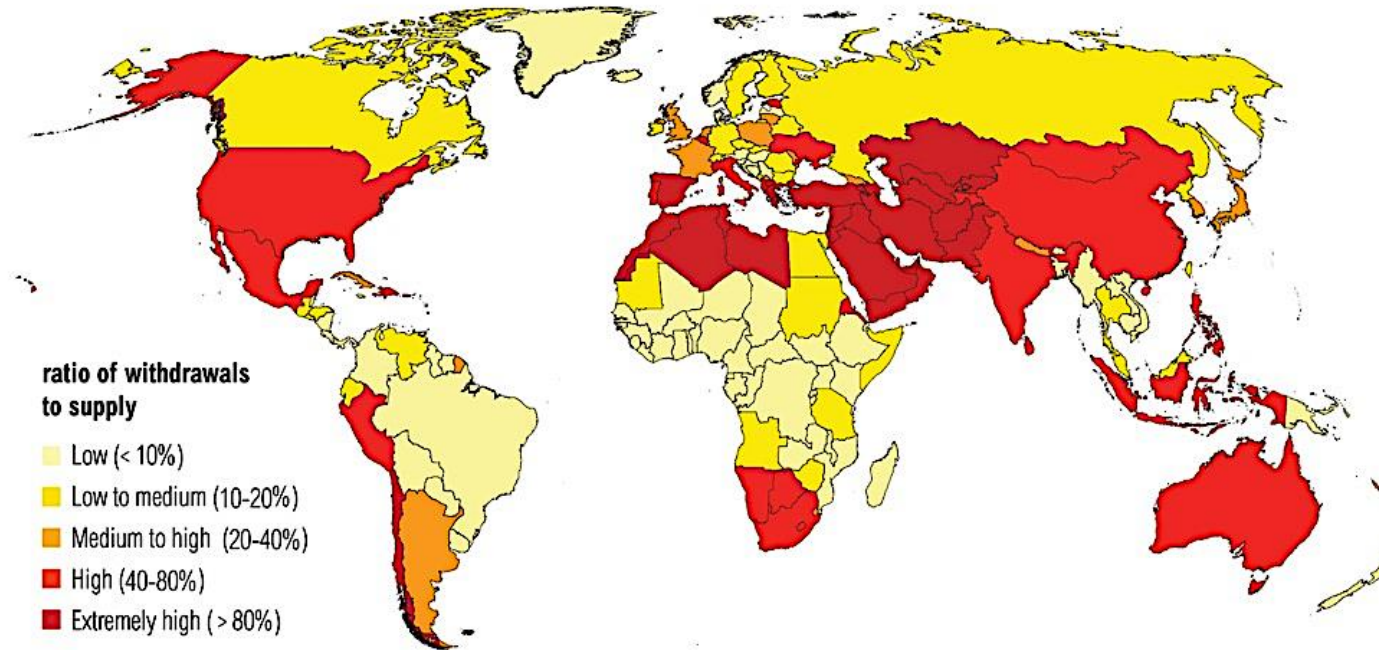


Water

Desalination & Wastewater

World-Wide Demand for Fresh Water Continues to Outstrip Supply

Water Stress by Country: 2040



NOTE: Projections are based on a business-as-usual scenario using SSP2 and RCP8.5.

The United Nations estimates a 40% gap in freshwater supplies by 2030

The World Needs More Water

FINANCIAL TIMES

No end to crisis in sight as drought grips India's Chennai

The Washington Post

Arizona's water troubles show how climate change is reshaping the West

THE HILL

How will the US deal with its water crisis?

