UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 19**

For the quarterly period ended June 30, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 19**

For the transition period from ____________ to __________

Commission File Number: 001-34112

Energy Recovery, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**01-0616867**
(State or Other Jurisdiction of Incorporation)	*(I.R.S. Employer Identification No.)*

1717 Doolittle Drive, San Leandro, California 94577
(Address of Principal Executive Offices) *(Zip Code)*

(510) 483-7370
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.001 par value	**ERII**	**The Nasdaq Stock Market LLC**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d)` of the Securities Exchange A during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to su requirements for the past 90 days. Yes þ No ¨

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Ru Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submi files). Yes þ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting compa emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging grow Rule 12b-2 of the Exchange Act

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying wi revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes ☐ No ☑

As of July 31, 2025, there were 53,198,386 shares of the registrant's common stock outstanding.

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PART II

OTHER INFORMATION

Forward-Looking Information

This Quarterly Report on Form 10-Q for the three and six months ended June 30, 2025, including Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A"), contains forward-looking statements within the "saf harbor" provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements in this report include, but limited to, statements about our expectations, objectives, anticipations, plans, hopes, beliefs, intentions or strategies regarding t

Forward-looking statements represent our current expectations about future events, are based on assumptions, and invol uncertainties. If the risks or uncertainties occur or the assumptions prove incorrect, then our results may differ materially from th or implied by the forward-looking statements. Our forward-looking statements are not guarantees of future performance or even

Words such as "expects," "anticipates," "aims," "projects," "intends," "plans," "believes," "estimates," "seeks," "continue," "c "may," "potential," "should," "will," "would," variations of such words and similar expressions are also intended to identify such fo statements. These forward-looking statements are subject to risks, uncertainties and assumptions that are difficult to predict; th actual results may differ materially and adversely from those expressed in any forward-looking statement. Readers are directed uncertainties identified under Part II, Item 1A, "Risk Factors," and elsewhere in this report for factors that may cause actual results to be different from those expressed in these forward-looking statements. Except as required by law, we undertake no obligation to re update publicly any forward-looking statement for any reason.

Forward-looking statements in this report include, without limitation, statements about the following:

- our belief that our PX offers market-leading value with the highest technological and economic benefit;
- our belief that leveraging our pressure exchanger technology will unlock new commercial opportunities in the future;
- our belief that our PX G1300™ can contribute to help make CO_2-based refrigeration more economically viable in a broader range of climates;
- our belief that our technology helps our customer achieve environmentally sustainable operations;
- our expectation that sales outside of the U.S. will remain a significant portion of our revenue;
- the scale of the environmental impact from the use of our solutions;
- the timing of our receipt of payment for products or services from our customers;
- our belief that our existing cash and cash equivalents, short and/or long-term investments, and the ongoing cash generated from our operations, will be sufficient to meet our anticipated liquidity needs for the foreseeable future, with the excep decision to enter into an acquisition and/or fund investments in our latest technology arising from rapid market adopti could require us to seek additional equity or debt financing;
- our expectations relating to the amount and timing of recognized revenue from our projects;
- our expectation that we will continue to receive a tax benefit related to U.S. federal foreign-derived intangible income research and development tax credit;
- the outcome of proceedings, lawsuits, disputes and claims;
- the impact of losses due to indemnification obligations;
- other factors disclosed under the MD&A and Part I, Item 3, “Quantitative and Qualitative Disclosures about Market Risk,” a elsewhere in this Form 10-Q.

You should not place undue reliance on these forward-looking statements. These forward-looking statements reflect man opinions only as of the date of the filing of this Quarterly Report on Form 10-Q. All forward-looking statements included in this document are subject to additional risks and uncertainties further discussed under Part I, Item 1A, “Risk Factors,” and are based on information available to us as of August 6, 2025. We assume no obligation to update any such forward-looking statements. Certain risks and uncertainties cause actual results to differ materially from those projected in the forward-looking statements. These forward-looking statemer disclosed from time to time in our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with, or furnished to, the Securities and Exchange Commission (the “SEC”), as well as in Part II, Item 1A, “Risk Factors,” within this Quarterly Report on Form 10-Q.

It is important to note that our actual results could differ materially from the results set forth or implied by our forward-looki statements. The factors that could cause our actual results to differ from those included in such forward-looking statements are under the heading Item 1A, “Risk Factors,” in our Quarterly Reports on Form 10-Q, in our Annual Reports on Form 10-K, and frc time, in our results disclosed in our Current Reports on Form 8-K. In addition, when preparing the MD&A below, we presume the readers have access to and have read the MD&A in our Annual Report on Form 10-K, pursuant to Instruction 2 to paragraph (b) of Item Regulation S-K.

We provide our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Sta Schedule 14A, Forms 3, 4 and 5 filed by, or on behalf of, directors, executive officers and certain large shareholders, and any ai those documents filed or furnished pursuant to the Securities Exchange Act of 1934, free of charge on the Investor Relations se website, www.energyrecovery.com. These filings will become available as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. From time to time, we may use our website as a channel of distribution of mate information.

We also make available in the Investor Relations section of our website our corporate governance documents including o business conduct and ethics and the charters of the audit, compensation and nominating and governance committees. These c well as the information on the website, are not intended to be part of this Quarterly Report on Form 10-Q. We use the Investor Relations section of our website as a means of complying with our disclosure obligations under Regulation FD. Accordingly, you should m Investor Relations section of our website in addition to following our press releases, SEC filings and public conference calls and

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PART I — FINANCIAL INFORMATION

Item 1 — Financial Statements (unaudited)

ENERGY RECOVERY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2025	December 31, 2024
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 57,050	$ 29,627
Short-term investments	22,467	48,392
Accounts receivable, net	32,587	64,066
Inventories, net	32,660	24,906
Prepaid expenses and other assets	7,382	6,665
Total current assets	152,146	173,656
Long-term investments	14,133	21,832
Deferred tax assets, net	10,341	9,004
Property and equipment, net	13,632	15,424
Operating lease, right of use asset	8,687	9,695
Goodwill	12,790	12,790
Other assets, non-current	546	391
Total assets	$ 212,275	$ 242,792
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 3,444	$ 3,109
Accrued expenses and other liabilities	11,248	17,728
Lease liabilities	2,414	2,020
Contract liabilities	1,733	571
Total current liabilities	18,839	23,428
Lease liabilities, non-current	8,144	9,297
Other liabilities, non-current	85	57
Total liabilities	27,068	32,782
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Common stock	67	66
Additional paid-in capital	239,883	235,010
Accumulated other comprehensive income	37	98
Treasury stock	(152,660)	(130,870)
Retained earnings	97,880	105,706

Total stockholders' equity	185,207	210,010
Total liabilities and stockholders' equity	$ 212,275	$ 242,792

