

**May 27, 2020**

To My Fellow Shareholders,

I write to you today with a brief update on Energy Recovery's manufacturing operations. As you may have seen, Alameda County, where our San Leandro headquarters and production facility is located, relaxed its "shelter-in-place" order last week as part of the San Francisco Bay Area's reopening plan. Additional industries including non-essential manufacturing are now permitted to operate as long as businesses implement COVID-19 safety protocols.

As a critical supplier to the domestic and global desalination industry, we have progressively increased production in our San Leandro facility since we last spoke during our Q1 earnings conference call. We are now operating at full production in accordance with federal, state and local regulations and guidance, and have maintained our already-implemented enhanced safety measures. These measures include staggered shifts to ensure social distancing between workers, personal safety equipment for each worker, including masks and gloves, and cleanings between shifts.

Based on what we know today, I continue to expect that we will be able to fulfill most, if not all, of our existing delivery obligations for the remainder of this year. In addition, our supply chain is well managed with limited interruptions due to COVID-19. All of this gave us the confidence to reaffirm our 2020 revenue outlook during our last earnings conference call.

As we adapt and plan for today's new normal, our goal remains unchanged from the beginning of this crisis: to protect the lives of our employees while protecting our business, and, by extension, the livelihoods of employees. We are fortunate to be in a strong position and grateful that our team remains healthy and well.

Stay safe and healthy everyone.

Sincerely,



Robert Mao, Chairman and President and CEO

***\*Note: Prior COVID-19 updates may be found under the News & Events tab***