

Energy Recovery, Inc. (ERII)

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

Energy Recovery, Inc.

ERII; manufacturing

Grade	A A B C D E strongest fifth of 255 graded peers percentile 7.5; sampling error 3.0 points; lower is stronger	
Rank	20 of 255	
Profitability	C	percentile 48.7
Solvency	A/B	percentile 17.6
Growth and financing	B	percentile 36.1
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 active; fortress balance sheet	
Inputs computable	10 of 14	
Graded from	filings received through Feb 25, 2026 226 days before the rescans; latest periodic filing 10-Q received Aug 5, 2026	
Last close	\$6.85 2026-10-08; market equity \$349.7M	
Price used in grade	None	



A, the bull

strongest fifth of its sector;
letters are fifths of the 255
graded peers

Share price, twelve months to the rescans

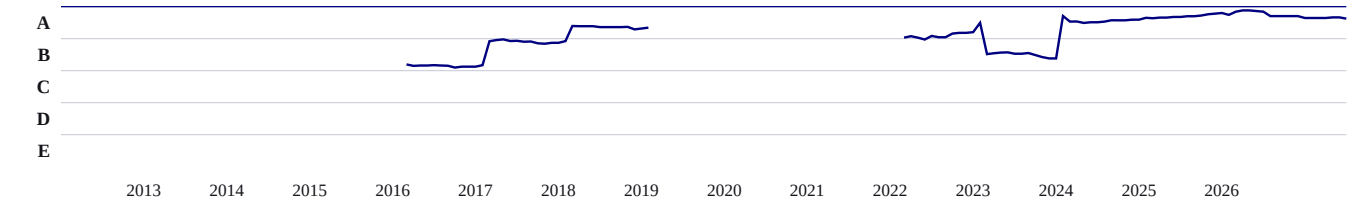
split-adjusted close; the letter is fixed at the rescans that set it



Rescans on file: A/B from Mar 21, 2022, A from Oct 21, 2022, B from Mar 21, 2023, A from Feb 21, 2024

Letter at every rescans

Jan 21, 2012 to Oct 9, 2026; sector percentile, 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; equal-weighted sleeves

Input	Percentile, 0 to 100	Value	Peer median	Percentile	Peers	Period end
Profitability, sleeve percentile 48.7						
Gross profitability		38.0%	21.9%	12.4	275	2025-12-31
Return on invested capital		not computable	9.7%			pretax income must exceed the validity floor and imply a 0%-100% tax rate
Accruals ratio		1.8%	(3.6%)	85.0	308	2025-12-31
Gross margin stability, five years		not computable	2.1 pts			five consecutive annual gross margins are required
Solvency, sleeve percentile 17.6						
Twelve-month failure probability		0.04%	0.04%	45.5	34	2026-06-30
Altman Z double-prime		15.70	3.66	2.5	244	2025-12-31
Net debt to EBITDA		not computable	1.78x			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	2.25x	4.9	325	2025-12-31
Growth and financing, sleeve percentile 36.1						
Revenue growth, three-year compound		2.4%	2.1%	48.1	269	2025-12-31
Free cash flow growth, three-year compound		27.6%	13.9%	29.7	139	2025-12-31
Reinvestment rate		56.3%	26.4%	33.3	139	2025-12-31
Asset growth, three years		2.2%	4.4%	60.1	279	2025-12-31
Net share issuance, one year		(3.9%)	0.01%	9.1	243	2026-02-19

