

Driving Industrial Sustainability

Delivering Value in Fluid-Flow Processes

Energy Recovery Investor Presentation – August 2021

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.

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ENERGY RECOVERY SNAPSHOT



We design and manufacture solutions that accelerate the environmental sustainability of our customers' operations.



Our solutions increase efficiency and lower lifecycle cost by reducing waste and energy consumption in industrial fluid-flow systems.



Our flagship PX[®] Pressure Exchanger[®] (PX) energy recovery device (ERD) revolutionized seawater reverse osmosis desalination (SWRO), reducing energy costs by up to 60%.¹ The PX is now the industry standard for energy recovery.



We continue to push the boundaries of our core technology, the pressure exchanger, to handle different operating environments of industrial or commercial applications.

Financial Snapshot²

Product Rev Growth

Avg. Growth '15 - '20	21%
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2020	27%
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2021 (est.)	10%
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2022 (est.)	25%
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2021 YTD Gross Margin	67%
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Cash & Securities	\$121M
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Debt	--
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¹Energy Recovery estimate; ²Growth and Gross Margin from Product Revenue only

WE HAVE A STRONG ESG STORY

\$2.6B saved for customers on energy expenses annually¹

25k+ PXs installed worldwide

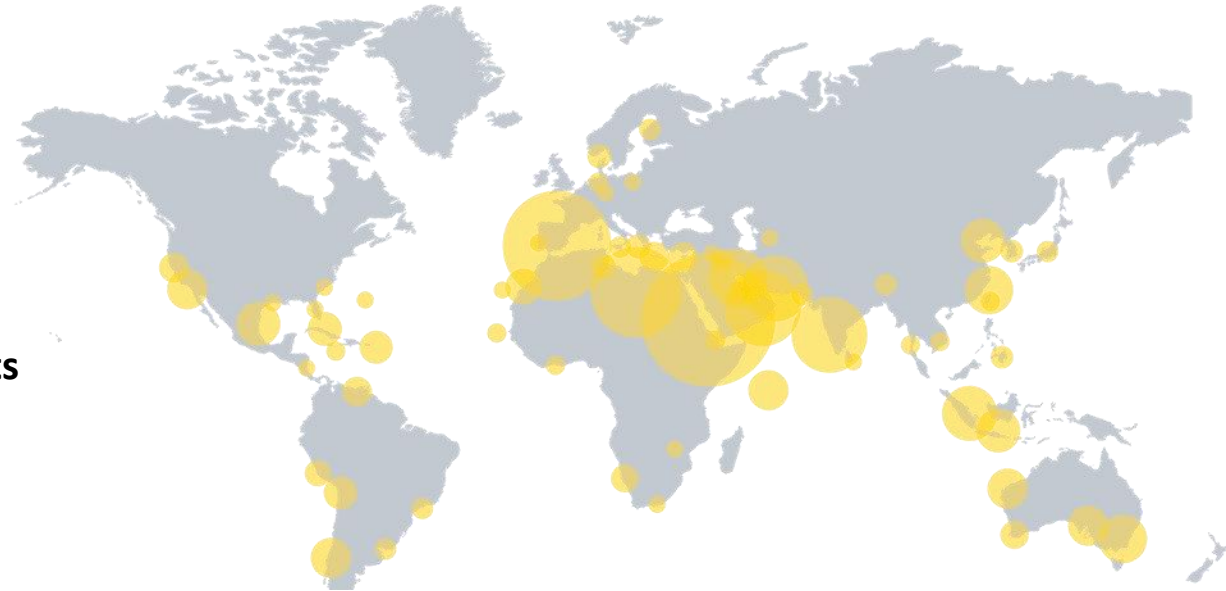
90%+ product revenue from energy-efficiency related products

12.5M metric tons emissions avoided due to PXs = >2.7M vehicles removed from the road annually¹

96% PXs use components made from recycled materials

100% Of waste metal from our operations is recycled

Global Installations of Energy Recovery Desalination Products



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

ESG AT ENERGY RECOVERY – MAKING PRODUCTS TO HELP IMPROVE THE ENVIRONMENT

2nd Annual ESG report to be issued Sept 2021

- Aligned with SASB and GRI sustainability reporting frameworks; select U.N. Sustainable Development Goals

Reflects ongoing commitment to becoming a more sustainable, resilient business

- Our products address climate change, sustainable industrialization, energy efficiency, and water scarcity







To download the full report, please visit

bit.ly/ERI-ESG

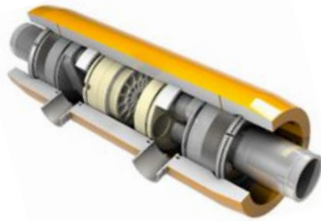
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INDUSTRIES BENEFITING FROM PX TECHNOLOGY