See Accompanying Notes to Condensed Consolidated Financial Statements

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ENERGY RECOVERY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In thousands, except per share data)			
Revenue	$ 28,051	$ 27,199	$ 36,116	$ 39,289
Cost of revenue	10,097	9,633	13,704	14,588
Gross profit	17,954	17,566	22,412	24,701
Operating expenses:				
General and administrative	7,669	9,532	16,243	17,098
Sales and marketing	5,360	6,104	10,266	12,256
Research and development	3,451	3,944	6,452	8,295
Restructuring charges	—	—	539	—
Total operating expenses	16,480	19,580	33,500	37,649
Income (loss) from operations	1,474	(2,014)	(11,088)	(12,948)
Other income (expense):				
Interest income	940	1,663	2,013	3,105
Other non-operating expense, net	(26)	(49)	(20)	(102)
Total other income, net	914	1,614	1,993	3,003
Income (loss) before income taxes	2,388	(400)	(9,095)	(9,945)
Provision for (benefit from) income taxes	334	242	(1,269)	(1,043)
Net income (loss)	$ 2,054	$ (642)	$ (7,826)	$ (8,902)
Net income (loss) per share:				
Basic	$ 0.04	$ (0.01)	$ (0.14)	$ (0.16)
Diluted	$ 0.04	$ (0.01)	$ (0.14)	$ (0.16)
Number of shares used in per share calculations:				
Basic	54,257	57,366	54,578	57,234
Diluted	54,486	57,366	54,578	57,234

See Accompanying Notes to Condensed Consolidated Financial Statements

ENERGY RECOVERY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In thousands)			
Net income (loss)	$ 2,054	$ (642)	$ (7,826)	$ (8,902)
Other comprehensive loss, net of tax				
Foreign currency translation adjustments	53	9	37	37
Unrealized loss on investments	(91)	(10)	(98)	(54)
Total other comprehensive loss, net of tax	(38)	(1)	(61)	(17)
Comprehensive income (loss)	$ 2,016	$ (643)	$ (7,887)	$ (8,919)

See Accompanying Notes to Condensed Consolidated Financial Statements

ENERGY RECOVERY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024

	(In thousands, except shares)			
Common stock				
Beginning balance	$ 67	$ 65	$ 66	$ 65
Issuance of common stock, net	—	1	1	1
Ending balance	67	66	67	66
Additional paid-in capital				
Beginning balance	237,550	222,122	235,010	217,617
Issuance of common stock, net	368	311	983	1,501
Stock-based compensation	1,965	2,807	3,890	6,122
Ending balance	239,883	225,240	239,883	225,240
Accumulated other comprehensive income (loss)				
Beginning balance	75	(60)	98	(44)
Other comprehensive loss				
Foreign currency translation adjustments	53	9	37	37
Unrealized loss on investments	(91)	(10)	(98)	(54)
Total other comprehensive loss, net	(38)	(1)	(61)	(17)
Ending balance	37	(61)	37	(61)
Treasury stock				
Beginning balance	(135,405)	(80,486)	(130,870)	(80,486)
Common stock repurchased	(17,255)	—	(21,790)	—
Ending balance	(152,660)	(80,486)	(152,660)	(80,486)
Retained earnings				
Beginning balance	95,826	74,396	105,706	82,656
Net (loss) income	2,054	(642)	(7,826)	(8,902)
Ending balance	97,880	73,754	97,880	73,754
Total stockholders' equity	$ 185,207	$ 218,513	$ 185,207	$ 218,513
Common stock issued (shares)				
Beginning balance	66,533,052	65,477,914	66,182,906	65,029,459
Issuance of common stock, net	104,736	93,361	454,882	541,816
Ending balance	66,637,788	65,571,275	66,637,788	65,571,275
Treasury stock (shares)				
Beginning balance	11,676,340	8,148,512	11,397,045	8,148,512
Common stock repurchased	1,277,913	—	1,557,208	—
Ending balance	12,954,253	8,148,512	12,954,253	8,148,512
Total common stock outstanding (shares)	53,683,535	57,422,763	53,683,535	57,422,763

See Accompanying Notes to Condensed Consolidated Financial Statements

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ENERGY RECOVERY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 2025	2024
	(In thousands)	
Cash flows from operating activities:		
Net loss	$ (7,826)	$ (8,902)
Adjustments to reconcile net loss to cash provided by operating activities		
Stock-based compensation	3,899	6,100
Depreciation and amortization	1,906	2,041
Right of use asset amortization	936	870
Accretion (amortization) of discounts (premiums) on investments	(350)	(596)
Deferred income taxes	(1,337)	(1,117)
Impairment of long-lived assets	353	—
Other non-cash adjustments	235	288
Changes in operating assets and liabilities:		
Accounts receivable, net	31,479	26,235

Contract assets	(185)	64
Inventories, net	(8,027)	(7,880)
Prepaid and other assets	(707)	(568)
Accounts payable	272	2,278
Accrued expenses and other liabilities	(6,986)	(6,270)
Contract liabilities	1,162	2,027
Net cash provided by operating activities	14,824	14,570
Cash flows from investing activities:		
Maturities of marketable securities	51,125	30,385
Purchases of marketable securities	(17,243)	(73,280)
Capital expenditures	(326)	(1,025)
Proceeds from sales of fixed assets	10	90
Net cash provided by (used in) investing activities	33,566	(43,830)
Cash flows from financing activities:		
Net proceeds from issuance of common stock	983	1,502
Repurchase of common stock	(21,577)	—
Payment of excise tax associated with repurchase of common stock	(432)	—
Net cash (used in) provided by financing activities	(21,026)	1,502
Effect of exchange rate differences on cash and cash equivalents	60	(24)
Net change in cash, cash equivalents and restricted cash	27,424	(27,782)
Cash, cash equivalents and restricted cash, beginning of year	29,757	68,225
Cash, cash equivalents and restricted cash, end of period	$ 57,181	$ 40,443

See Accompanying Notes to Condensed Consolidated Financial Statements

ENERGY RECOVERY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 — Description of Business and Significant Accounting Policies

Energy Recovery, Inc. and its wholly-owned subsidiaries (the “Company” or “Energy Recovery”) designs and manufacture reliable, high-performance solutions that generate cost savings by increasing energy efficiency and reducing carbon emissions across se industries. Leveraging the Company's pressure exchanger technology, which generates little to no emissions when operating, the Company believes its solutions lower costs, save energy, reduce waste, and minimize emissions for companies across a variety of commerc industrial processes. As the world coalesces around the urgent need to address climate change and its impacts, the Company is helping companies reduce their energy consumption in their industrial processes, which in turn, reduces their carbon footprint. The Company believes that its customers do not have to sacrifice quality and cost savings for sustainability and the Company is committed to developing solutions that drive long-term value – both financial and environmental. The Company’s solutions are marketed, sold in, and developed for, the fluid-flow and gas markets, such as seawater and wastewater desalination, natural gas, chemical processing and CO_2-based refrigeration systems, under the trademarks ERI®, PX®, Pressure Exchanger®, PX® Pressure Exchanger® (“PX”), Ultra PX™, PX G™, PX G1300®, PX PowerTrain™, AT™, and Aquabold™. The Company owns, manufactures and/or develops its solutions, in whole or in part, in the United States of America (the “U.S.”)

Basis of Presentation

The Condensed Consolidated Financial Statements include the accounts of Energy Recovery, Inc. and its wholly-owned sub All intercompany accounts and transactions have been eliminated in consolidation.