MEED

Middle East business intelligence

Saudi Water Partnership Company has released its Seven-Year Statement for 2020-26

The New York Times

California Is Living Between Ever-Widening Climate Extremes

CBS

Millions at risk of power and water shortages as two of the nation's largest reservoirs on the brink of "dead pool status," U.N. warns

Freshwater Scarcity Driving Re-use and New Capacity Build (Desal)

Desalination

Targeting sales of \$200M by 2026

Unlimited Drought Resistant Water Supply

Costs Decreasing Steadily with Scale

Municipal

Industrial

Wastewater

Up to \$1B Potential TAM

Variety of Industries Globally

Regulatory Driven

Lithium

Mining

Chemical

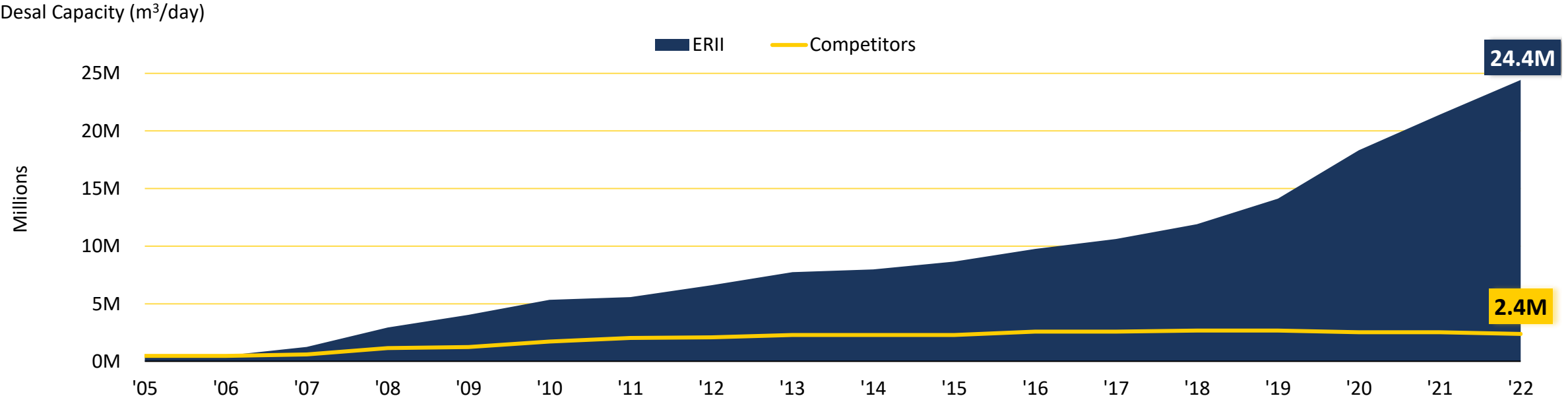
Textiles

Municipal

And More...

Our PX Dominates Large Scale Desalination Today

Cumulative Won Mega Projects¹



(1) Mega Projects produce >50,000 cubic meters of water per day

CO2

Disrupting the Global Refrigeration Industry



Strong Regulatory Shift is Driving Shift to Natural Refrigerants (CO₂)