Industry	Markets	Customer Type	Key Benefits Provided
	<ul style="list-style-type: none"> ○ Seawater Desalination ○ Brackish Water Desalination 	<ul style="list-style-type: none"> ○ Global EPC Firms ○ Desalination OEMs ○ Plant Owners and/or Operators 	<ul style="list-style-type: none"> ○ Less Energy Consumption ○ Lower Emissions ○ Reduced Costs
	<ul style="list-style-type: none"> ○ Industrial Wastewater Treatment 	<ul style="list-style-type: none"> ○ Global EPC Firms ○ Industrial Plant Owners and/or Operators 	<ul style="list-style-type: none"> ○ Less Energy Consumption ○ Lower Emissions ○ Reduced Costs
	<ul style="list-style-type: none"> ○ Natural Gas Processing 	<ul style="list-style-type: none"> ○ EPC Firms ○ Plant Owners and/or Operators 	<ul style="list-style-type: none"> ○ Less Energy Consumption ○ Lower Emissions ○ Reduced Costs
	<ul style="list-style-type: none"> ○ CO2 Refrigeration 	<ul style="list-style-type: none"> ○ OEMs ○ Supermarkets 	<ul style="list-style-type: none"> ○ Lower Emissions vs. HFCs ○ Less Energy Consumption ○ Reduced Costs