The accompanying Condensed Consolidated Financial Statements have been prepared pursuant to the rules and regulations o Securities and Exchange Commission (the “SEC”). Certain information and footnote disclosures normally included in the financial staten prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) have been condensed or omitted pursuant to such rules and regulations. The December 31, 2024 Condensed Consolidated Balance Sheet was derived from audited financial statements and m not include all disclosures required by GAAP; however, the Company believes that the disclosures are adequate to make the inf presented not misleading.

The June 30, 2025 unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited

Consolidated Financial Statements and the notes thereto for the fiscal year ended December 31, 2024 included in the Company's Annual Report on Form 10-K filed with the SEC on February 26, 2025 (the "2024 Annual Report").

The results of operations for the interim periods are not necessarily indicative of the operating results for the full fiscal yea future periods.

ENERGY RECOVERY, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Use of Estimates

The preparation of Condensed Consolidated Financial Statements, in conformity with GAAP, requires the Company's management to make judgments, assumptions and estimates that affect the amounts reported in the Condensed Consolidated Financial Statements and accompanying notes.

The accounting policies that reflect the Company's significant estimates and judgments and that the Company believes ar critical to aid in fully understanding and evaluating its reported financial results are revenue recognition; stock-based compensation expense; equipment useful life and valuation; goodwill valuation and impairment; inventory valuation and allowances, deferred taxes and allowances on deferred tax assets; and evaluation and measurement of contingencies. Those estimates could change, and as a result, actual results could differ materially from those estimates.

The Company is not aware of any specific event or circumstance that would require an update to its estimates or judgmer revision of the carrying value of its assets or liabilities as of August 6, 2025, the date of issuance of this Quarterly Report on Form 10-Q. These estimates may change, as new events occur and additional information is obtained. Actual results could differ materially estimates under different assumptions or conditions. The Company undertakes no obligation to publicly update these estimates reason after the date of this Quarterly Report on Form 10-Q, except as required by law.

Significant Accounting Policies

There have been no material changes to the Company's significant accounting policies in Note 1, "Description of Business and Significant Accounting Policies – Significant Accounting Policies," of the Notes to Consolidated Financial Statements included in Item 8, "Financial Statements and Supplementary Data," of the 2024 Annual Report. See Note 12, "Stock-Based Compensation - Performance Restricted Stock Units" for further discussion regarding the Company's Performance Restricted Stock Units ("PRSUs") issued du months ended June 30, 2025.

Recently Issued Accounting Pronouncement Not Yet Adopted

There have been no issued accounting pronouncements that have not yet been adopted during the six months ended June 30, 2025 that apply to the Company other than the pronouncements disclosed in Note 1, "Description of Business and Significant Accounting Policies – Recently Issued Accounting Pronouncement Not Yet Adopted," of the Notes to Consolidated Financial Statements included in Item 8, "Financial Statements and Supplementary Data," of the 2024 Annual Report.

ENERGY RECOVERY, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 2 — Revenue

Disaggregation of Revenue

The following tables present the disaggregated revenues by segment, and within each segment, by geographical market based on the customer “shipped to” address, and by channel customers. Sales and usage-based taxes are excluded from revenues. See Note 9, “Segment Reporting,” for further discussion related to the Company’s segments

	Three Months Ended June 30, 2025			Six Months Ended June 30, 2025		
	Water	Emerging Technologies	Total	Water	Emerging Technologies	Total
			(In thousands)			
Geographical market						
Middle East and Africa[1]	$ 9,324	$ 92	$ 9,416	$ 12,204	$ 93	$ 12,297
Asia[2]	8,008	65	8,073	11,446	65	11,511
Europe[3]	9,056	55	9,111	10,131	55	10,186
Americas	1,451	—	1,451	2,122	—	2,122
Total revenue	$ 27,839	$ 212	$ 28,051	$ 35,903	$ 213	$ 36,116
Channel						
Megaproject	$ 14,802	$ —	$ 14,802	$ 14,838	$ —	$ 14,838
Original equipment manufacturer	8,238	119	8,357	12,239	119	12,358
Aftermarket	4,800	92	4,892	8,827	93	8,920
Total revenue	$ 27,839	$ 212	$ 28,051	$ 35,903	$ 213	$ 36,116

[1] Within the Middle East and Africa market, Oman represented revenue of $5,994, or 21% and $6,009, or 17% of total revenue during the three and six months ended June 30, 2025, respectively

[2] Within the Asia market, China represented revenue of $3,484, or 12% and $4,052, or 11% of total revenue during the three and six months ended June 30, 2025, respectively

[3] Within the Europe market, Spain represented revenue of $8,013, or 29% and $8,734, or 24% of total revenue during the three and six months ended June 30, 2025, respectively

	Three Months Ended June 30, 2024			Six Months Ended June 30, 2024		
	Water	Emerging Technologies	Total	Water	Emerging Technologies	Total
			(In thousands)			
Geographical market						
Middle East and Africa[1]	$ 14,467	$ 245	$ 14,712	$ 19,252	$ 246	$ 19,498
Asia[2]	7,962	36	7,998	9,941	36	9,977
Europe	2,522	—	2,522	3,908	—	3,908
Americas	1,967	—	1,967	5,906	—	5,906
Total revenue	$ 26,918	$ 281	$ 27,199	$ 39,007	$ 282	$ 39,289
Channel						
Megaproject	$ 15,815	$ —	$ 15,815	$ 19,915	$ —	$ 19,915
Original equipment manufacturer	6,909	36	6,945	10,255	36	10,291
Aftermarket	4,194	245	4,439	8,837	246	9,083
Total revenue	$ 26,918	$ 281	$ 27,199	$ 39,007	$ 282	$ 39,289

[1] Within the Middle East and Africa market, Morocco represented revenue of $4,831, or 18% of total revenue and $6,236, or 16% of total revenue during the three and six months ended June 30, 2024, respectively and the United Arab Emirates represented revenue of $5,424, or 20% of total revenue and $5,654, or 14% of total revenue during the three and six months ended June 30, 2024, respectively.

[2] Within the Asia market, India represented revenue of $4,456 or 16% of total revenue and $4,633 or 12% of total revenue during the three and six months ended June 30, 2024, respectively.

Contract Balances

The following table presents contract balances by category.

	June 30, 2025	December 31, 2024
	(In thousands)	
Accounts receivable, net	$ 32,587	$ 64,066
Contract assets, current (included in prepaid expenses and other assets)	$ 2,961	$ 2,776
Contract liabilities:		
Contract liabilities, current	$ 1,733	$ 571
Total contract liabilities	$ 1,733	$ 571

Contract Liabilities

The Company records contract liabilities, which consist of customer deposits and deferred revenue, when cash payments received in advance of the Company's performance. The following table presents the change in contract liability balances during the repo periods.

	June 30, 2025	December 31, 2024
	(In thousands)	
Contract liabilities, beginning of year	$ 571	$ 1,187
Revenue recognized	(76)	(1,085)
Cash received, excluding amounts recognized as revenue during the period	1,238	469
Contract liabilities, end of period	$ 1,733	$ 571

Remaining Performance Obligations

As of June 30, 2025, the following table presents the revenue that is expected to be recognized related to performance obliga that are unsatisfied or partially unsatisfied.

