

Midwest IDEAS Conference

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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.

Industries Benefiting from PX Technology



Desalination



Industrial Wastewater Treatment



CO2 Refrigeration

Ongoing Strong Fundamentals

Rapid Growth

20%

**Avg. Product Revenue
Growth, 2015-2021**

High Margin

>65%

2022 YTD Product Gross Margin

Strong Balance Sheet

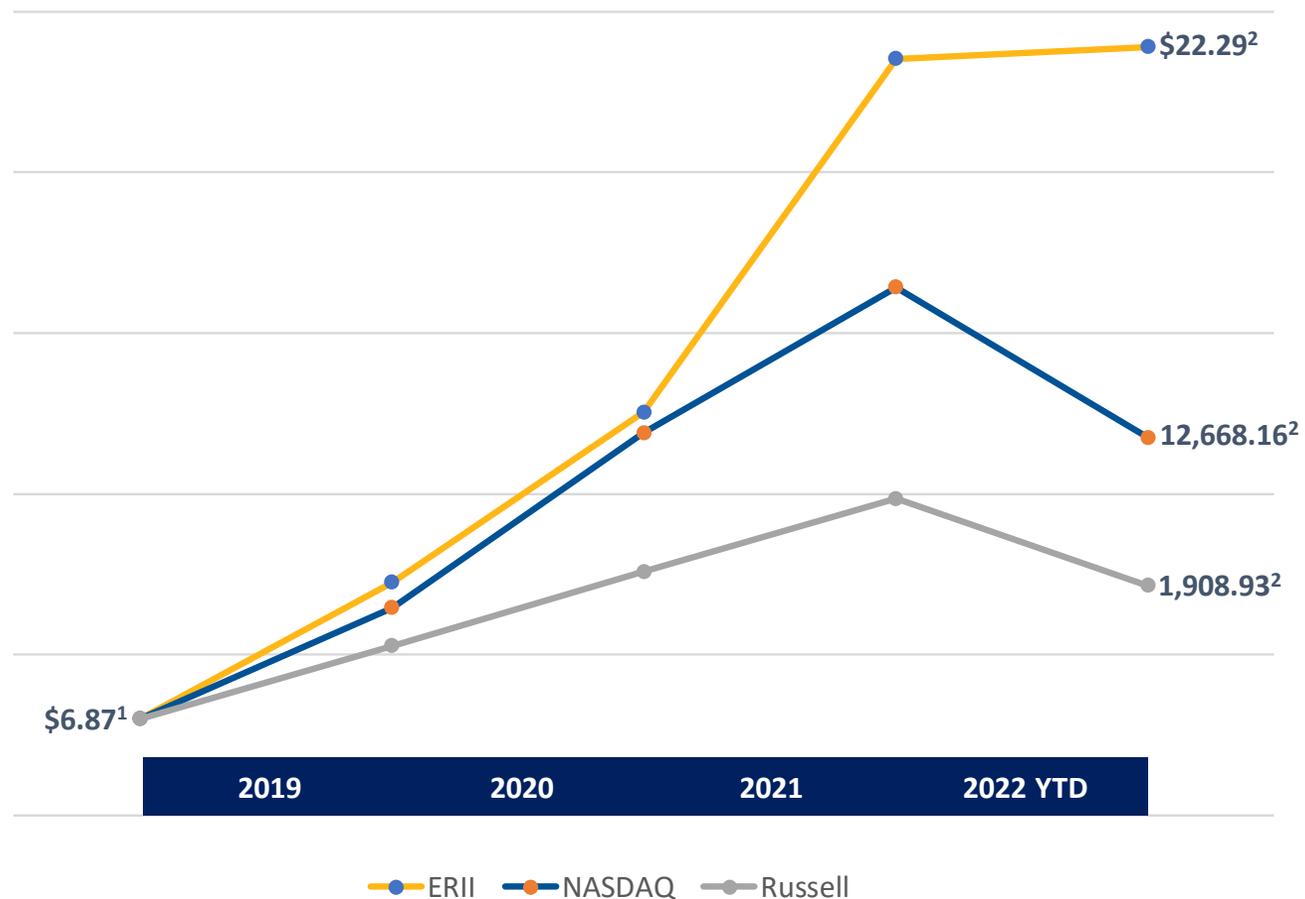
\$87M

**Cash & Securities and
*No Debt***

Strong Share Price Performance

>3x increase in share price since 2018, outpacing major indices

34% CAGR over same period



¹ As of January 2, 2019

² As of August 3, 2022

Who We Are and What We Do



We seek to achieve long-term sustainable growth by accelerating the environmental sustainability of our customers' operations