OUR ENERGY RECOVERY DEVICES

Desalination

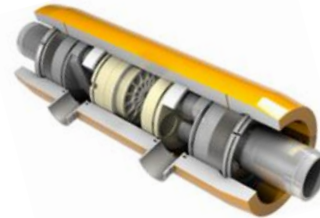


PX® Pressure Exchanger®



Turbocharger

Industrial Wastewater Treatment



PX® Pressure Exchanger®



Ultra PX™

CO2 Refrigeration



PX® G1300

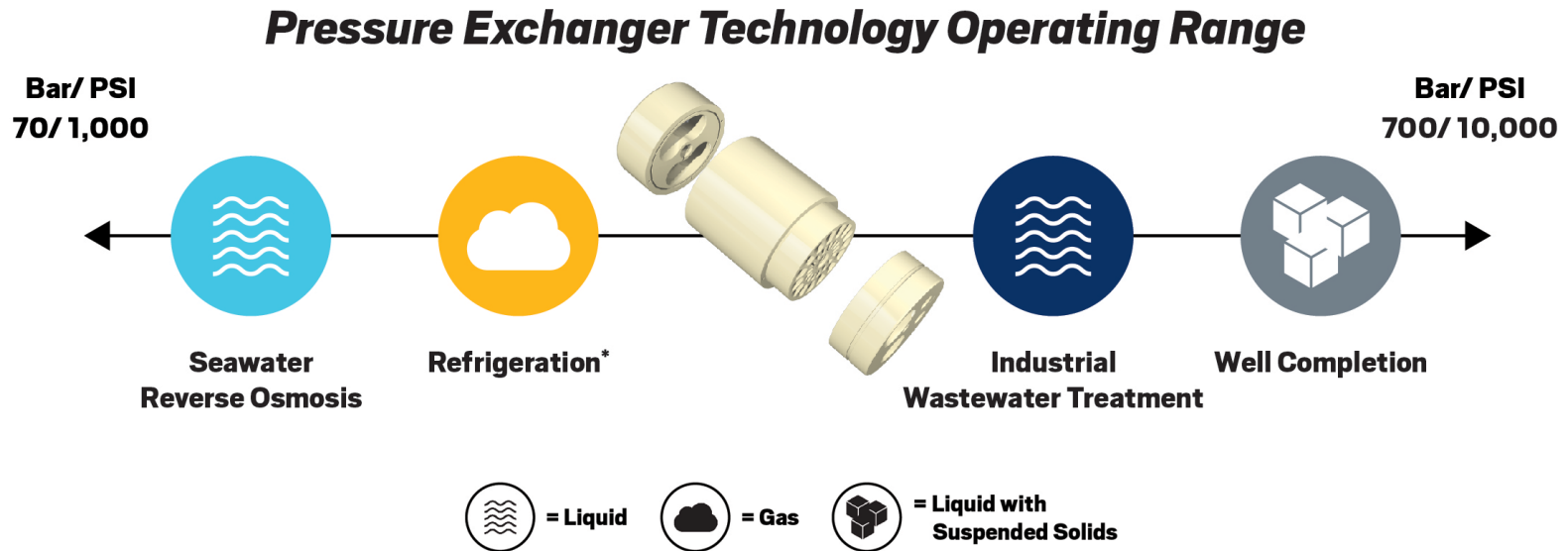
Natural Gas Processing



IsoBoost

PX TECHNOLOGY PLATFORM – EXCELLING IN A WIDE-RANGE OF PRESSURE APPLICATIONS

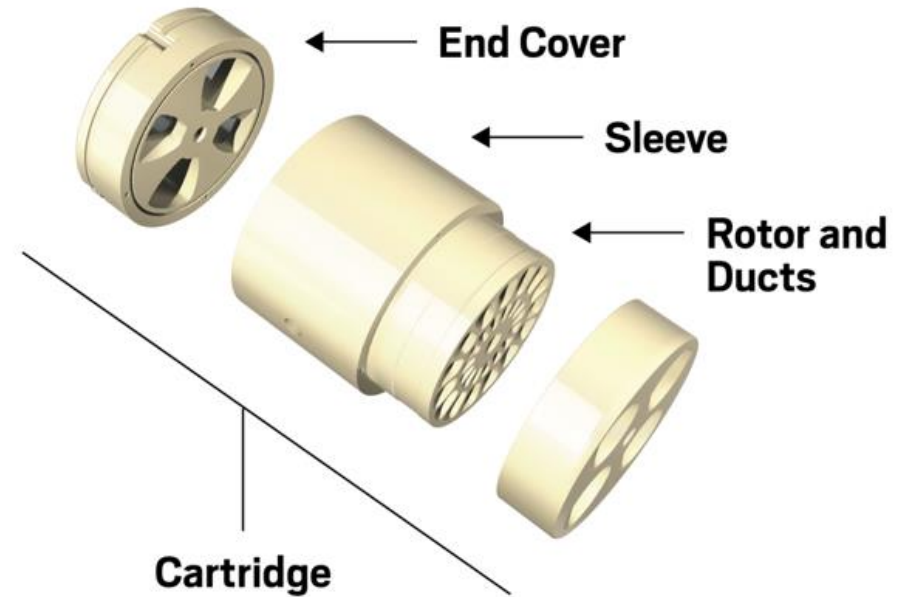
- The Pressure exchanger is Energy Recovery's core technology. This versatile technology acts as a fluid piston, efficiently transferring energy between high- and low-pressure fluids and gases through continuously rotating ducts



**Pressure Exchanger in refrigeration can handle multiple phases of CO₂ (liquid, gas, and supercritical fluids)*

PRESSURE EXCHANGER TECHNOLOGY PLATFORM

- Our pressure exchanger technology works as a platform to build product applications
- The technology is versatile – 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 is at the heart of many of our products



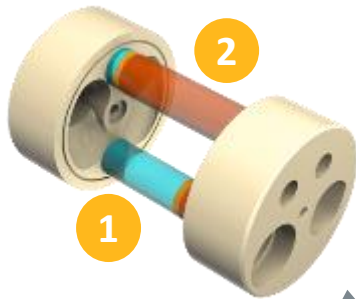
Anatomy of a Pressure Exchanger

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

HOW PRESSURE EXCHANGER TECHNOLOGY REDUCES ENERGY CONSUMPTION

Sealed Phase

Two fluids on opposite sides of PX; rotor duct is sealed, isolating high, low pressure fluid streams



1. Low pressure driven fluid that will be pressurized and sent into system
2. High pressure motive fluid that will pressurize low pressure fluid

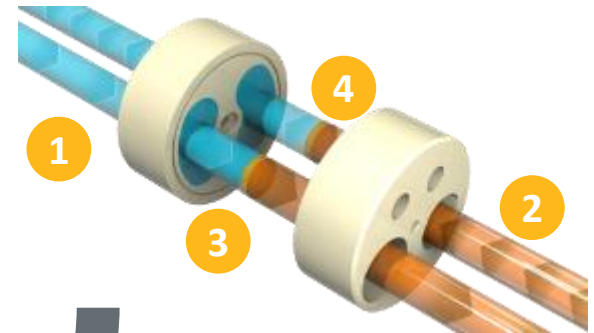
Rotor duct rotates to pressure exchange phase



