# Energy Recovery, Inc.

**ERII**

Nasdaq; manufacturing; SIC 3559, Special Industry Machinery, NEC; CIK 0001421517

**A**

**strongest fifth of 254 graded peers in manufacturing**

rank 24 of 254; percentile 9.1; sampling error 3.0 points; lower is stronger

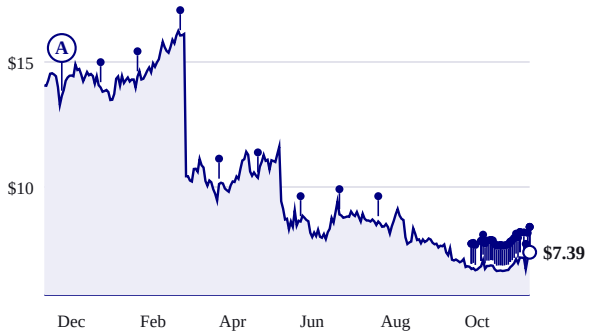
A B C D E

**A, the bull**



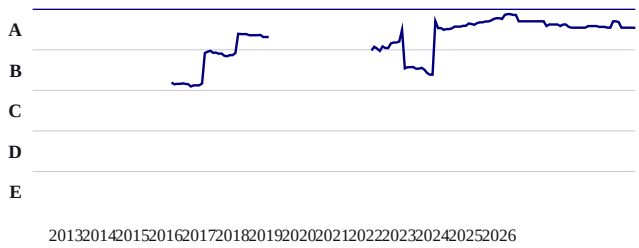
| Scoreboard | |
|---|---|
| **Profitability** | C<br>percentile 48.8 |
| **Solvency** | A/B<br>percentile 18.7 |
| **Growth and financing** | B<br>percentile 35.8 |
| **Reliability** | 0.87 AUC<br>filers with $120M to $591M assets; 95% interval 0.83 to 0.90; 206 events, 2020 to 2025 |
| **Peer failure rate** | 1.03% a year<br>Item 1.03 bankruptcies, same asset band, 2012 to 2025 |
| **Size band** | $120M to $591M assets<br>total assets $231.5M |
| **Standard universe** | inside<br>revenue above $1M and assets above $10M |
| **Warnings** | none triggered; fortress balance sheet |
| **Inputs computable** | 10 of 14 |
| **Graded from** | filings received through Feb 25, 2026<br>258 days before the rescan; latest periodic filing 10-Q received Nov 4, 2026 |
| **Last close** | $7.38<br>2026-11-09; market equity $374.9M; no price enters the letter |

**Share price, twelve months to the rescan**




*Split-adjusted close. Each lollipop is a rescan and carries the letter held then.*

**Letter at every rescan, 2012 to 2026**




*Sector percentile at each rescan, stronger toward the top; facts filed by each date only.*

## Business, in the company's words

*opening of Item 1 of the 10-K received Feb 25, 2026*

Energy Recovery, Inc. (the "Company", "Energy Recovery", "we", "our" and "us") designs and manufactures world-class energy-saving technology for critical infrastructure that communities rely on every day, driving a more resilient and sustainable future. Grounded in more than 30 years of leadership in the desalination industry, today we use our proprietary pressure exchanger technology to help customers in multiple industries improve their operations and lower their emissions. We have been incorporated in the state of Delaware since 2001. Our corporate headquarters, principal research and development ("R&D"), and manufacturing facility is located in San Leandro, California.

## The fourteen inputs

*lower percentile is stronger; sleeves and inputs within a sleeve carry equal weight*

| Input | Value | Peer median | Percentile, 0 to 100 | Pct | Peers | Period end |
|---|---|---|---|---|---|---|
| **Profitability, sleeve percentile 48.8** | | | | | | |
| Gross profitability | 38.0% | 22.0% | | 12.5 | 274 | 2025-12-31 |
| Return on invested capital | not computable | 9.7% | | | | |

Not investment advice. Informational and educational only. Data from SEC EDGAR, may contain errors, is not warranted. The grade ranks reported financial condition and is not a return forecast.