Our solutions reduce waste and energy consumption



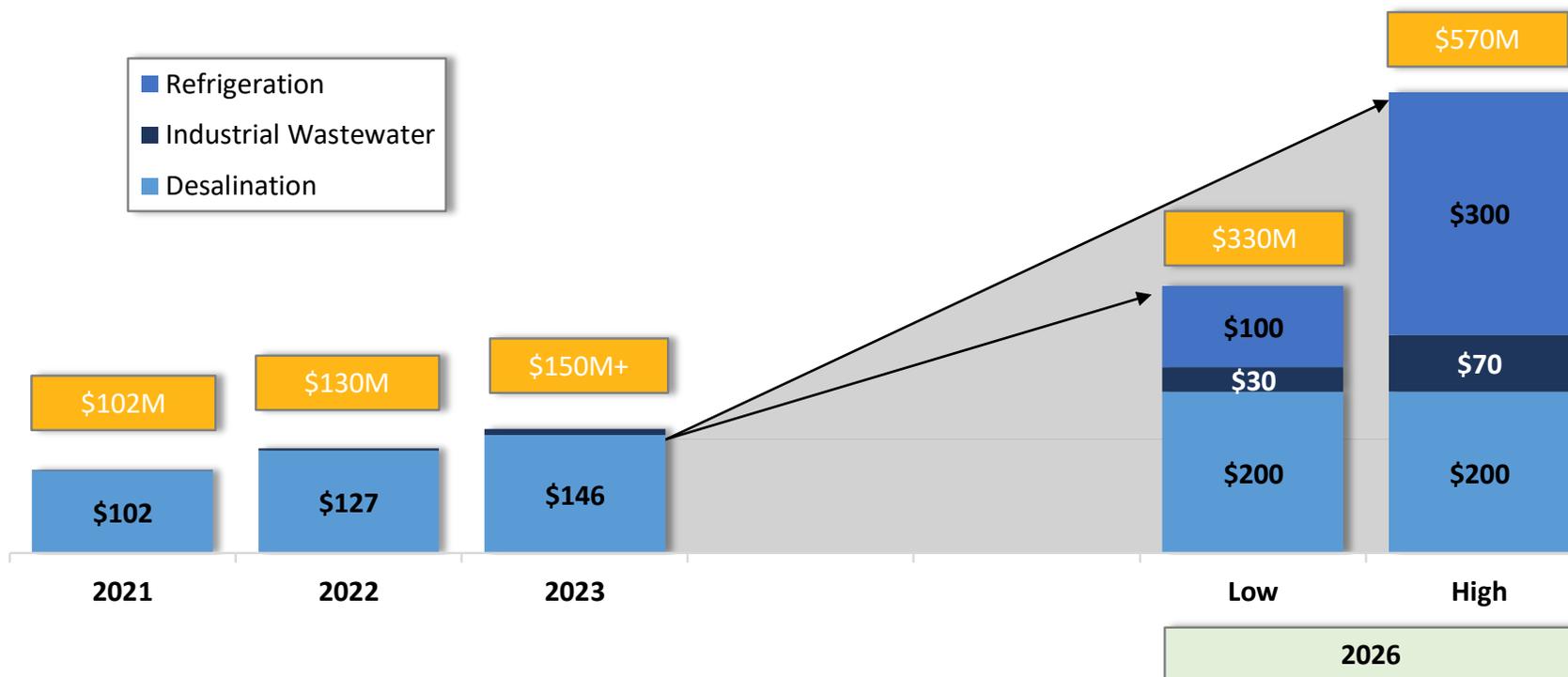
We revolutionized seawater reverse osmosis (SWRO) desalination, reducing energy costs by up to 60%¹



We are expanding our pressure exchanger technology to handle commercial applications in other industries

¹Energy Recovery estimate

Targeting 25% - 40% Average Revenue Growth



Note: 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.