Rotor duct rotates to sealed phase

Pressure Exchange Phase

1. Low pressure driven fluid enters the rotor duct
2. High pressure motive fluid enters the rotor duct

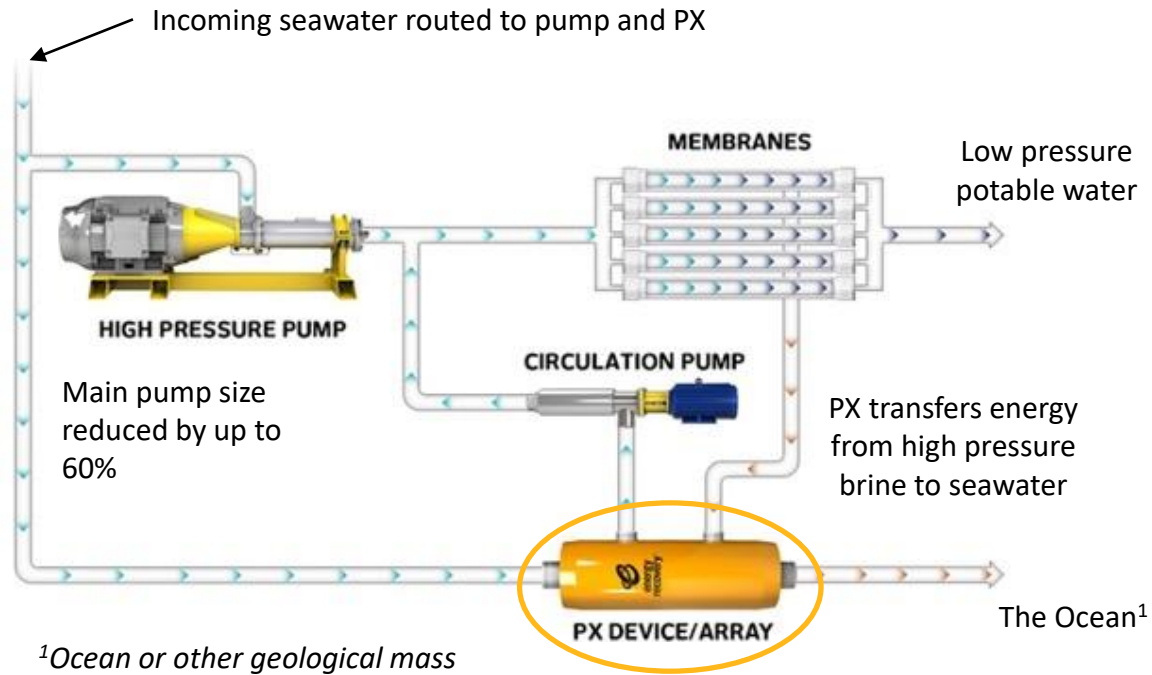


3. Low pressure driven fluid contacts motive fluid, expelling it at low pressure
4. High pressure motive fluid contacts driven fluid, expelling it at high pressure

Pressure is exchanged continuously as the rotor spins at high speed

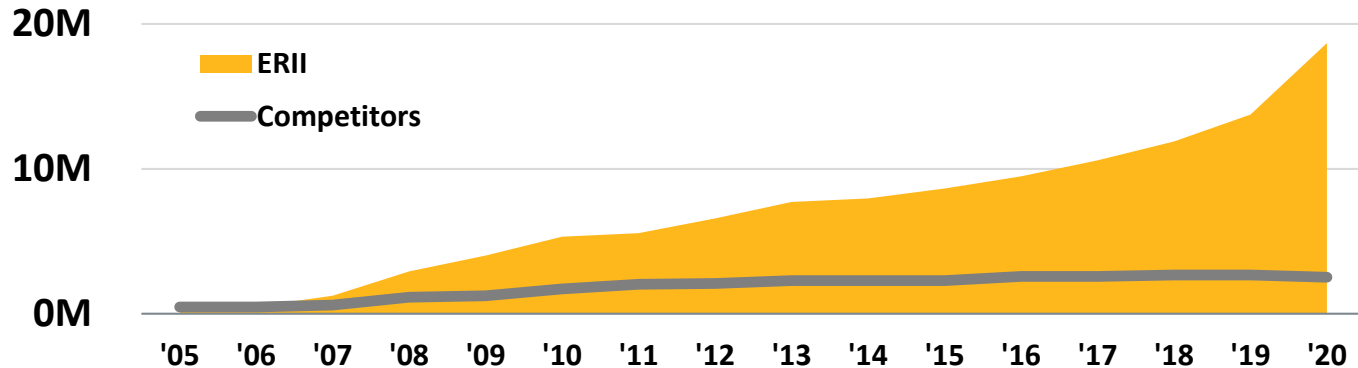
PX for SWRO

PX lowers energy consumption by up to 60%



OUR PX PLATFORM HAS COME TO DOMINATE LARGE SCALE SWRO DESALINATION

Cumulative Won Mega Project¹ Desal Capacity (m³/day)