1

HFCs are up to 13,000x worse for environment than CO₂

3

CO₂ drives up operating pressures, increasing electricity usage up to 5x

2

Developed countries have agreed to reduce HFCs 85% by 2036

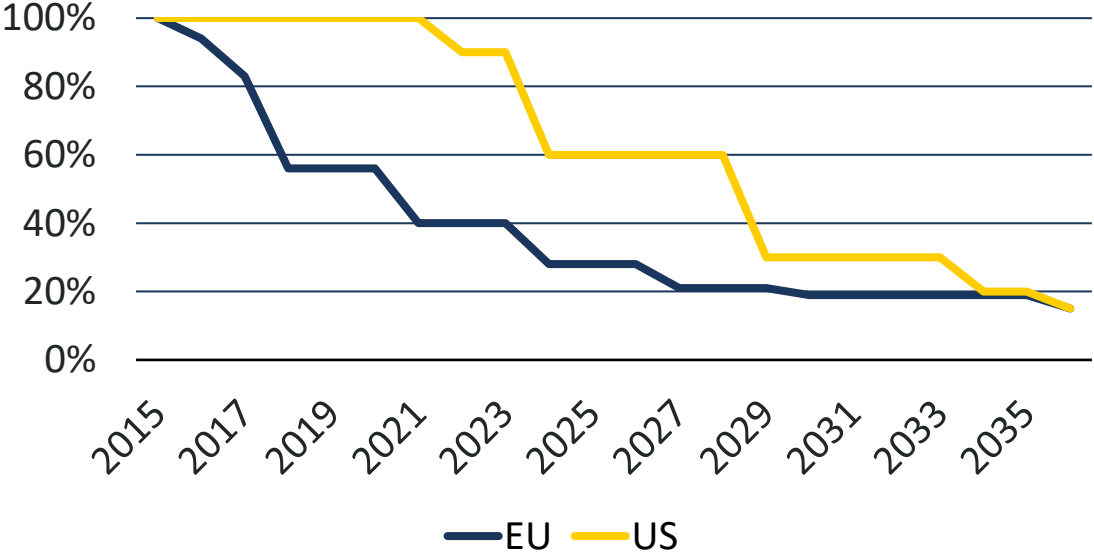
4

Our PX reduces electricity consumption in refrigeration, just like in Water

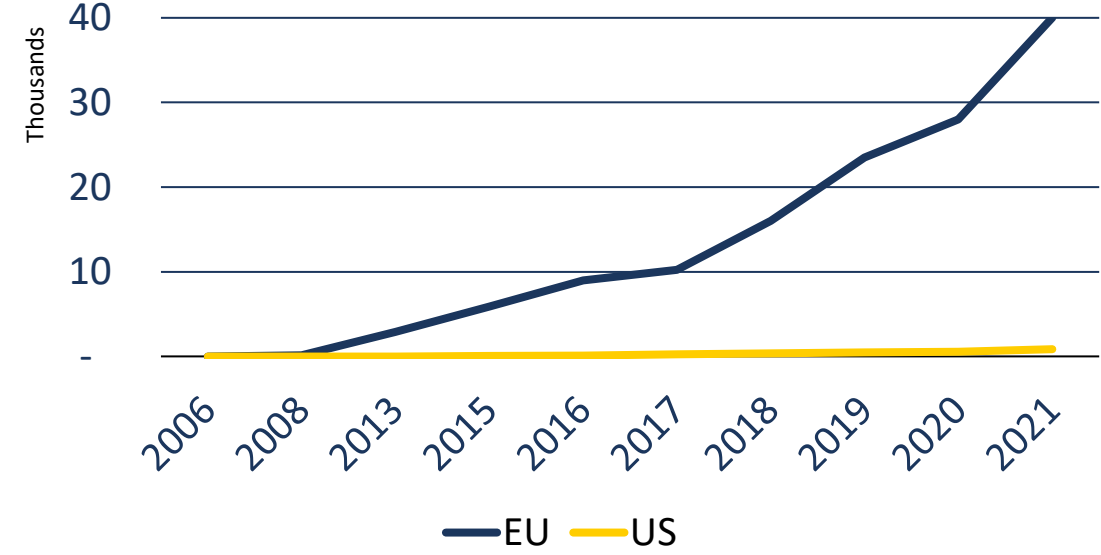
Roughly 100,000 supermarkets will be affected in the US and Europe alone