Leading ESG Performance

\$3.9B saved for customers on energy expenses annually¹

14.5M metric tons emissions avoided due to PXs – nearly 3M vehicles removed from the road annually¹

98%+ product revenue from energy-efficiency related sources

30TWh Saved in Electricity Consumption¹



To download the full report, please visit [bit.ly/ERII ESG 2020](https://bit.ly/ERII_ESG_2020)

Awards & Recognition



MSCI ESG Rating "AA"



IR Awards: "Best ESG Communications" and "Best ESG Reporting among small to mid-cap companies"



Sustainalytics ESG Risk Rating: Top quartile of the machinery industry as of June 2021



2nd Runner Up for "Best First Time Report"



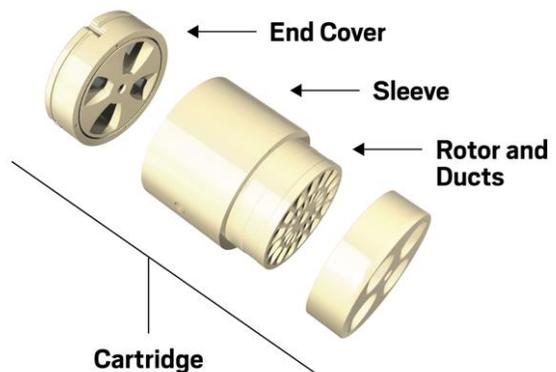
MSCI ESG Small Cap Leaders Index

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

The PX is Energy Recovery's Core Technology

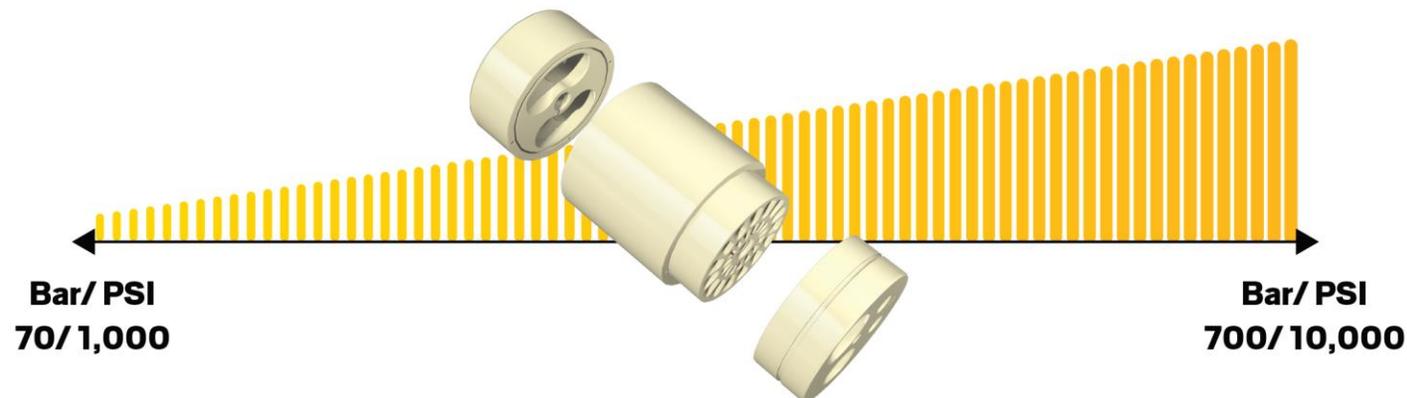
Anatomy of a Pressure Exchanger

Transfers energy from high-pressure to low-pressure fluids (both liquids and gas) through continuously rotating ducts with only one moving part (the rotor)



- Best-in-class energy recovery application
- Unmatched low life-cycle costs
- Pressure exchanger technology works as a platform to build product applications
- The technology is versatile and can handle liquid, gas, and a range of pressures
- Benefits include lower lifecycle cost and energy use in industrial fluid-flow systems

Pressure Exchanger Technology Operating Range



Pressure Exchanger can handle liquid, gas, liquid with suspended solids and supercritical fluids

Excels in a Wide-Range of Pressure Applications

This versatile technology acts as a fluid piston, efficiently transferring energy between high- and low-pressure fluids and gases through continuously rotating ducts