Technology Strength = High Margin

67% ERII Gross Margin²

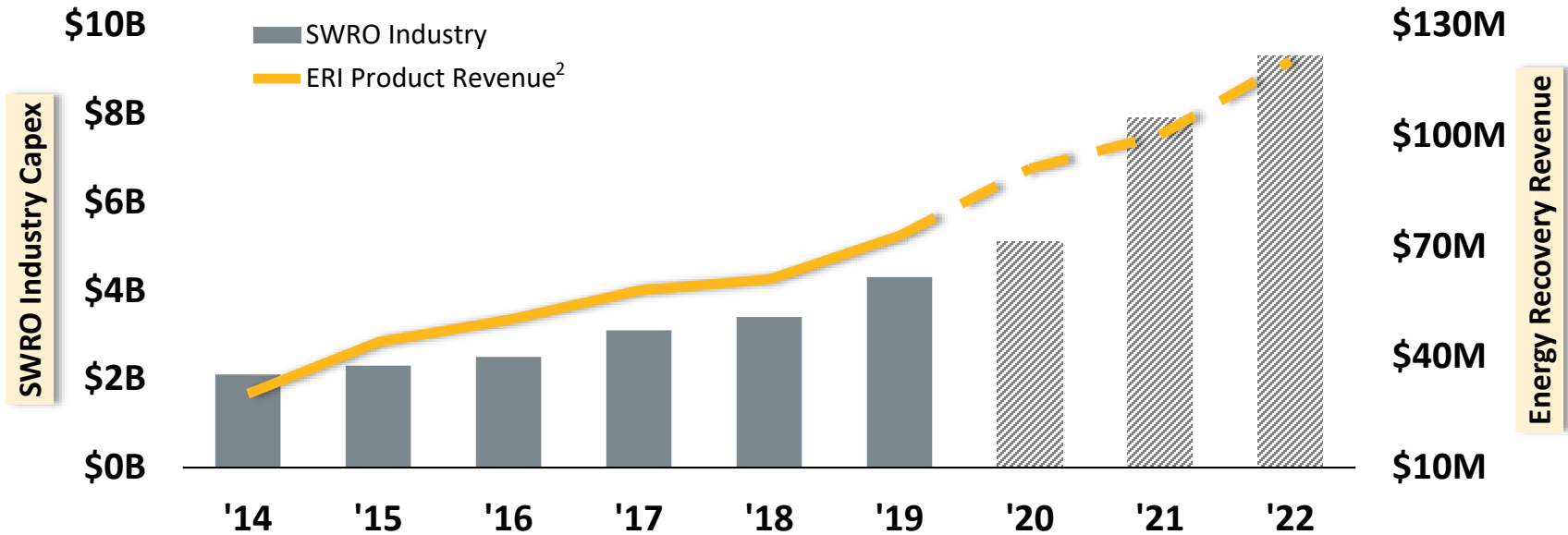
25% Russell 2000 Industrials

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

¹ Mega Projects produce 50,000 cubic meters or more of water per day; ²YTD 2021 Reported Gross Margin

NEW WATER DEMAND AND TECHNOLOGY SHIFT DRIVING SECULAR SHIFT IN SWRO

Annual SWRO Capital Expenditures¹



Our growth roughly tracks overall SWRO desal capital spend

¹DesalData Estimates; ²2020-2022 – ERI Estimates

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

The New York Times

Flash Drought in the South Brings Record Heat Without Rain

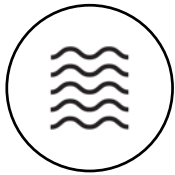


South America ravaged by unprecedented drought and fires



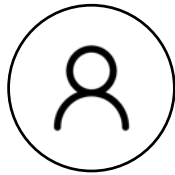
Alaska Villages Run Dry and Residents Worry About a 'Future of No Water'

EXISTING FRESH WATER SUPPLIES WILL LIKELY NOT MEET FUTURE DEMAND



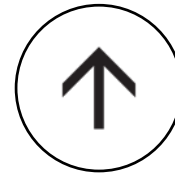
60%

The world will only have 60% of the water it needs by 2030



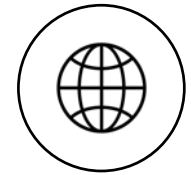
>2B People

1/4 of all people live in high water-stress territories



30%

Potable water demand expected to increase 30% by 2050



26%

Global population is expected to grow from 7.7B to 9.7B in 2050

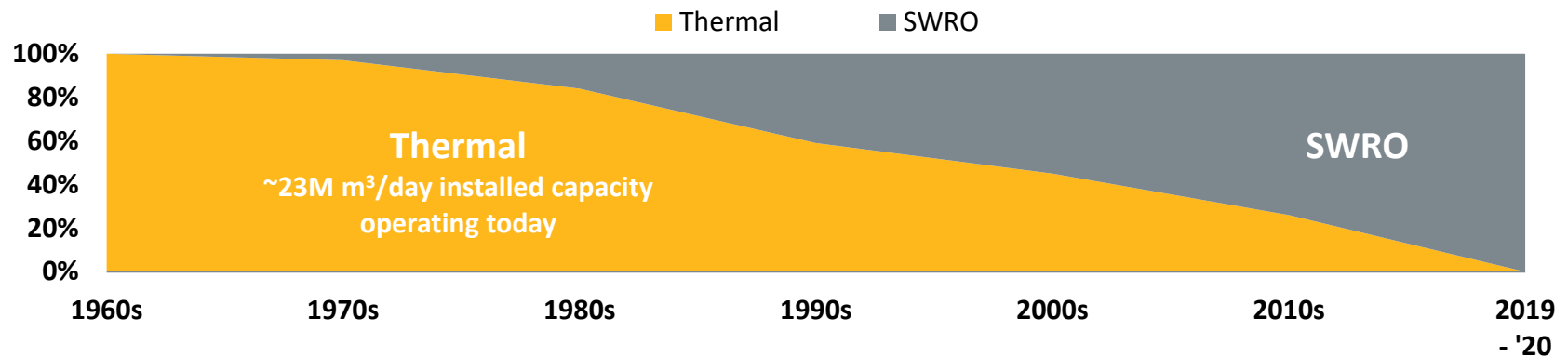
All statistics – United Nations

TECHNOLOGY SHIFT FROM THERMAL TO SWRO: \$0.5B TAM TO MAINTAIN EXISTING CAPACITY

SWRO Eclipsed Thermal Desalination as Technology of Choice in the 2000s

- Existing thermal capacity should eventually be replaced by SWRO
- We are seeing this demand in our revenue and pipeline today
- SWRO is more efficient, less energy intensive and far more economical
 - \$1B SWRO retrofit of two Saudi thermal plants will generate OPEX savings of \$360M/year¹