Period	Remaining Performance Obligations
	(In thousands)
2025 (remaining six months)	$ 8,517
Total	$ 8,517

Note 3 — Net Income (Loss) Per Share

Net income (loss) for the reported period is divided by the weighted average number of basic and diluted common shares ou during the reported period to calculate the basic and diluted net income (loss) per share, respectively. Outstanding stock options to purchase common shares, unvested restricted stock units (“RSUs”) and unvested performance restricted stock units (“PRSUs”) are collectively referred to as “equity awards.”

- *Basic net income (loss) per share* is computed using the weighted average number of common shares outstanding during the period
- *Diluted net income (loss) per share* is computed using the weighted average number of common and potentially dilutive sha outstanding during the period, using the treasury stock method. Any anti-dilutive effect of equity awards outstanding i included in the computation of diluted net income (loss) per share

The following tables present the computation of basic and diluted net income (loss) per share

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In thousands, except per share amounts)			
Numerator				
Net income (loss)	$ 2,054	$ (642)	$ (7,826)	$ (8,902)
Denominator (weighted average shares)				
Basic common shares outstanding	54,257	57,366	54,578	57,234
Stock options	173	—	—	—
RSUs	56	—	—	—
Diluted common shares outstanding	54,486	57,366	54,578	57,234
Net income (loss) per share				
Basic	$ 0.04	$ (0.01)	$ (0.14)	$ (0.16)
Diluted	$ 0.04	$ (0.01)	$ (0.14)	$ (0.16)

The following tables present the equity awards that are excluded from diluted net income (loss) per share because their effect would have been anti-dilutive.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In thousands)			
Anti-dilutive equity award shares	1,992	3,010	3,038	3,010

ENERGY RECOVERY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note 4 — Other Financial Information

Cash, Cash Equivalents and Restricted Cash

The Condensed Consolidated Statements of Cash Flows explain the changes in the total of cash, cash equivalents and rest cash, such as cash amounts deposited in restricted cash accounts in connection with the Company’s credit cards. The following table presents a reconciliation of cash, cash equivalents and restricted cash, reported for each period within the Condensed Consolidated Balance Sheets and the Condensed Consolidated Statements of Cash Flows that sum to the total of such amounts.

	June 30, 2025	December 31, 2024	June 30, 2024
		(In thousands)	
Cash and cash equivalents	$ 57,050	$ 29,627	$ 40,313
Restricted cash, non-current (included in other assets, non-current)	131	130	130
Total cash, cash equivalents and restricted cash	$ 57,181	$ 29,757	$ 40,443

Accounts Receivable, Net

	June 30, 2025	December 31, 2024
	(In thousands)	
Accounts receivable, gross	$ 32,808	$ 64,287
Allowance for doubtful accounts	(221)	(221)
Accounts receivable, net	$ 32,587	$ 64,066

Inventories, net

Inventory amounts are stated at the lower of cost or net realizable value, using the first-in, first-out method.

	June 30, 2025	December 31, 2024
	(In thousands)	
Raw materials	$ 9,119	$ 8,829
Work in process	7,989	6,417
Finished goods	16,465	10,463
Inventories, gross	33,573	25,709
Valuation adjustments for excess and obsolete inventory	(913)	(803)
Inventories, net	$ 32,660	$ 24,906

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Accrued Expenses and Other Liabilities

	June 30, 2025	December 31, 2024
	(In thousands)	
Accrued expenses and other liabilities, current		
Payroll, benefits, incentives and commissions payable	$ 7,944	$ 10,179
Warranty reserve	984	1,090
Restructuring accrual	262	2,476
Income taxes payable	42	947
Other accrued expenses and other liabilities	2,016	3,036
Total accrued expenses and other liabilities	11,248	17,728
Other liabilities, non-current	85	57
Total accrued expenses, and current and non-current other liabilities	$ 11,333	$ 17,785

Restructuring

During the fourth quarter of fiscal year 2024, the Company implemented a restructuring plan which included reductions in its workforce in all functions of the organization, primarily in its San Leandro location, in order to lower the Company's operating cost structure, and to position the Company for profitable growth. The Company recorded a restructuring charge of approximately $3.0 million in total, of which $0.5 million was recorded during the six months ended June 30, 2025. The Company did not record any restructuring charge during the three months ended June 30, 2025. The total restructuring charge recorded relates to severance and benefits, including reemploy assistance, for 38 terminated employees, which was approximately 15% of the Company's workforce. The implementation of the restructuring plan was substantially complete by the end of the first quarter of fiscal year 2025 and the Company does not expec significant additional expenses related to the restructuring. All expenses associated with the Company's restructuring plan are included in "Restructuring charges" in the Condensed Consolidated Statements of Operations.

Segment

Emerging

	Water	Technology	Corporate	Total Expense
		(In thousands)		
Amount recognized in 2024	1,147	832	497	2,476
Amount recognized in Q1 2025	210	123	206	539
Amount recognized in Q2 2025	—	—	—	—
Total restructuring expenses recognized	$ 1,357	$ 955	$ 703	$ 3,015

The following table presents the change in the Company's restructuring accrual balances during the reported period

	Severance and Benefits
	(In thousands)
Balance, as of December 31, 2024	$ 2,476
Restructuring provision	539
Cash paid	(2,753)
Balance, as of June 30, 2025	$ 262

Note 5 — Investments and Fair Value Measurements

Fair Value of Financial Instruments

The following table presents the Company's financial assets measured on a recurring basis by contractual maturity, including category, amortized cost, gross unrealized gains and losses, and fair value. As of June 30, 2025 and December 31, 2024, the Company had no financial liabilities and no Level 3 financial assets.

		June 30, 2025				December 31, 2024			
	Pricing Category	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
					(In thousands)				
Cash equivalents									
Money market securities	Level 1	$ 17,417	$ —	$ —	$ 17,417	$ 2,580	$ —	$ —	$ 2,580
U.S. treasury securities	Level 2	3,979	—	—	3,979	—	—	—	—
Total cash equivalents		21,396	—	—	21,396	2,580	—	—	2,580
Short-term investments									
U.S. treasury securities	Level 2	7,585	4	(1)	7,588	20,303	42	—	20,345
Corporate notes and bonds	Level 2	14,829	52	(2)	14,879	27,995	52	—	28,047
Total short-term investments		22,414	56	(3)	22,467	48,298	94	—	48,392
Long-term investments									
U.S. treasury securities	Level 2	4,467	19	—	4,486	999	1	—	1,000
Corporate notes and bonds	Level 2	9,620	27	—	9,647	18,983	65	(13)	19,035
Municipal and agency notes and bonds	Level 2	—	—	—	—	1,799	—	(2)	1,797
Total long-term investments		14,087	46	—	14,133	21,781	66	(15)	21,832
Total short and long-term investments		36,501	102	(3)	36,600	70,079	160	(15)	70,224
Total		$ 57,897	$ 102	$ (3)	$ 57,996	$ 72,659	$ 160	$ (15)	$ 72,804

ENERGY RECOVERY, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The following table presents a summary of the fair value and gross unrealized losses on the available-for-sale securities t been in a continuous unrealized loss position, aggregated by type of investment instrument. The available-for-sale securities th unrealized gain position have been excluded from the table.