PX Technology in Action



Desalination



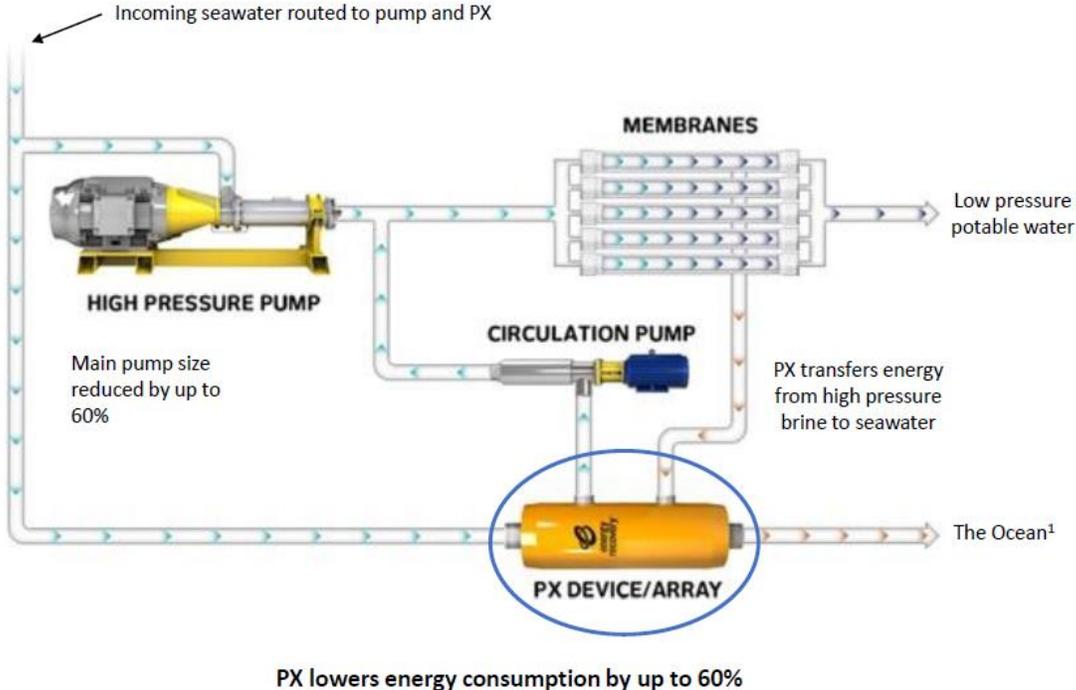
Industrial Wastewater Treatment



CO2 Refrigeration



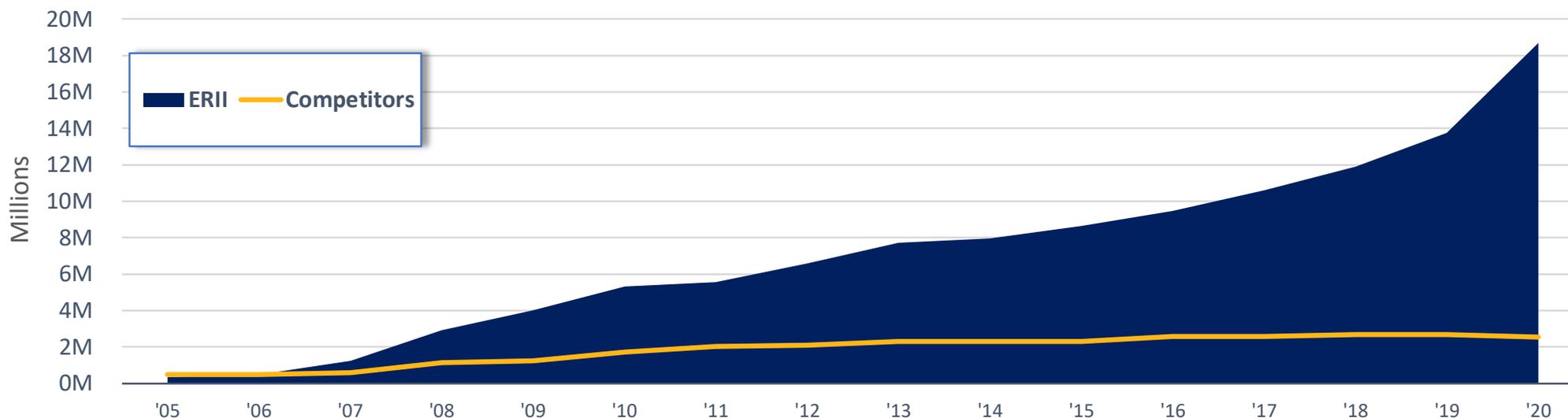
Industry Highlight: PX Technology in SWRO