HFC Phase-Down and CO₂ Installations

HFC Phase-down Timeline: EU & US



CO₂ Installations: EU & US

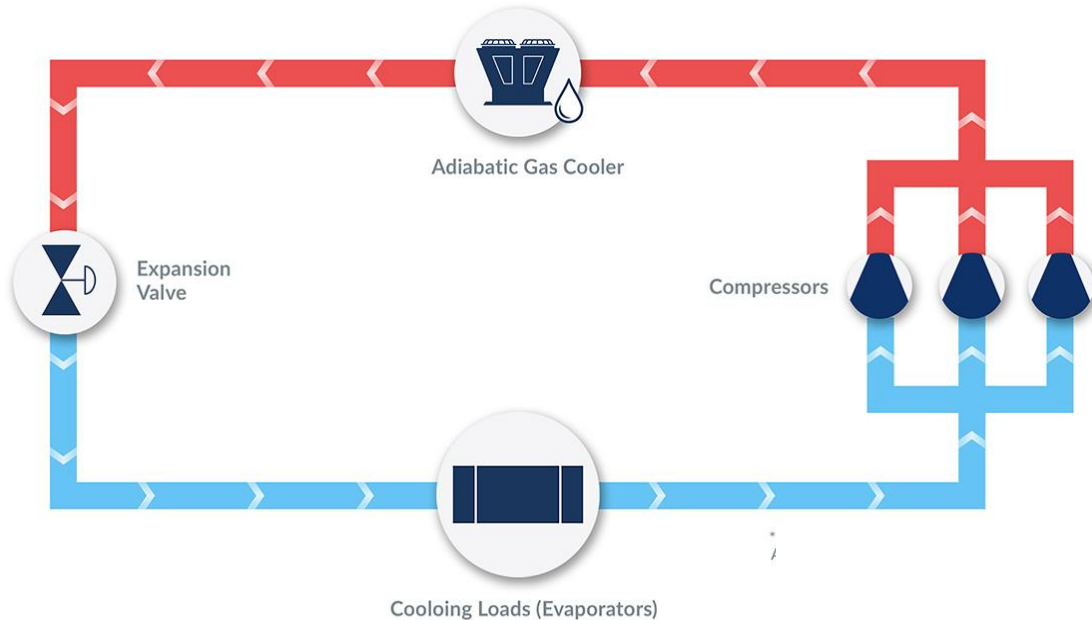


(1) Based on IPCC data: <https://unfccc.int/process/transparency-and-reporting/greenhouse-gas-data/greenhouse-gas-data-unfccc/global-warming-potentials>

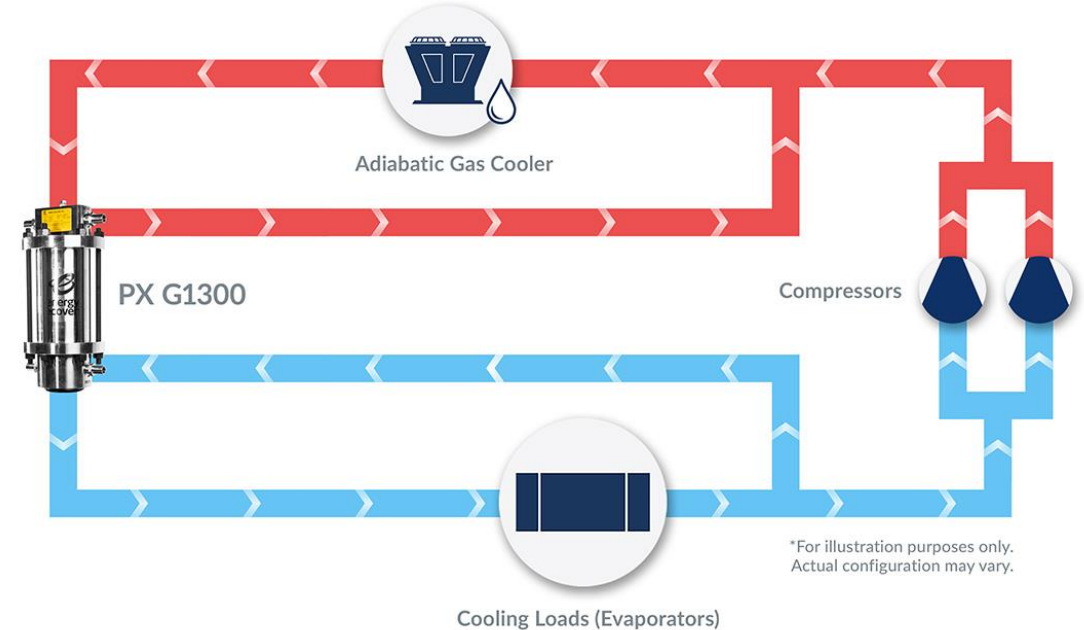
The PX G1300™ Saves Electricity By Recycling High-Pressure Energy

The PX G1300 is like a compressor which does not consume electricity or water, where energy is reclaimed from otherwise wasted pressure energy.