| | | | | | | |
|---|---|---|---|---|---|---|
| *pretax income must exceed the validity floor and imply a 0%-100% tax rate* | | | | | | |
| Accruals ratio | 1.8% | (3.7%) | | 85.2 | 305 | 2025-12-31 |
| Gross margin stability, five years | not computable | 2.1 pts | | | | |
| *five consecutive annual gross margins are required* | | | | | | |
| **Solvency, sleeve percentile 18.7** | | | | | | |
| Twelve-month failure probability | 0.05% | 0.04% | | 48.6 | 36 | 2026-09-30 |
| Altman Z double-prime | 15.70 | 3.72 | | 2.5 | 241 | 2025-12-31 |
| Net debt to EBITDA | not computable | 1.77x | | | | |
| *latest aligned inputs end 2017-12-31; latest annual assets end 2025-12-31* | | | | | | |
| Interest coverage | not computable | 5.09x | | | | |
| *interest expense must exceed $100,000* | | | | | | |
| Current ratio | 10.44x | 2.26x | | 5.0 | 322 | 2025-12-31 |
| **Growth and financing, sleeve percentile 35.8** | | | | | | |
| Revenue growth, three-year compound | 2.4% | 2.2% | | 47.9 | 268 | 2025-12-31 |
| Free cash flow growth, three-year compound | 27.6% | 13.7% | | 28.8 | 140 | 2025-12-31 |
| Reinvestment rate | 56.3% | 25.7% | | 32.8 | 138 | 2025-12-31 |
| Asset growth, three years | 2.2% | 4.1% | | 60.0 | 276 | 2025-12-31 |
| Net share issuance, one year | (3.9%) | 0.00% | | 9.2 | 240 | 2026-02-19 |

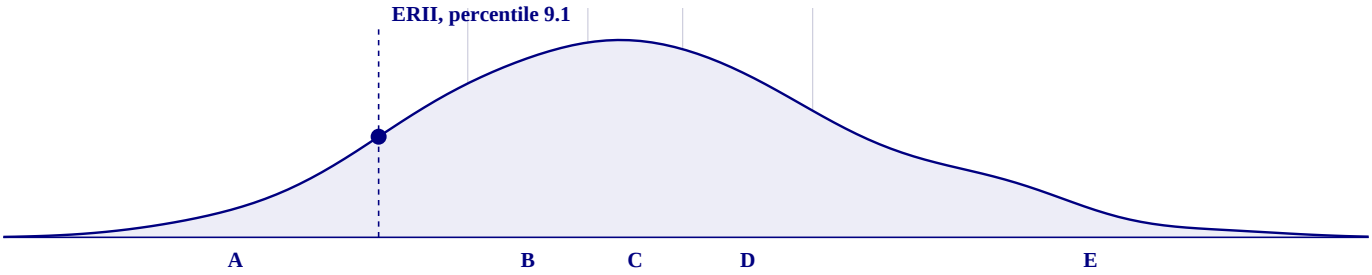
## Warnings

*1 of 7 checks triggered; none of them enters the letter*

| Check | Measured |
|---|---|
| Fortress balance sheet | cash minus debt is 27,753,000 USD; Altman Z is not used |

## Among 254 peers

*manufacturing; letters are fifths of this list*




*Composite score of every graded peer, smoothed; vertical rules are the letter band edges; stronger to the left.*

| Rank | Company | Percentile | Letter | Warnings |
|---|---|---|---|---|
| 19 | Omega Flex, Inc. (OFLX) | 7.1 | A | |
| 20 | Watts Water Technologies Inc. (WTS) | 7.5 | A | fortress balance sheet |
| 21 | BWX Technologies, Inc. (BWXT) | 7.9 | A | |
| 22 | LAM Research Corp. (LRCX) | 8.3 | A | fortress balance sheet |
| 23 | Eagle Materials Inc. (EXP) | 8.7 | A | |
| 24 | Energy Recovery, Inc. (ERII) | 9.1 | A | fortress balance sheet |
| 25 | Ennis, Inc. (EBF) | 9.5 | A | |
| 26 | Astronics Corp. (ATRO) | 9.9 | A | |
| 27 | SPX Technologies, Inc. (SPXC) | 10.3 | A | |
| 28 | Howmet Aerospace Inc. (HWM) | 10.7 | A | |
| 29 | Lennox International Inc. (LII) | 11.1 | A | |