Our PX Platform has Come to Dominate Large Scale SWRO Desalination

CUMULATIVE WON MEGA PROJECT¹

Desal Capacity (m³/day)



TECHNOLOGY STRENGTH = HIGH MARGIN

>65% ERII Gross Margin²

25% Russell 2000 Industrials

Our Pressure Exchanger is designed for a 25-year life, needs no maintenance, and has up to 98% efficiency – an unrivaled quality that translates into high profitability

¹ Mega Projects produce 50,000 cubic meters or more of water per day;

²2022 YTD Reported Gross Margin

PX Technology is Addressing the Global Water Supply Gap



DESALINATION

Addressable Market

- Targeting sales of ~\$200M by 2026¹
- 10-20% projected avg. annual market growth through 2030¹

Market Drivers

- Freshwater scarcity/declining resources
- Water-stressed regions
- Rising population
- Abundance of seawater

Geopolitical Drivers

- Countries turning to SWRO to bridge gap
- 2B+ lack access to clean drinking water
- Trans-boundary water-supply issues



INDUSTRIAL WASTEWATER

Addressable Market

- ~\$1B with potential to triple by 2030²
- Dependent on regulation to realize full TAM

Market Drivers

- Freshwater scarcity/declining resources
- Rising focus on water quality
- Industrialization and urbanization

Geopolitical Drivers

- Countries beginning to require reuse standards
- U.N. goal to triple amount of treated wastewater globally by 2030

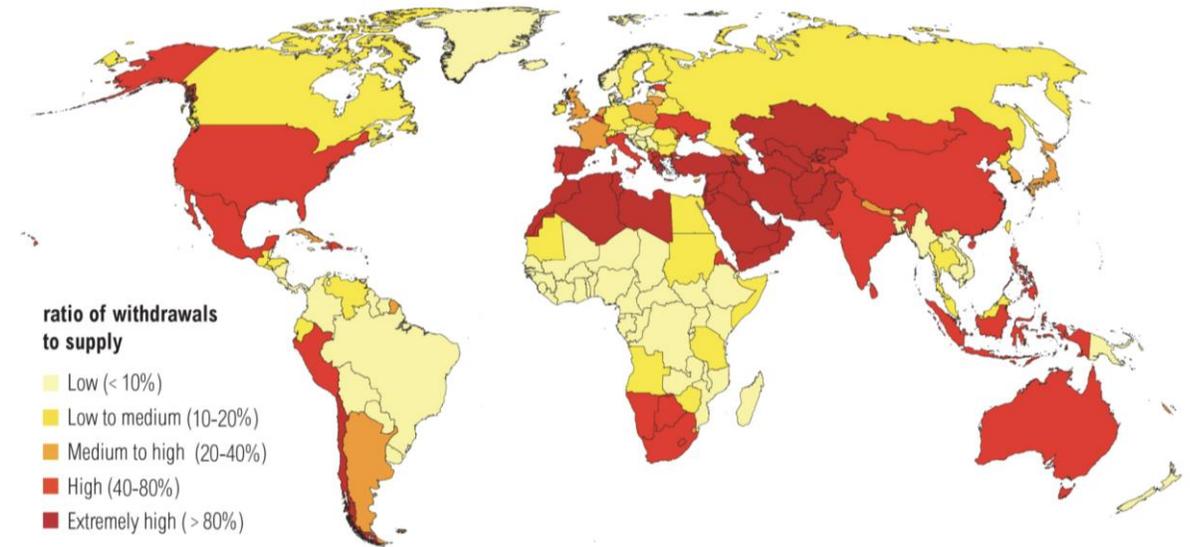
¹These revenue growth range goals, long-term vision and similar statements illustrate possible outcomes of our different segment strategies. These growth illustrations should not be treated as forecasts, projections or financial guidance. We cannot assure that we will be able to accomplish these goals, 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. ²Energy Recovery projections and estimates based on currently available information. Actual results and figures may differ.