	June 30, 2025		December 31, 2024	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In thousands)			
U.S. treasury securities	$ 1,892	$ (1)	$ —	$ —
Corporate notes and bonds	1,919	(2)	7,569	(13)
Municipal and agency notes and bonds	—	—	1,797	(2)
Total available-for-sale investments with unrealized loss positions	$ 3,811	$ (3)	$ 9,366	$ (15)

Note 6 — Lines of Credit

Credit Agreement

The Company entered into a credit agreement with JPMorgan Chase Bank, N.A. on December 22, 2021 (as amended, the "Credit Agreement"). The Credit Agreement, which will expire on December 21, 2026, provides a committed revolving credit line of $50.0 million and includes both a revolving loan and a letters of credit ("LCs") component.

Under the Credit Agreement, as of June 30, 2025, there were no revolving loans outstanding. In addition, under the LCs component, the Company utilized $16.8 million of the maximum allowable credit limit of $30.0 million, which includes newly issued LCs and previously issued and unexpired stand-by letters of credit ("SBLCs").

Letters of Credit

The following table presents the total outstanding LCs and SBLCs issued by the Company to its customers related to product warranty and performance guarantees

	June 30, 2025	December 31, 2024
	(In thousands)	
Outstanding letters of credit	$ 16,793	$ 15,708

Note 7 — Commitments and Contingencies

Sublease

On March 10, 20, the Company entered into an agreement to sublease its Katy, Texas operating lease. The sublease comm on March 10, 20 and will expire December 31, 2029. The sublease is classified as an operating lease and has a remaining lease ter of 4.5 years as of June 30, 2025. Sublease income was immaterial during the three and six months ended June 30, 2025 and is recorded as a reduction of lease expense in general and administrative within the Company's Condensed Consolidated Statements of Operations.

The Company considered the sublease to be an indicator of impairment of the original lease. The Company compared the undiscounted cash flows from the sublease to the carrying value of the Katy, Texas operating lease, which included the associat use asset and leasehold improvements. The Company concluded that the carrying value was not recoverable as it exceeded th undiscounted cash flows.

The Company calculated the impairment charge by comparing the carrying value of the Katy, Texas operating lease to its which was calculated based on the net discounted cash flows associated with the sublease. The Company recorded a total impairment charge of $0.4 million during the six months ended June 30, 2025, of which $0.2 million and $0.2 million was recorded against the right-of-use asset and the associated leasehold improvements, respectively. No impairment charges were recorded during the three months ended June 30, 2025. The allocation of the impairment charge was based on the relative carrying value of the assets. The impairment ch recorded in general and administrative within the Company's Condensed Consolidated Statements of Operations.

Litigation

From time-to-time, the Company has been named in and subject to various proceedings and claims in connection with its The Company may in the future become involved in litigation in the ordinary course of business, including litigation that could be its business. The Company considers all claims, if any, on a quarterly basis and, based on known facts, assesses whether potent are considered reasonably possible, probable and estimable. Based upon this assessment, the Company then evaluates disclo requirements and whether to accrue for such claims in its consolidated financial statements. The Company records a provision when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These provis reviewed at least quarterly and are adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel a information and events pertaining to a particular case. As of June 30, 2025, the Company was not involved in any lawsuits, legal proceedings or claims that would have a material effect on the Company's financial position, results of operations, or cash flows there were no material losses which were probable or reasonably possible.

Note 8 — Income Taxes

	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
	(In thousands, except percentages)			
Provision for (benefit from) income taxes	$ 334	$ 242	$ (1,269)	$ (1,043)
Discrete items	(22)	64	30	140
Provision for (benefit from) income taxes, excluding discrete items	$ 312	$ 306	$ (1,239)	$ (903)
Effective tax rate	14.0%	(60.5%)	14.0%	10.5%
Effective tax rate, excluding discrete items	13.0%	(76.2%)	13.7%	9.1%

The Company's interim period tax provision for (benefit from) income taxes is determined using an estimate of its annual effective tax rate, adjusted for discrete items, if any, that arise during the period. Each quarter, the Company updates its estimate of the annual effective tax rate, and if the estimated annual effective tax rate changes, the Company makes a cumulative adjustment in such period. The Company's quarterly tax provision and estimate of its annual effective tax rate are subject to variation due to several factors, including variability in accurately predicting its pre-tax income or loss and the mix of jurisdictions to which they relate, the applicability of special regimes, and changes in how the Company does business

For the three and six months ended June 30, 2025, the recognized provision for and (benefit from) income taxes, respectively, resulted from the tax projection based on the full year forecasted profit and included benefits related to the U.S. federal foreign-derived intangible income (“FDII”), federal research and development (“R&D”) tax credit, certain permanent differences, such as stock-based compensation shortfalls, and partial release of California valuation allowance

For the three and six months ended June 30, 2024, the recognized provision for and (benefit from) income taxes, respecti resulted from the tax projection based on the full year forecasted profit and included benefits related to the U.S, FDII, federal R&D tax credit, and certain permanent differences, such as share-based compensation windfalls.

The effective tax rate excluding discrete items for the six months ended June 30, 2025, as compared to the prior year, differed primarily due to lower projected R&D tax credits, increased non-deductible officer stock-based compensation, and lower projecte benefits

On July 4, 2025, the One Big Beautiful Bill (“OBBA”) Act, which includes a broad range of tax reform provisions, was signed the United States. The OBBA has multiple effective dates, and the Company is currently assessing the impact of these tax law c financial statements.

ENERGY RECOVERY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 9 — Segment Reporting

The Company’s Chief Operating Decision-Maker (“CODM”) is its President and Chief Executive Officer. The Company continues to monitor and review its segment reporting structure in accordance with authoritative guidance to determine whether any changes h occurred that would impact its reportable segments

The following tables present a summary of the Company’s financial information by segment, including significant segment expe and corporate operating expenses

	Three Months Ended June 30, 2025				Six Months Ended June 30, 2025			
	Water	Emerging Technologies	Corporate	Total	Water	Emerging Technologies	Corporate	Total
				(In thousands)				
Revenue	$ 27,839	$ 212	$ —	$ 28,051	$ 35,903	$ 213	$ —	$ 36,116
Cost of revenue	9,926	171	—	10,097	13,487	217	—	13,704
Gross profit (loss)	17,913	41	—	17,954	22,416	(4)	—	22,412
Operating expenses								
General and administrative	1,323	571	5,775	7,669	2,896	1,326	12,021	16,243
Sales and marketing	3,280	1,569	511	5,360	6,425	2,839	1,002	10,266
Research and development	1,604	1,847	—	3,451	2,782	3,670	—	6,452
Restructuring charges	—	—	—	—	210	123	206	539
Total operating expenses	6,207	3,987	6,286	16,480	12,313	7,958	13,229	33,500
Operating income (loss)	$ 11,706	$ (3,946)	$ (6,286)	$ 1,474	$ 10,103	$ (7,962)	$ (13,229)	$ (11,088)