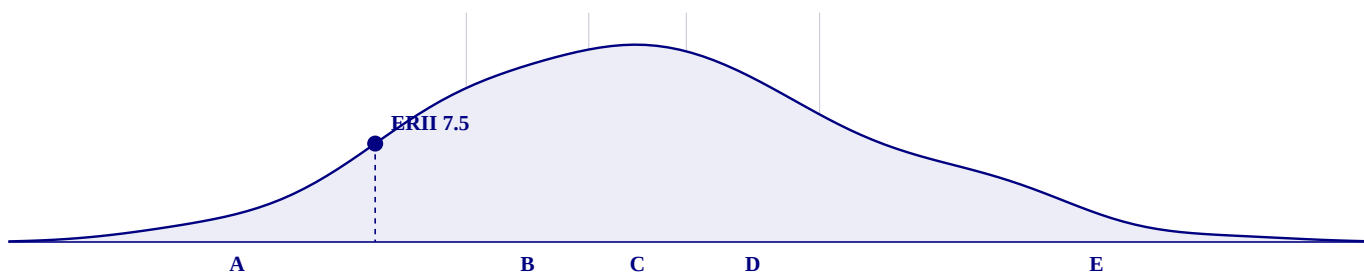
Warnings

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 255 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
15	Blue Bird Corp. (BLBD)	5.5	A	
16	Heico Corp. (HEI)	6.1	A	
17	Heico Corp. (HEI-A)	6.1	A	
18	Lindsay Corp. (LNN)	6.7	A	fortress
				balance sheet
19	BWX Technologies, Inc. (BWXT)	7.1	A	
20	Energy Recovery, Inc. (ERII) <	7.5	A	fortress
				balance sheet
21	Omega Flex, Inc. (OFLX)	7.9	A	
22	LAM Research Corp. (LRCX)	8.3	A	fortress
				balance sheet
23	Watts Water Technologies Inc. (WTS)	8.7	A	fortress
				balance sheet
24	Eagle Materials Inc. (EXP)	9.1	A	
25	Ennis, Inc. (EBF)	9.4	A	

What the price implies

at the 2026-10-08 close; none enters the grade

Measure	Value	Peer median	Percentile
Twelve-month price change, skipping the latest month	(50.0%)	13.7%	5
Distance from 52-week high	(62.2%)	(24.3%)	8
EBIT to enterprise value	8.3%	4.1%	87
Free cash flow yield	5.0%	3.4%	65
Book value to price	0.49	0.34	64
Sales to price	0.39	0.54	36
Composite equity issuance, five years	(11.2%)	(9.5%)	43
Relative strength against the sector, log excess return	(0.83)	(0.00)	5

Diagnostics

not in 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	\$61.4M
Operating cash flow, four quarters	\$41.3M

Months of runway	not finite
Days since last periodic filing	65 (10-Q received Aug 5, 2026)
Median daily dollar volume, 63 sessions	\$6.4M