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## What the price implies

*at the 2026-11-09 close; none of these enters the grade*

| Measure | Value | Peer median | Percentile |
|---|---|---|---|
| Twelve-month price change, skipping the latest month | (61.0%) | 9.8% | 3 |
| Distance from 52-week high | (54.5%) | (24.4%) | 15 |
| EBIT to enterprise value | 7.2% | 4.1% | 83 |
| Free cash flow yield | 4.6% | 3.4% | 64 |
| Book value to price | 0.44 | 0.35 | 59 |
| Sales to price | 0.36 | 0.54 | 32 |
| Composite equity issuance, five years | (11.8%) | (9.6%) | 44 |
| Relative strength against the sector, log excess return | (1.02) | 0.01 | 3 |

## Diagnostics

*shown on every report; none enters the grade*

| Measure | Value |
|---|---|
| **Piotroski F-score None of 9, period end 2025-12-31** | |
| Return on assets above zero | pass |
| Operating cash flow above zero | pass |
| Return on assets improved | pass |
| Operating cash flow exceeds net income | fail |
| Long-term leverage fell | fail |
| Current ratio improved | pass |
| No new shares issued | pass |
| Gross margin improved | fail |
| Asset turnover improved | fail |
| **Cash, filings, liquidity** | |
| Cash and equivalents | $42.5M |
| Operating cash flow, four quarters | $35.2M |
| Months of runway | not finite |
| Days since last periodic filing | 6 (10-Q received Nov 4, 2026) |
| Median daily dollar volume, 63 sessions | $5.9M |

## Sources

*every fact behind the inputs; each row links to its filing index on sec.gov*

| # | Concept | XBRL tag | Value | Period end | Received | Form | Accession |
|---|---|---|---|---|---|---|---|
| 1 | gross profit | us-gaap:GrossProfit | $87.9M | 2025-12-31 | 2026-02-25 | 10-K | 26-000022 |
| 2 | assets | us-gaap:Assets | $231.5M | 2025-12-31 | 2026-02-25 | 10-K | 26-000022 |
| 3 | operating income | us-gaap:OperatingIncomeLoss | $9.2M | 2017-12-31 | 2020-03-06 | 10-K | 20-000011 |
| 4 | pretax income | us-gaap:IncomeLossFromContinuingOperationsBeforeInc... | $9.9M | 2017-12-31 | 2020-03-06 | 10-K | 20-000011 |
| 5 | income tax | us-gaap:IncomeTaxExpenseBenefit | -$8.4M | 2017-12-31 | 2020-03-06 | 10-K | 20-000011 |
| 6 | total debt | us-gaap:LongTermDebt | $27,000 | 2017-12-31 | 2018-03-08 | 10-K | 18-000049 |
| 7 | book equity | us-gaap:StockholdersEquity | $91.9M | 2017-12-31 | 2020-03-06 | 10-K | 20-000011 |
| 8 | cash | us-gaap:CashAndCashEquivalentsAtCarryingValue | $27.8M | 2017-12-31 | 2019-03-12 | 10-K/A | 19-000030 |
| 9 | total debt | us-gaap:LongTermDebt | $38,000 | 2016-12-31 | 2017-03-10 | 10-K | 17-004189 |
| 10 | book equity | us-gaap:StockholdersEquity | $68.5M | 2016-12-31 | 2019-03-12 | 10-K/A | 19-000030 |
| 11 | cash | us-gaap:CashAndCashEquivalentsAtCarryingValue | $61.4M | 2016-12-31 | 2018-03-08 | 10-K | 18-000049 |
| 12 | net income | us-gaap:NetIncomeLoss | $23.0M | 2025-12-31 | 2026-02-25 | 10-K | 26-000022 |
| 13 | operating cash flow | us-gaap:NetCashProvidedByUsedInOperatingActivities | $18.8M | 2025-12-31 | 2026-02-25 | 10-K | 26-000022 |
| 14 | assets | us-gaap:Assets | $242.8M | 2024-12-31 | 2026-02-25 | 10-K | 26-000022 |
| 15 | current assets | us-gaap:AssetsCurrent | $181.2M | 2025-12-31 | 2026-02-25 | 10-K | 26-000022 |
| 16 | current liabilities | us-gaap:LiabilitiesCurrent | $17.4M | 2025-12-31 | 2026-02-25 | 10-K | 26-000022 |
| 17 | retained earnings | us-gaap:RetainedEarningsAccumulatedDeficit | $128.7M | 2025-12-31 | 2026-02-25 | 10-K | 26-000022 |
| 18 | operating income | us-gaap:OperatingIncomeLoss | $23.9M | 2025-12-31 | 2026-02-25 | 10-K | 26-000022 |