	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024

	Water	Emerging Technologies	Corporate	Total	Water	Emerging Technologies	Corporate	Total
				(In thousands)				
Revenue	$ 26,918	$ 281	$ —	$ 27,199	$ 39,007	$ 282	$ —	$ 39,289
Cost of revenue	9,345	288	—	9,633	14,299	289	—	14,588
Gross profit (loss)	17,573	(7)	—	17,566	24,708	(7)	—	24,701
Operating expenses								
General and administrative	1,912	984	6,636	9,532	3,834	2,002	11,262	17,098
Sales and marketing	3,837	1,700	567	6,104	7,582	3,507	1,167	12,256
Research and development	1,073	2,871	—	3,944	2,173	6,122	—	8,295
Total operating expenses	6,822	5,555	7,203	19,580	13,589	11,631	12,429	37,649
Operating income (loss)	$ 10,751	$ (5,562)	$ (7,203)	$ (2,014)	$ 11,119	$ (11,638)	$ (12,429)	$ (12,948)

Note 10—Concentrations

Customer Revenue Concentration

The following tables present the customers that account for 10% or more of the Company's revenue and their related segment for each of the periods presented. Although certain customers might account for greater than 10% of the Company's revenue at any one point in time, the concentration of revenue between a limited number of customers shifts regularly, depending on when revenue is recognized. The percentages by customer reflect specific relationships or contracts that would concentrate revenue for the periods presented and do not indicate a trend specific to any one customer.

	Segment	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Customer A	Water	21%	**	17%	**
Customer B	Water	16%	**	13%	**
Customer C	Water	**	19%	**	13%
Customer D	Water	**	18%	**	12%
Customer E	Water	**	15%	**	11%

** Zero or less than 10%.

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Note 11 — Stockholders' Equity

Share Repurchase Program

The Company's Board, from time-to-time, has authorized a share repurchase program under which the Company may, at the discretion of management, repurchase its outstanding common stock in the open market, or in privately negotiated transactions compliance with applicable state and federal securities laws. The timing and amounts of any purchase under the Company's sh repurchase program is based on market conditions and other factors including price, regulatory requirements, and capital availa Company accounts for stock repurchases under these programs using the cost method. As of June 30, 2025, the Company has repurchased 13.0 million shares of its common stock at an aggregate cost of $152.1 million under all share repurchase programs.

February 2025 Authorization

On February 26, 2025, the Company announced that the Board authorized a share repurchase program under which the Cor may repurchase its outstanding common stock, at the discretion of management, for up to $30.0 million in aggregate cost, which includes both the share value of the acquired common stock and the fees charged in connection with acquiring the common stock (the "February 2025 Authorization"). The February 2025 Authorization will expire in February 2026.

The following table presents the share repurchase activities under the February 2025 Authorization as of June 30, 2025

	Number of Shares Purchased	Average Price Paid per Share[1]	Plan Activity
			(In millions)
February 2025 Authorization			$ 30.0
Repurchases under February 2025 Authorization	1,557,208	$13.85	(21.6)
Remaining amount under February 2025 Authorization			$ 8.4

(1) Excluding commissions

Of the 1,557,208 shares purchased, 1,277,913 and 1,557,208 were purchased during the three and six months ended June 30, 2025 for $17.1 million and $21.6 million, respectively.

August 2025 Authorization

On August 6, 2025, the Board announced a share repurchase program under which the Company may repurchase its outsta common stock, at the discretion of management, for up to $25.0 million in aggregate cost, which includes both the share value of the acquired common stock and the fees charged in connection with acquiring the common stock (the "August 2025 Authorization"). The August 2025 Authorization will expire May 2026.

Note 12 — Stock-based Compensation

Performance Restricted Stock Units

On January 23, 2025, the Compensation Committee of the Board adopted a new form of PRSU award agreement unde Equity Incentive Plan (the "2020 Plan"), to among other things, define the terms of the performance metrics and performance pe PRSUs. During the three and six months ended June 30, 2025, the Company granted 13,455 and 300,753 PRSUs, respectively.

PRSUs outstanding as of June 30, 2025 generally vest over 3 years and are dependent upon continued employment and meeting certain cumulative revenue and cumulative adjusted EBITDA targets. Adjusted EBITDA is a non-GAAP financial measure that th defines as net income (loss) which excludes i) depreciation and amortization; ii) stock-based compensation; iii) executive transition costs; iv) restructuring charges; v) impairment of long-lived assets; vi) other income, net, such as interest income and other non-operating expense, net; and vii) provision for (benefit from) income taxes. As PRSUs vest, the units will be settled in shares of common stock. The number potential shares issued based on PRSUs granted during the three and six months ended June 30, 2025 is dependent on the level of achievement of the performance targets discussed above, which ranges from 0 shares to up to 38,961 and 902,259 shares of common stock, respectively. The units are valued based on the Company's market price on the date of grant. As of June 30, 2025, no expense has been recognized in relation to the PRSUs as the performance conditions are not considered probable.

Item 2 — Management's Discussion and Analysis of Financial Condition and Results Operations

Overview

Energy Recovery, Inc. (the “Company”, “Energy Recovery”, “we”, “our” and “us”) designs and manufactures solutions that industrial processes more efficient and sustainable. Leveraging our pressure exchanger technology, which generates little to no emissions when operating, we believe our solutions lower costs, save energy, reduce waste, and minimize emissions for companies across a va commercial and industrial processes. As the world coalesces around the urgent need to address climate change and its impacts, we are helping companies reduce their energy consumption in their industrial processes, which in turn, reduces their carbon footprint. We believe that our customers do not have to sacrifice quality and cost savings for sustainability and we are committed to developing solutions that drive long-term value – both financial and environmental

The original product application of our technology, the PX® Pressure Exchanger® (“PX”) energy recovery device, was a major contributor to the advancement of seawater reverse osmosis desalination (“SWRO”), significantly lowering the energy intensity and cost of water production globally for SWRO. Our pressure exchanger technology is being applied to the wastewater filtration market, such as battery manufacturers, mining operations, municipalities, and other manufacturing plants that discharge wastewater with signific metals and pollutants, and has also been applied to the development of our PX G1300® for use in the CO_2 market.

Engineering, and research and development (“R&D”), have been, and remain, an essential part of our history, culture and corporat strategy. Since our formation, we have developed leading technology and engineering expertise through the continual evolutior pressure exchanger technology, which can enhance environmental sustainability and improve productivity by reducing waste an consumption in high-pressure industrial fluid-flow systems. This versatile technology works as a platform to build product applic at the heart of many of our products. In addition, we have engineered and developed ancillary devices, such as our hydraulic turbochargers and circulation “booster” pumps, that complement our energy recovery device

Segments

Our reportable operating segments consist of the water and emerging technologies segments. These segments are base industries in which the technology solutions are sold, the type of energy recovery device or other technology sold and the relate service or, in the case of emerging technologies, where revenues from new and/or potential devices utilizing our pressure excha technology can be brought to market. Other factors for determining the reportable operating segments include the manner in wl Operating Decision Maker (“CODM”), our President and Chief Executive Officer, evaluates our performance combined with the nature of the individual business activities. In addition, our corporate operating expenses include expenditures in support of the water and en technologies segments. We continue to monitor and review our segment reporting structure in accordance with authoritative guidance to determine whether any changes have occurred that would impact our reportable segments

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Results of Operations

A discussion regarding our financial condition and results of operations for the three and six months ended June 30, 2025, compared to the three and six months ended June 30, 2024, is presented below.