Sources

each row links to the 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	0001421517-26-000022
2	assets	us-gaap:Assets	\$231.5M	2025-12-31	2026-02-25	10-K	0001421517-26-000022
3	operating income	us-gaap:OperatingIncomeLoss	\$9.2M	2017-12-31	2020-03-06	10-K	0001421517-20-000011
4	pretax income	us-gaap:IncomeLossFromContinuingOperationsBeforeIncomeTaxesExtraord	\$9.9M	2025-12-31	2026-03-06	10-K	0001421517-20-000011
5	income tax	us-gaap:IncomeTaxExpenseBenefit	-\$8.4M	2017-12-31	2020-03-06	10-K	0001421517-20-000011
6	total debt	us-gaap:LongTermDebt	\$27,000	2017-12-31	2018-03-08	10-K	0001421517-18-000049
7	book equity	us-gaap:StockholdersEquity	\$91.9M	2017-12-31	2020-03-06	10-K	0001421517-20-000011
8	cash	us-gaap:CashAndCashEquivalentsAtCarryingValue	\$27.8M	2017-12-31	2019-03-12	10-K/A	0001421517-19-000030
9	total debt	us-gaap:LongTermDebt	\$38,000	2016-12-31	2017-03-10	10-K	0001437749-17-004189
10	book equity	us-gaap:StockholdersEquity	\$68.5M	2016-12-31	2019-03-12	10-K/A	0001421517-19-000030
11	cash	us-gaap:CashAndCashEquivalentsAtCarryingValue	\$61.4M	2016-12-31	2018-03-08	10-K	0001421517-18-000049
12	net income	us-gaap:NetIncomeLoss	\$23.0M	2025-12-31	2026-02-25	10-K	0001421517-26-000022
13	operating cash flow	us-gaap:NetCashProvidedByUsedInOperatingActivities	\$18.8M	2025-12-31	2026-02-25	10-K	0001421517-26-000022
14	assets	us-gaap:Assets	\$242.8M	2024-12-31	2026-02-25	10-K	0001421517-26-000022
15	current assets	us-gaap:AssetsCurrent	\$181.2M	2025-12-31	2026-02-25	10-K	0001421517-26-000022
16	current liabilities	us-gaap:LiabilitiesCurrent	\$17.4M	2025-12-31	2026-02-25	10-K	0001421517-26-000022
17	retained earnings	us-gaap:RetainedEarningsAccumulatedDeficit	\$128.7M	2025-12-31	2026-02-25	10-K	0001421517-26-000022
18	operating income	us-gaap:OperatingIncomeLoss	\$23.9M	2025-12-31	2026-02-25	10-K	0001421517-26-000022
19	book equity	us-gaap:StockholdersEquity	\$206.2M	2025-12-31	2026-02-25	10-K	0001421517-26-000022
20	liabilities	us-gaap:Liabilities	\$25.3M	2025-12-31	2026-02-25	10-K	0001421517-26-000022
21	depreciation amortization	us-gaap:DepreciationDepletionAndAmortization	\$3.7M	2017-12-31	2020-03-06	10-K	0001421517-20-000011
22	operating income	us-gaap:OperatingIncomeLoss	\$31.3M	2020-12-31	2023-02-22	10-K	0001421517-23-000046
23	interest expense	us-gaap:InterestExpense	\$0	2020-12-31	2021-03-12	10-K	0001421517-21-000019
24	revenue	us-gaap:RevenueFromContractWithCustomerExcludingAssessedTax	\$135.0M	2025-12-31	2026-02-25	10-K	0001421517-26-000022
25	revenue	us-gaap:RevenueFromContractWithCustomerExcludingAssessedTax	\$144.9M	2024-12-31	2026-02-25	10-K	0001421517-26-000022
26	revenue	us-gaap:RevenueFromContractWithCustomerExcludingAssessedTax	\$128.3M	2023-12-31	2026-02-25	10-K	0001421517-26-000022
27	revenue	us-gaap:RevenueFromContractWithCustomerExcludingAssessedTax	\$125.6M	2022-12-31	2025-02-26	10-K	0001421517-25-000048
28	capital expenditure	us-gaap:PaymentsToAcquirePropertyPlantAndEquipment	\$1.3M	2025-12-31	2026-02-25	10-K	0001421517-26-000022
29	operating cash flow	us-gaap:NetCashProvidedByUsedInOperatingActivities	\$20.5M	2024-12-31	2026-02-25	10-K	0001421517-26-000022
30	capital expenditure	us-gaap:PaymentsToAcquirePropertyPlantAndEquipment	\$1.3M	2024-12-31	2026-02-25	10-K	0001421517-26-000022
31	operating cash flow	us-gaap:NetCashProvidedByUsedInOperatingActivities	\$26.1M	2023-12-31	2026-02-25	10-K	0001421517-26-000022
32	capital expenditure	us-gaap:PaymentsToAcquirePropertyPlantAndEquipment	\$2.6M	2023-12-31	2026-02-25	10-K	0001421517-26-000022
33	operating cash flow	us-gaap:NetCashProvidedByUsedInOperatingActivities	\$12.6M	2022-12-31	2025-02-26	10-K	0001421517-25-000048
34	capital expenditure	us-gaap:PaymentsToAcquirePropertyPlantAndEquipment	\$4.2M	2022-12-31	2025-02-26	10-K	0001421517-25-000048
35	depreciation amortization	us-gaap:DepreciationDepletionAndAmortization	\$3.8M	2025-12-31	2026-02-25	10-K	0001421517-26-000022
36	pretax income	us-gaap:IncomeLossFromContinuingOperationsBeforeIncomeTaxesExtraord	\$17.6M	2025-12-31	2026-02-25	10-K	0001421517-26-000022
37	income tax	us-gaap:IncomeTaxExpenseBenefit	\$4.6M	2025-12-31	2026-02-25	10-K	0001421517-26-000022
38	current assets	us-gaap:AssetsCurrent	\$173.7M	2024-12-31	2026-02-25	10-K	0001421517-26-000022
39	current liabilities	us-gaap:LiabilitiesCurrent	\$23.4M	2024-12-31	2026-02-25	10-K	0001421517-26-000022
40	assets	us-gaap:Assets	\$253.0M	2023-12-31	2025-02-26	10-K	0001421517-25-000048
41	assets	us-gaap:Assets	\$217.0M	2022-12-31	2024-02-21	10-K	0001421517-24-000055
42	shares outstanding	dei:EntityCommonStockSharesOutstanding	52,828,666	2026-02-19	2026-02-25	10-K	0001421517-26-000022
43	shares outstanding	dei:EntityCommonStockSharesOutstanding	54,955,305	2025-02-20	2025-02-26	10-K	0001421517-25-000048