World-Wide Demand for Fresh Water Continues to Outstrip Supply

The United Nations estimates a 40% gap in freshwater supplies by 2030 – equivalent to 75% of the Mediterranean Sea



Water Stress by Country: 2040



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

The World Needs More Water

FINANCIAL TIMES

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



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

The Washington Post

Africa's largest dam powers dreams of prosperity in Ethiopia – and fears of hunger in Egypt



Australia prepares for 'Day Zero' – the day the water runs out



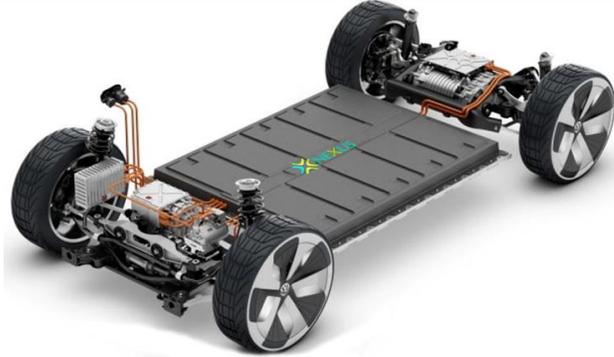
Hot, dry summer: Dutch government declares water shortage



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

Sampling of Industrial Wastewater Applications

Li-ion Battery Manufacturing



Textile Production



Coking



Mining



Li-ion Brine Mining



Industrial Wastewater Applied to Lithium Market

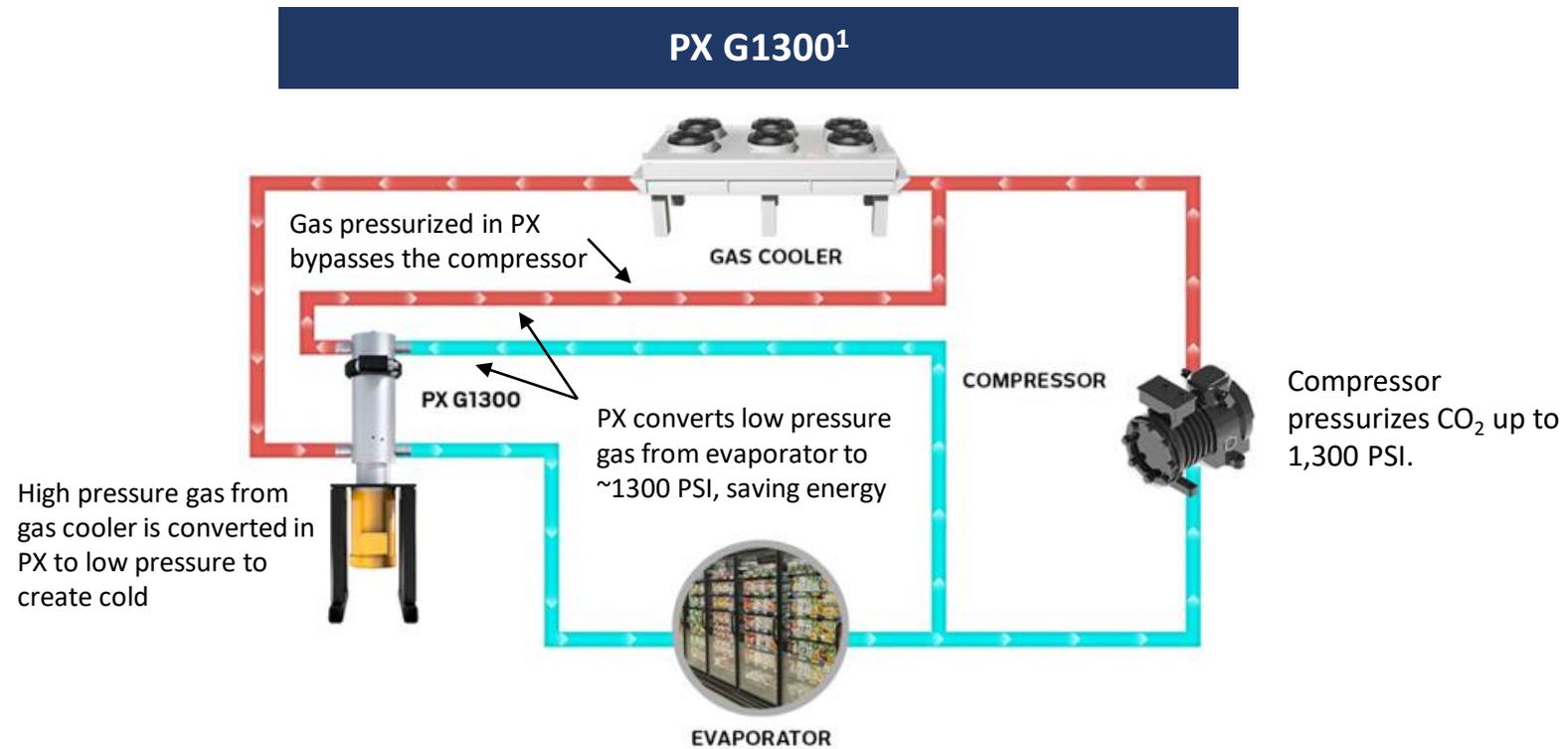


ERII's PX Technology – Easing the Transition to CO2 Refrigeration

~\$1B annual potential TAM for ERI by 2030¹

¹Energy Recovery projections and estimates based on currently available information. Actual results and figures may differ.

PX Technology in CO₂ Refrigeration