Revenue

As a significant portion of our revenue is derived from large project contract deliveries that are between 16 to 36 months from contract date, variability in revenue from quarter to quarter is typical, therefore year-on-year comparisons are not necessarily indicative of the full year due to these variations. There is no specific seasonality in our revenues to highlight.

We generally track our revenues by channels. The channels we recognize and channel definitions we utilize are as follow

- *Megaproject (“MPD”) channel.* The MPD channel has been the main driver of our long-term growth as revenue from this ch benefits from a growing number of projects as well as an increase in the capacity of these projects in some cases. MI are large-scale in nature and generally have shipment timelines from 16 to 36 months from contract date. Recognitio revenue is dependent on customers’ project timing and execution of these projects.
- *Original Equipment Manufacturer (“OEM”) channel.* The OEM channel reflects sales to a wide variety of industries in the

desalination, wastewater, and the refrigeration markets. This channel contains projects smaller in size and revenue, a shorter duration compared to those projects in the MPD channel.

- *Aftermarket (AM) channel.* The AM channel represents support and services rendered to our installed customer base. AM revenue generally fluctuates from year-to-year and is dependent on our customers' timing of product upgrades, as we replenishment of spare parts and supplies.

Revenue by Channel Customers

	Three Months Ended June 30, 2025 Revenue	2025 % of Revenue	2024 Revenue	2024 % of Revenue	Change	
	(In thousands, except percentages)					
Megaproject	$ 14,802	53%	$ 15,815	58%	$ (1,013)	(6%)
Original equipment manufacturer	8,357	30%	6,945	26%	1,412	20%
Aftermarket	4,892	17%	4,439	16%	453	10%
Total revenue	$ 28,051	100%	$ 27,199	100%	$ 852	3%

	Six Months Ended June 30, 2025 Revenue	2025 % of Revenue	2024 Revenue	2024 % of Revenue	Change	
	(In thousands, except percentages)					
Megaproject	$ 14,838	41%	$ 19,915	51%	$ (5,077)	(25%)
Original equipment manufacturer	12,358	34%	10,291	26%	2,067	20%
Aftermarket	8,920	25%	9,083	23%	(163)	(2%)
Total revenue	$ 36,116	100%	$ 39,289	100%	$ (3,173)	(8%)

Revenue Attributable to Primary Geographical Markets by Segments

	Three Months Ended June 30, 2025 Water	2025 Emerging Technologies	2025 Total	2024 Water	2024 Emerging Technologies	2024 Total
	(In thousands)					
Middle East and Africa[1]	$ 9,324	$ 92	$ 9,416	$ 14,467	$ 245	$ 14,712
Asia[2]	8,008	65	8,073	7,962	36	7,998
Europe[3]	9,056	55	9,111	2,522	—	2,522
Americas	1,451	—	1,451	1,967	—	1,967
Total revenue	$ 27,839	$ 212	$ 28,051	$ 26,918	$ 281	$ 27,199

[1] Within the Middle East and Africa market, the following countries represented revenue in excess of 10%.

	Segment	Three Months Ended June 30, 2025 Revenue	2025 Percentage	2024 Revenue	2024 Percentage
		(In thousands)			
Oman	Water	$ 5,994	21%	**	**
United Arab Emirates	Water	**	**	$ 5,424	20%
Morocco	Water	**	**	$ 4,831	18%

[2] Within the Asia market, the following countries represented revenue in excess of 10%.

	Segment	Three Months Ended June 30, 2025 Revenue	2025 Percentage	2024 Revenue	2024 Percentage
		(In thousands)			
China	Water	$ 3,484	12%	**	**
India	Water	**	**	$ 4,456	16%

[3] Within the Europe market, the following countries represented revenue in excess of 10%.

	Segment	Three Months Ended June 30, 2025 Revenue	2025 Percentage	2024 Revenue	2024 Percentage
		(In thousands)			
Spain	Water	$ 8,013	29%	**	**

** Zero or less than 10%.

	Six Months Ended June 30, 2025 Water	2025 Emerging Technologies	2025 Total	2024 Water	2024 Emerging Technologies	2024 Total
	(In thousands)					
Middle East and Africa[1]	$ 12,204	$ 93	$ 12,297	$ 19,252	$ 246	$ 19,498
Asia[2]	11,446	65	11,511	9,941	36	9,977
Europe[3]	10,131	55	10,186	3,908	—	3,908
Americas	2,122	—	2,122	5,906	—	5,906
Total revenue	$ 35,903	$ 213	$ 36,116	$ 39,007	$ 282	$ 39,289

[1] Within the Middle East and Africa market, the following countries represented revenue in excess of 10%.

	Segment	Six Months Ended June 30, 2025 Revenue	2025 Percentage	2024 Revenue	2024 Percentage
		(In thousands)			
Oman	Water	$ 6,009	17%	**	**
United Arab Emirates	Water	**	**	$ 5,654	14%
Morocco	Water	**	**	$ 6,236	16%

[2] Within the Asia market, the following countries represented revenue in excess of 10%.

	Segment	Three Months Ended June 30, 2025 Revenue	2025 Percentage	2024 Revenue	2024 Percentage
		(In thousands)			
China	Water	$ 4,052	11%	**	**
India	Water	**	**	$ 4,633	12%

[3] Within the Europe market, the following countries represented revenue in excess of 10%.

	Segment	Three Months Ended June 30, 2025 Revenue	2025 Percentage	2024 Revenue	2024 Percentage
		(In thousands)			
Spain	Water	$ 8,734	24%	**	**

** Zero or less than 10%.

Three months ended June 30, 2025, as compared to the three months ended June 30, 2024

The decrease in MPD revenue of $1.0 million was due primarily to lower shipments of products to the Middle East and Africa ("MEA") and Asia markets, partially offset by higher shipments of products to the Europe market.

The increase in OEM revenue of $1.4 million was due primarily to

- *Wastewater.* The increase in revenue of $1.7 million was due primarily to higher shipments of products to the Asia and E markets, partially offset by lower shipments of products to the Americas market.
- *Desalination.* The decrease in revenue of $0.4 million was due primarily to lower shipments of products to the Europe, MEA, Americas markets, partially offset by higher shipments of products to the Asia market.

The increase in AM revenue of $0.5 million was due primarily to higher shipments of products to the Europe and Asia markets

Six months ended June 30, 2025, as compared to the six months ended June 30, 2024

The decrease in MPD revenue of $5.1 million was due primarily to lower shipments to the MEA, Asia, and Americas markets, part offset by higher shipments of products to the Europe market.