Thermal vs. SWRO¹ (% of Annual Plant Installations)



23M cubic meters of thermal capacity equivalent to approximately \$0.5 Billion in PX sales²

¹DesalData; ²ERI Estimate

BUILDING LONG-TERM SUSTAINABLE GROWTH AND VALUE

Revenue Growth	Increase Bottom Line	Sustainability
New Technologies Develop new PX products, widen technical aperture	Leverage Existing Assets Large investments in organization not needed for success	Environmental Sustainability Accelerate the sustainability of customer operations via reduced energy consumption
Diversify Revenue Diversify outside of desalination, de-risking revenue and accelerating growth	Invest in Achievable Projects Realistic commercial timelines, manage complexity and scope	Align Organization Align organizational aspirations with sustainable product aspirations
Protect Position in SWRO Invest in improved products and operations to protect existing strength in swiftly growing desalination market	Discipline Disciplined focus on financial KPIs and marketability of technologies	Shareholder Transparency Open communication with shareholders on progress and plans

LEVERAGING PX TECHNOLOGY FOR SUSTAINABLE DIVERSIFIED GROWTH BEYOND DESALINATION



Fluids

- Manage pressure energy between fluid flows
- Relatively clean seawater to caustic pressure pumping proppant; CO₂ gas



Technology

- PX Platform – focus on reducing energy consumption
- 1,000 - 10,000+ PSI (70 – 700 bar)
- Build off what we know – we are not inventing new markets
- Industrial / Commercial applications
- Maintain first-in-class reliability



KPIs

Financial KPIs

- 20%+ ROI
- 50%+ Gross Margin

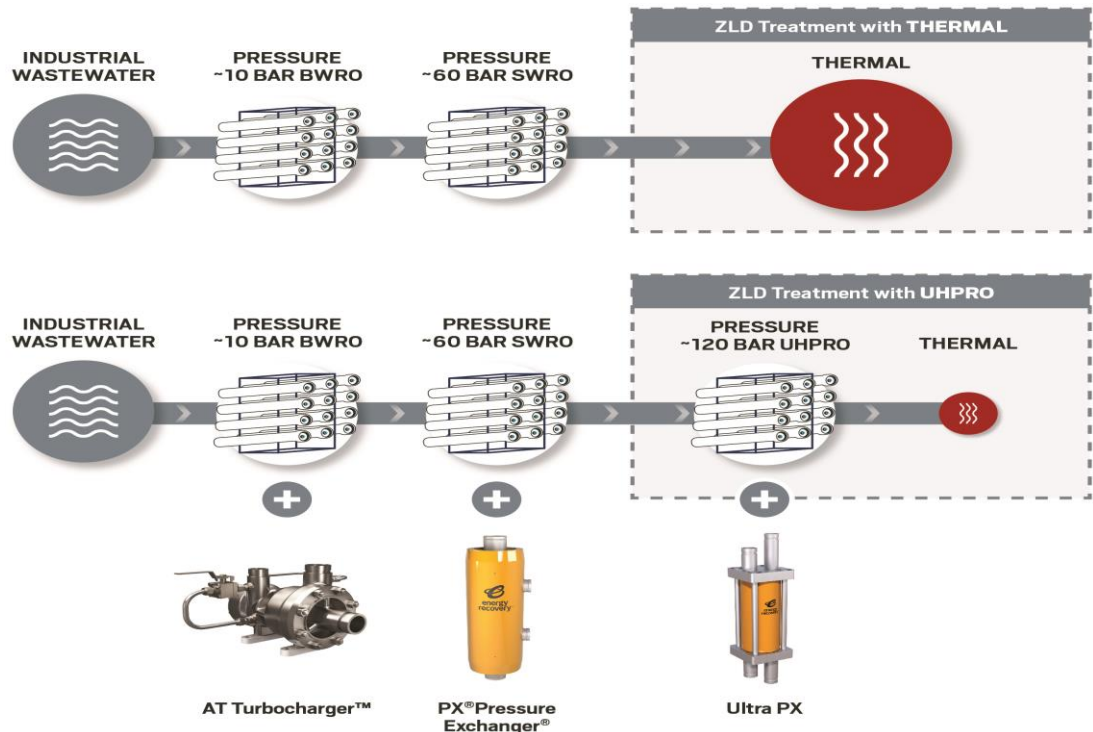
3 Year Timeline

- 1 year: prove technical validity
- 2 years: commercial product
- 3 years: cash flow positive run rate

- **Cap R&D Expense to limit size and scope of R&D projects: 15-20% of revenue in 2021**
- **Discipline: Maintain rigorous commercial hurdles for ROI, Gross Margin, and Timelines**

ULTRA PX – MITIGATING ENVIRONMENTAL EFFECTS OF INDUSTRIAL WASTEWATER DISCHARGE

- Our PX and Ultra PX can recover up to 60% of wasted energy in the RO process with 93%+ efficiency
- RO can significantly reduce the thermal component of mitigating the effects of industrial wastewater due to superior efficiency, much as it has in SWRO
- Our PX is applicable in nearly all RO treatment methods and in most stages of the treatment process



Applying UHPRO to ZLD treatment reduces thermal requirements at the end of the process

HFC PHASE OUT IN THE HEADLINES



...we already operate hundreds of facilities (stores and distribution centers) that utilize ultra-low GWP refrigerants including carbon dioxide (CO₂).