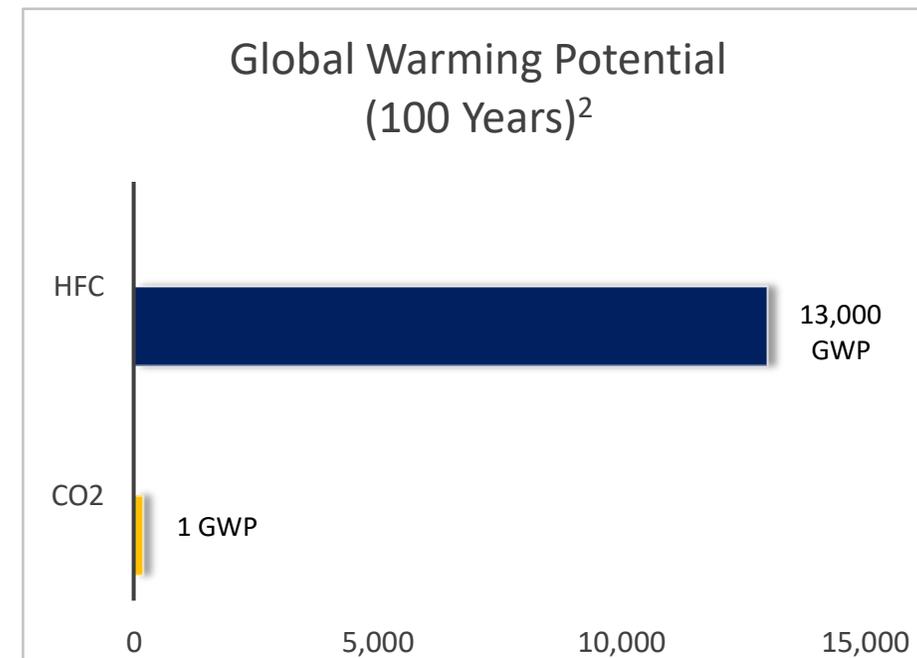


We have expanded the aperture of the PX technology to successfully compress gas, allowing for efficient energy transfer in refrigeration

¹For illustration purposes only. Actual configuration may vary.

Transitioning from Harmful HFCs to Natural CO₂ Refrigerants

- The global refrigeration industry is a leading user of hydrofluorocarbons (HFCs) - powerful man-made greenhouse gases with a Global Warming Potential (GWP)¹ of **1,000 – 13,000 GWP versus 1 GWP from CO₂**
- Regulation is forcing a global transition to natural refrigerants such as CO₂ due to the significant global warming effect of HFCs
 - More than 120 countries have signed the Kigali Amendment to the Montreal Protocol, establishing a timeline for the mandated phasedown of HFC use
 - Beginning in 2022, the US will phase down the production and import of HFCs by 85% by 2036
- It remains challenging for retailers to make the switch due to the high OPEX cost of CO₂ refrigeration systems.



Energy Recovery's PX G1300 makes the transition to CO₂ refrigeration more financially attractive.

¹Global Warming Potential (GWP) describes the relative potency of a greenhouse gas, which accounts for how long it remains in the atmosphere and calculated over 100 years, e.g., CO₂ has a 100-year GWP of 1.