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| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 19 | book equity | us-gaap:StockholdersEquity | $206.2M | 2025-12-31 | 2026-02-25 | 10-K | 26-000022 |
| 20 | liabilities | us-gaap:Liabilities | $25.3M | 2025-12-31 | 2026-02-25 | 10-K | 26-000022 |
| 21 | depreciation amortization | us-gaap:DepreciationDepletionAndAmortization | $3.7M | 2017-12-31 | 2020-03-06 | 10-K | 20-000011 |
| 22 | operating income | us-gaap:OperatingIncomeLoss | $31.3M | 2020-12-31 | 2023-02-22 | 10-K | 23-000046 |
| 23 | interest expense | us-gaap:InterestExpense | $0 | 2020-12-31 | 2021-03-12 | 10-K | 21-000019 |
| 24 | revenue | us-gaap:RevenueFromContractWithCustomerExcludingA... | $135.0M | 2025-12-31 | 2026-02-25 | 10-K | 26-000022 |
| 25 | revenue | us-gaap:RevenueFromContractWithCustomerExcludingA... | $144.9M | 2024-12-31 | 2026-02-25 | 10-K | 26-000022 |
| 26 | revenue | us-gaap:RevenueFromContractWithCustomerExcludingA... | $128.3M | 2023-12-31 | 2026-02-25 | 10-K | 26-000022 |
| 27 | revenue | us-gaap:RevenueFromContractWithCustomerExcludingA... | $125.6M | 2022-12-31 | 2025-02-26 | 10-K | 25-000048 |
| 28 | capital expenditure | us-gaap:PaymentsToAcquirePropertyPlantAndEquipment | $1.3M | 2025-12-31 | 2026-02-25 | 10-K | 26-000022 |
| 29 | operating cash flow | us-gaap:NetCashProvidedByUsedInOperatingActivities | $20.5M | 2024-12-31 | 2026-02-25 | 10-K | 26-000022 |
| 30 | capital expenditure | us-gaap:PaymentsToAcquirePropertyPlantAndEquipment | $1.3M | 2024-12-31 | 2026-02-25 | 10-K | 26-000022 |
| 31 | operating cash flow | us-gaap:NetCashProvidedByUsedInOperatingActivities | $26.1M | 2023-12-31 | 2026-02-25 | 10-K | 26-000022 |
| 32 | capital expenditure | us-gaap:PaymentsToAcquirePropertyPlantAndEquipment | $2.6M | 2023-12-31 | 2026-02-25 | 10-K | 26-000022 |
| 33 | operating cash flow | us-gaap:NetCashProvidedByUsedInOperatingActivities | $12.6M | 2022-12-31 | 2025-02-26 | 10-K | 25-000048 |
| 34 | capital expenditure | us-gaap:PaymentsToAcquirePropertyPlantAndEquipment | $4.2M | 2022-12-31 | 2025-02-26 | 10-K | 25-000048 |
| 35 | depreciation amortization | us-gaap:DepreciationDepletionAndAmortization | $3.8M | 2025-12-31 | 2026-02-25 | 10-K | 26-000022 |
| 36 | pretax income | us-gaap:IncomeLossFromContinuingOperationsBeforeInc... | $27.6M | 2025-12-31 | 2026-02-25 | 10-K | 26-000022 |
| 37 | income tax | us-gaap:IncomeTaxExpenseBenefit | $4.6M | 2025-12-31 | 2026-02-25 | 10-K | 26-000022 |
| 38 | current assets | us-gaap:AssetsCurrent | $173.7M | 2024-12-31 | 2026-02-25 | 10-K | 26-000022 |
| 39 | current liabilities | us-gaap:LiabilitiesCurrent | $23.4M | 2024-12-31 | 2026-02-25 | 10-K | 26-000022 |
| 40 | assets | us-gaap:Assets | $253.0M | 2023-12-31 | 2025-02-26 | 10-K | 25-000048 |
| 41 | assets | us-gaap:Assets | $217.0M | 2022-12-31 | 2024-02-21 | 10-K | 24-000055 |
| 42 | shares outstanding | dei:EntityCommonStockSharesOutstanding | 52,828,666 | 2026-02-19 | 2026-02-25 | 10-K | 26-000022 |
| 43 | shares outstanding | dei:EntityCommonStockSharesOutstanding | 54,955,305 | 2025-02-20 | 2025-02-26 | 10-K | 25-000048 |

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