Over the next 15 years, the U.S. is set to slash the use of powerful greenhouse gases used in refrigerants. That means changes to your grocery store, a switch that's already underway in California.



New York State Bans Hydrofluorocarbon Refrigerants.



(HFCs) capacity to warm the atmosphere – measured as global warming potential – is thousands of times greater than carbon dioxide, with some being up to 13,850 times more potent.



China's commitment on HFCs, by ratification of the Kigali Amendment, sends key signal of its commitment to reduce emissions.

PX TECHNOLOGY IS A GAME CHANGER FOR THE REFRIGERATION INDUSTRY

Over 35,000 CO₂ Installations Globally

- Conversion to CO₂ from HFCs (current refrigerants) is fully underway in cool climates
- Regulations are driving adoption in moderate to warm climates
- CO₂ is a 'future proof' green refrigerant

Hurdles to Faster CO₂ Adoption Remain

- Electricity usage of CO₂ systems increases in warm climates as pressures increase to support refrigeration cycle
- This undercuts environmental benefits of CO₂ and increases operating costs of these systems
- Existing technologies do not sufficiently address this hurdle

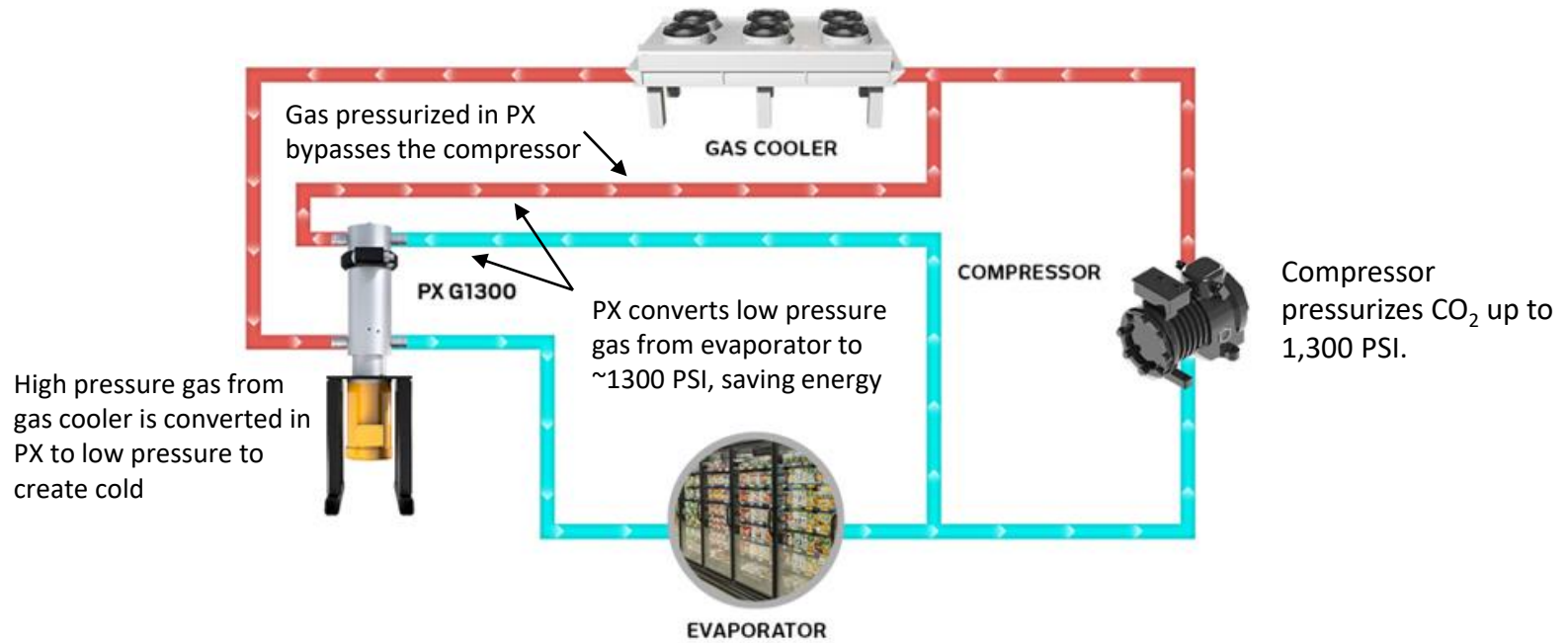
The PX G enables faster CO₂ adoption

- Reduces/eliminates electricity usage disparity
- Efficiency advantages of the PX G grows the hotter it gets and when refrigeration is most needed
- Helps solve the new CO₂ market's most pressing pain point – high electricity costs

The global transition to CO₂ refrigeration could translate to ~\$1B annual TAM for ERI by 2030¹

¹Energy Recovery estimates.

