Energy Recovery, Inc.

ERII

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

A

strongest fifth of 245 graded peers in manufacturing

rank 8 of 245; percentile 2.9; sampling error 3.0 points; lower is stronger

A B C D E

A, the bull



Scoreboard

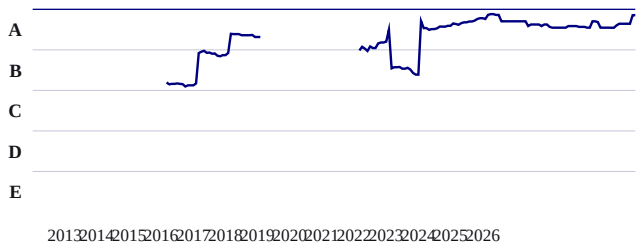
Profitability	C	percentile 49.9
Solvency	A	percentile 3.3
Growth and financing	B	percentile 36.2
Reliability	0.87 AUC	filers with $120M to $591M assets; 95% interval 0.83 to 0.90; 206 events, 2020 to 2025
Peer failure rate	1.03% a year	Item 1.03 bankruptcies, same asset band, 2012 to 2025
Size band	$120M to $591M assets	total assets $231.5M
Standard universe	inside	revenue above $1M and assets above $10M
Warnings	none triggered; fortress balance sheet	
Inputs computable	9 of 13	
Graded from	filings received through Feb 25, 2026	266 days before the rescan; latest periodic filing 10-Q received Nov 4, 2026
Last close	$7.17	2026-11-17; market equity $364.0M; 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 thirteen 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 49.9						
Gross profitability	38.0%	22.2%		12.5	266	2025-12-31
Return on invested capital	not computable	9.9%				

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pretax income must exceed the validity floor and imply a 0%-100% tax rate						
Accruals ratio	1.8%	(3.7%)		87.4	286	2025-12-31
Gross margin stability, five years	not computable	2.1 pts				
five consecutive annual gross margins are required						
Solvency, sleeve percentile 3.3						
Altman Z double-prime	15.70	3.73		2.3	222	2025-12-31
Net debt to EBITDA	not computable	1.75x				
latest aligned inputs end 2017-12-31; latest annual assets end 2025-12-31						
Interest coverage	not computable	5.13x				
interest expense must exceed $100,000						
Current ratio	10.44x	2.26x		4.3	301	2025-12-31
Growth and financing, sleeve percentile 36.2						
Revenue growth, three-year compound	2.4%	2.2%		48.8	261	2025-12-31
Free cash flow growth, three-year compound	27.6%	13.5%		28.3	139	2025-12-31
Reinvestment rate	56.3%	25.7%		33.6	138	2025-12-31
Asset growth, three years	2.2%	4.2%		61.4	265	2025-12-31
Net share issuance, one year	(3.9%)	0.0%		8.8	241	2026-02-19

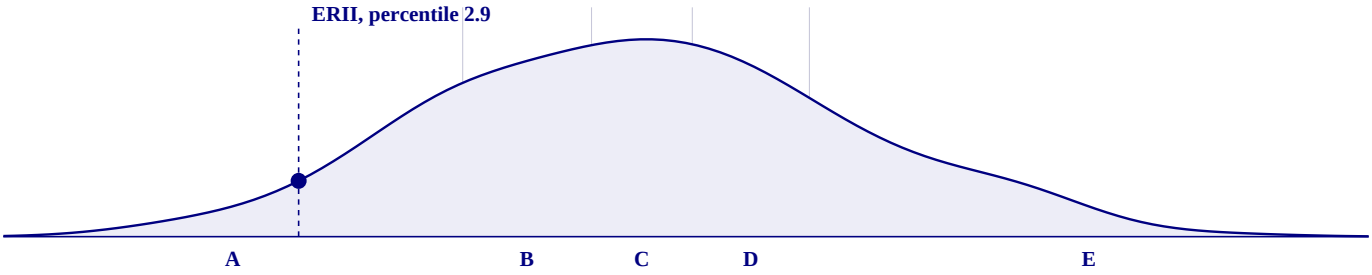
Warnings

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 245 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
3	Xpel, Inc. (XPEL)	0.8	A	fortress balance sheet
4	Deckers Outdoor Corp. (DECK)	1.2	A	
5	Cactus, Inc. (WHD)	1.6	A	fortress balance sheet
6	Proto Labs Inc. (PRLB)	2.0	A	fortress balance sheet
7	Franklin Electric Co. Inc. (FELE)	2.5	A	
8	Energy Recovery, Inc. (ERII)	2.9	A	fortress balance sheet
9	ITT Inc. (ITT)	3.3	A	fortress balance sheet
10	Graco Inc. (GGG)	3.7	A	
11	Smith Midland Corp. (SMID)	4.1	A	late filer
12	Simpson Manufacturing Co., Inc. (SSD)	4.5	A	fortress balance sheet
13	Alamo Group Inc. (ALG)	4.9	A	fortress balance sheet

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What the price implies

at the 2026-11-17 close; none of these enters the grade

Measure	Value	Peer median	Percentile
Twelve-month price change, skipping the latest month	(61.0%)	9.9%	3
Distance from 52-week high	(55.8%)	(29.0%)	17
EBIT to enterprise value	7.4%	4.3%	83
Free cash flow yield	4.8%	3.6%	63
Book value to price	0.45	0.37	57
Sales to price	0.37	0.57	30
Composite equity issuance, five years	(11.8%)	(9.7%)	44
Relative strength against the sector, log excess return	(1.03)	0.01	3
Twelve-month failure probability, CHS model	0.04%	0.04%	54

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	14 (10-Q received Nov 4, 2026)
Median daily dollar volume, 63 sessions	$5.8M

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

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18	operating income	us-gaap:OperatingIncomeLoss	$23.9M	2025-12-31	2026-02-25	10-K	26-000022
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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