² Based on IPCC data: <https://unfccc.int/process/transparency-and-reporting/greenhouse-gas-data/greenhouse-gas-data-unfccc/global-warming-potentials>

CO₂ systems drive up operating costs to owners via higher energy consumption

- Our PX G1300 reduces energy consumption in CO₂ systems by recycling pressure energy during operations, much as in desalination
- Signed first contract in November 2021 for delivery in 2022
- Signed joint development agreements with two global refrigeration rack manufacturers to design a PX G-centric CO₂ system
- First PX G commissioned in a southern European supermarket in July 2022



*“A new, groundbreaking application of our pressure exchanger technology is the PX G1300™ (PX G), designed to drive the transition in refrigeration from legacy hydrofluorocarbon (HFC) to green carbon dioxide-based systems. If left unchecked, **HFCs are projected to increase global temperatures by a half-degree Celsius by 2100.** Governments around the world, including the United States and China, have initiated the phaseout of HFCs. **We believe the PX G can make this transition to carbon dioxide more financially attractive for retailers, significantly contributing to the reduction of climate-damaging HFCs.**”*

-- Robert Mao, Chairman of the Board, President, and Chief Executive Officer of Energy Recovery

ESG Strategy & Development

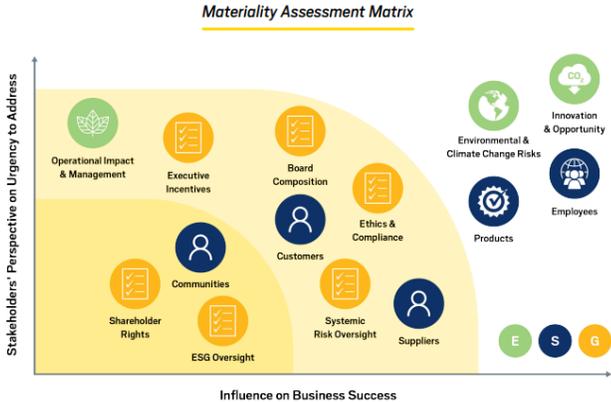
Framework Alignment

- Aligned with UN SDGs 6, 7 and 9
- SASB and GRI reporting commencing with the 2019 inaugural ESG report
- Set a goal to align with the TCFD by 2024



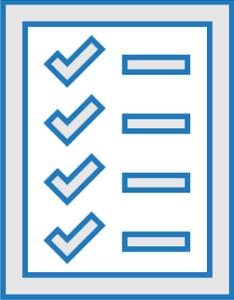
Materiality Assessment

- Engaged shareholders representing 38% of shares outstanding and 12% of employees identifying 14 key areas stratified by 3 tiers of importance



Development of Goals, Targets, & KPIs

- Developed 6 goals and 13 sub-KPIs across the 4 most material areas including doubling emissions reductions from Energy Recovery products by 2025



ESG Program Evolution

2019 ESG Report

- Inaugural ESG Report
- Aligned with SASB, GRI, & UN SDGs
- Named second runner-up for “Best 1st Time Report” by Corporate Register

2020 ESG Report

- Completed materiality assessment
- Introduction of KPIs & meaningful goals
- Enhanced overall disclosures

2021 ESG Report

- Goal progress updates
- Refreshed disclosure capabilities
- Enhanced focus on climate, our value chain, and our people

Governance: Board Structure & Composition

4 of 7 Directors are Diverse

Average Director has Served >5 Years

Director & Position	1	2	3
 Robert Yu Lang Mao <i>Chairman, President & Chief Executive Officer</i>			
 Pamela Tondreau <i>Lead Independent Director</i>		C	
 Alexander J. Buehler <i>Director</i>	C	M	M
 Joan Chow* <i>Director</i>	M	M	
 Sherif Foda <i>Director</i>		M	M
 Arve Hanstveit <i>Director</i>	M		C
 Lisa Pollina* <i>Director</i>	M		M

Legend		* = Joined in 2021
1	Audit Committee	 = Chair
2	Compensation Committee	
3	Nominating and Corporate Governance Committee	 = Member

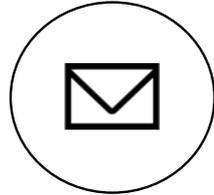
Energy Recovery's Sustainable Growth Rests on Three Strategic Pillars



Thank You



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