PX G1300 for CO₂ Refrigeration



We have expanded the aperture of the PX technology to successfully compress gas, allowing for efficient energy transfer in refrigeration²

WE HAVE COME FAR TO UNLOCKING A LARGE MARKET WITH THE PX G

Current status of the PX G1300

- Successfully tested across a range of temperatures in our full refrigeration test-loop in California
- Control system developed to manage it in operations
- Building our first commercial ready system



VorTeq seeks to protect pumps from abrasive proppant

- Increase safety of operations
- Reduce emissions, energy intensity of pump operations
- Decrease pump failures
- Lower maintenance, capital costs

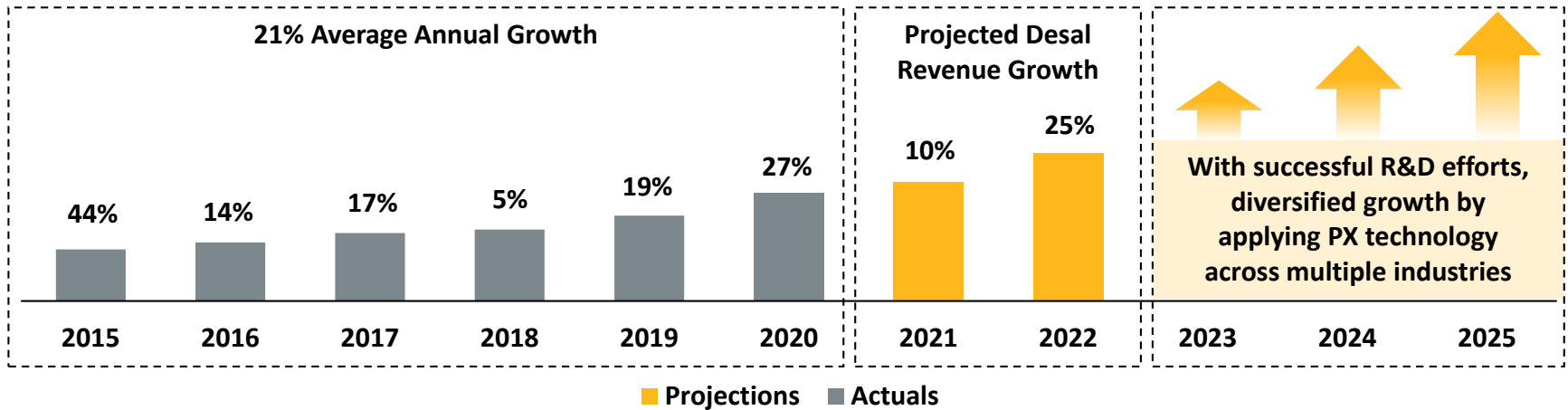
Status of Commercialization

- Completed multiple frac stages at live wells in 2021
- Remaining hurdle
 - Optimize cartridge life before repairs or replacement
 - ✓ Highest operational cost to ERI

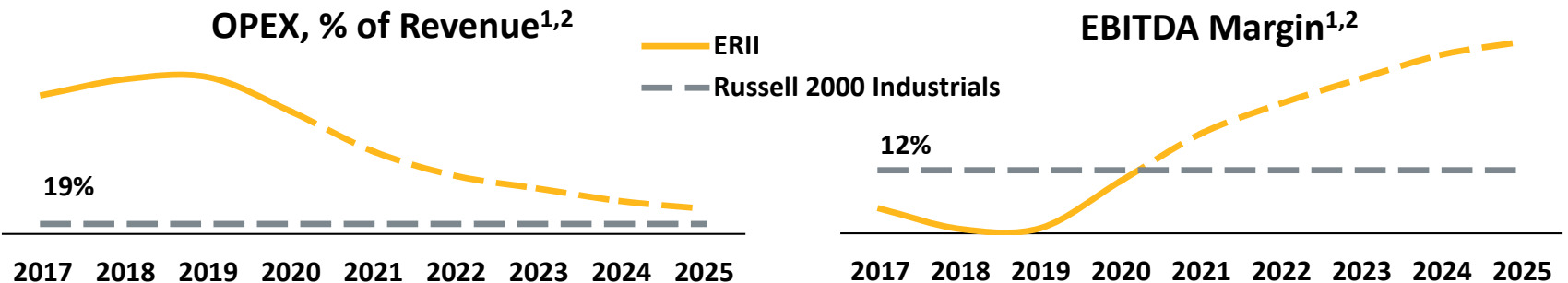


DISCIPLINED FOCUS DRIVING TOP AND BOTTOM-LINE GROWTH

Drive Diversified PX Top Line Growth¹



Maintain Gross Margin and Manage OPEX to Drive EBITDA



¹2020 – 2025 are estimated projections; ²Excluding Schlumberger License and Development Revenue

Thank You





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