

To My Fellow Shareholders,

I am writing to provide you a brief update as we enter the second week of California's 'shelter-in-place' order. The California order and new measures taken by other state and local governments to limit the spread of COVID-19 are causing interruptions to Energy Recovery's manufacturing activities.

We are actively taking measures to mitigate the negative impact of these actions, and I'm happy to report that we are continuing to ship from existing inventory as we execute on our water order backlog. We are also actively taking new orders for future projects but are asking all parties to remain flexible on delivery dates. However, if this crisis continues for an extended period, we may experience inventory shortfalls, which will require accelerated production once these restrictions are lifted. We intend to commission our production facility in Tracy, California as soon as possible, which will aid our efforts to reduce such inventory shortfalls. In addition, we are closely monitoring the impact of existing and further global restrictions on our customers' ability to proceed with planned desalination plant construction.

Separately, we have implemented numerous precautions and preventive measures to protect our employees and their families. We have reduced travel to minimum levels, and all employees who can work remotely are doing so. In addition, measures are in place in our multiple facilities to ensure that those employees required to be physically present at a facility maintain social distancing as recommended by the CDC.

More important in this unique situation is Energy Recovery's strong financial position, which enables us to safely manage through this global crisis with as little disruption as possible. Our financial position, the unique nature of our business, and our focus gives me confidence in our ability to keep our company stable and our employees safe.

In closing, I am proud how Energy Recovery is responding to this global challenge. We will provide updates as warranted in the lead-up to our Q1 earnings call on April 30, 2020.

Stay safe and healthy everyone.

Sincerely,



Robert Mao, Chairman and Interim President and CEO