Standard CO₂ Refrigeration System







With PX G1300™



*For illustration purposes only. Actual configuration may vary.

Showing Initial Success



-  **November 2021** Signed first contract for delivery in 2022
-  **2022** First units commissioned and OEM partnership agreements signed
-  **Q1 2023** Installed first Carrefour unit
-  **Q1 2023** Distribution agreement with Fieuw Koeltechnic, PX G1300 incorporated in Epta Group's new XTE product line
-  **Q2 2023** Awarded "Refrigeration Innovation of the Year" at ATMOsphere America Summit 2023

The Future

Creating Long-Term Shareholder Value



Our Strategy Rests on Three Strategic Pillars

Desalination Leadership

Protect position in desalination by improving products and operations in a fast-growing market

Profitable Diversified Growth

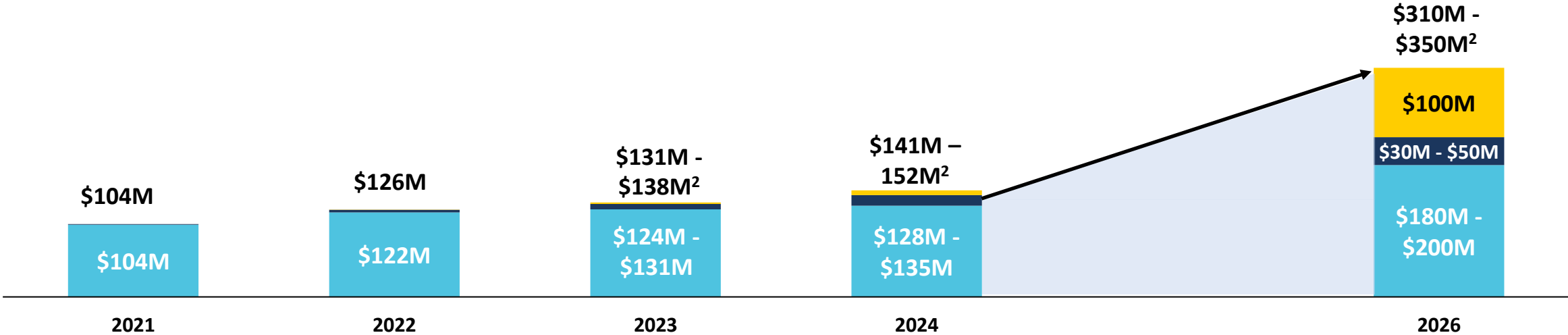
De-risk revenue and drive high margin growth by entering diverse, new and tangential industries with our PX technology

Sustainability

Engineer and manufacture sustainability focused products that reduce energy consumption

Growth Targets

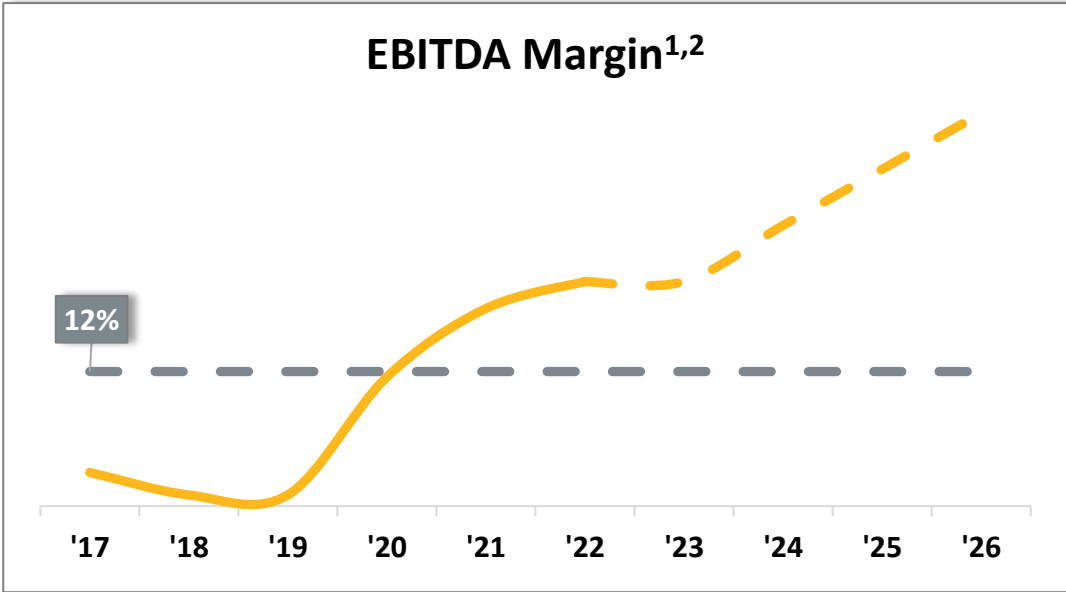
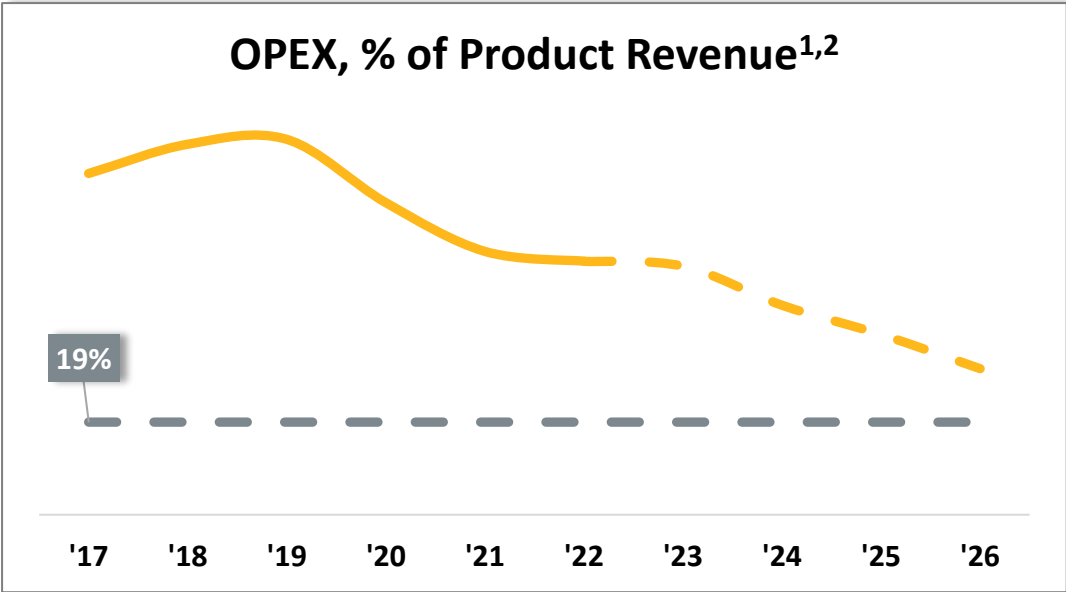
- Desalination
- Wastewater
- Refrigeration



(1) These revenue growth range goals, long-term vision and similar statements illustrate possible outcomes of our different segment strategies. These growth illustrations should not be treated as forecasts, projections or financial guidance. We cannot assure that we will be able to accomplish these goals, metrics or opportunities in the future, all of which are subject to significant risks and uncertainties as set forth under Risk Factors in our Annual Report on Form 10-K.

(2) Guidance provided at November 2023 earnings call

Maintain High Gross Margin and Manage OPEX to Grow EBITDA



(1) 2023 – 2026 are estimated projections
 (2) Excluding Schlumberger License and Development Revenue through 2021

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