The increase in OEM revenue of $2.1 million was primarily due:

- *Wastewater.* The increase in revenue of $1.7 million was due primarily to higher shipments of products to the Asia and E markets.
- *Desalination.* The increase in revenue of $0.3 million was due primarily to higher shipments to the Asia market, partially lower shipments to the Americas, Europe, and MEA markets.

The decrease in AM revenue of $0.2 million was due primarily to lower shipments to the Americas market, partially offset by high shipments of products to the Europe and Asia markets.

Concentration of Revenue

See Note 10, “Concentrations,” of the Notes to Condensed Consolidated Financial Statements in Part I, Item 1, “Financial State (unaudited),” of this Quarterly Report on Form 10-Q (the “Notes”) for further discussion regarding our concentration of revenue.

Gross Profit and Gross Margin

Gross profit represents revenue less cost of revenue. Cost of revenue consists primarily of raw materials, personnel costs (stock-based compensation), manufacturing overhead, warranty costs, and depreciation expense.

	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Change	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024	Change
	(In thousands, except percentage and basis point)					
Gross profit	$ 17,954	$ 17,566	$ 388	$ 22,412	$ 24,701	$ (2,289)
Gross margin	64.0%	64.6%	(60)bps	62.1%	62.9%	(80)bps

The increase in gross profit and decrease in gross margin for the three months ended June 30, 2025, as compared to the prior year, was due primarily to costs related to product mix and tariffs.

The decrease in gross profit and gross margin for the six months ended June 30, 2025, as compared to the prior year, was due primarily to costs related to product mix and tariffs during the six months ended June 30, 2025

Operating Expenses

The total material changes of general and administrative (“G&A”), sales and marketing (“S&M”) and R&D operating expenses for the three and six months ended June 30, 2025, as compared to the comparable period in the prior year, are discussed within the following overall operating expenditures, and the segment and corporate operating expenses discussions below.

	2025 Water	2025 Emerging Technologies	2025 Corporate	2025 Total	2024 Water	2024 Emerging Technologies	2024 Corporate	2024 Total
	Three Months Ended June 30, (In thousands)							
Operating expenses								
General and administrative	$ 1,323	$ 571	$ 5,775	$ 7,669	$ 1,912	$ 984	$ 6,636	$ 9,532
Sales and marketing	3,280	1,569	511	5,360	3,837	1,700	567	6,104
Research and development	1,604	1,847	—	3,451	1,073	2,871	—	3,944
Total operating expenses	$ 6,207	$ 3,987	$ 6,286	$ 16,480	$ 6,822	$ 5,555	$ 7,203	$ 19,580

Three months ended June 30, 2025, as compared to the three months ended June 30, 2024

Overall Operating Expenditures. Overall operating expenditures decreased $3.1 million, or (15.8%). This decrease was due primarily to lower employee compensation costs, a severance charge in the three months ended June 30, 2024 that did not recur, and higher consulting costs incurred in the previous year related to our corporate strategy.

Water Segment: Water segment operating expenses decreased by $0.6 million, or (9.0)%. This decrease was due primarily to lower employee compensation costs, including stock-based compensation.

Emerging Technologies Segment: Emerging Technologies segment operating expenses decreased by $1.6 million, or (28.2%). This decrease was due primarily to lower employee compensation costs.

Corporate Operating Expenses: Corporate operating expenses decreased by $0.9 million, or (12.7%). This decrease was due primarily to higher consulting costs incurred in the previous year related to our corporate strategy.

	Six Months Ended June 30,							
	2025				2024			
	Water	Emerging Technologies	Corporate	Total	Water	Emerging Technologies	Corporate	Total
	(In thousands)							
General and administrative	$ 2,896	$ 1,326	$ 12,021	$ 16,243	$ 3,834	$ 2,002	$ 11,262	$ 17,098
Sales and marketing	6,425	2,839	1,002	10,266	7,582	3,507	1,167	12,256
Research and development	2,782	3,670	—	6,452	2,173	6,122	—	8,295
Restructuring charges	210	123	206	539	—	—	—	—
Total operating expenses	$ 12,313	$ 7,958	$ 13,229	$ 33,500	$ 13,589	$ 11,631	$ 12,429	$ 37,649

Six months ended June 30, 2025, as compared to the six months ended June 30, 2024

Overall Operating Expenditures: Overall operating expenditures decreased by $4.1 million, or (11.0%). This decrease was due primarily to a decrease in employee costs, such as employee compensation and stock-based compensation as well as severance incurred during the six months ended June 30, 2024 that did not recur, partially offset by restructuring charges, and an increase in consul costs. Changes in non-employee costs included:

- *G&A*: higher consulting costs related to the enhancement of our corporate strategy as well as $0.4 million of impairment costs associated with the sublease of our Katy, Texas lease.
- *R&D*: lower Emerging Technologies segment development costs.

Water Segment: Water segment operating expenses decreased by $1.3 million, or (9.4%). This decrease was due primarily to lower employee costs, including stock-based compensation costs.

Emerging Technologies Segment: Emerging Technologies operating expenses decreased by $3.7 million, or (31.6%). This decrease was due primarily to lower employee costs, including stock-based compensation, as well as lower development costs.

Corporate Operating Expenses: Corporate operating expenses increased by $0.8 million, or 6.4%. This increase was primarily due to higher consulting costs, restructuring charges and impairment costs associated with the sublease of the Katy, Texas lease inc the six months ended June 30, 2025, partially offset by lower employee costs.

Restructuring Charges: During the fourth quarter of fiscal year 2024, we implemented a restructuring plan which included reductions in our workforce in all functions of the organization, primarily San Leandro location, in order to lower our operating cost structure, and to position the Company for profitable growth. We recorded a restructuring charge of approximately $3.0 million, of which $0.5 million was recorded during the six months ended June 30, 2025, respectively. The company did not record a restructuring charge during the three months ended June 30, 2025. The total restructuring charge relates to severance and benefits, including reemployment assistance, 38 terminated employees, which was approximately 15% of our workforce. The implementation of the restructuring plan was substantially complete by the end of the first quarter of fiscal year 2025 and the Company does not expect to incur significant additional expe to the restructuring. See Note 4, "Other Financial Information—Restructuring," of the Notes for further discussion and disclosure on our restructuring program.

Other Income, Net

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In thousands)			

	2025	2024	2025	2024
Interest income	$ 940	$ 1,663	$ 2,013	$ 3,105
Other non-operating expense, net	(26)	(49)	(20)	(102)
Total other income, net	$ 914	$ 1,614	$ 1,993	$ 3,003

The decrease in "Total other income," net in the three and six months ended June 30, 2025, as compared to the comparable period in the prior year, was primarily due to a decrease in short- and long-term investments.

Income Taxes

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In thousands, except percentages)			
(Benefit from) provision for income taxes	$ 334	$ 242	$ (1,269)	$ (1,043)
Discrete items	(22)	64	30	140
(Benefit from) provision for income taxes, excluding discrete items	$ 312	$ 306	$ (1,239)	$ (903)
Effective tax rate	14.0%	(60.5%)	14.0%	10.5%
Effective tax rate, excluding discrete items	13.0%	(76.2%)	13.7%	9.1%

The interim period tax provision for (benefit from) income taxes is determined using an estimate of our annual effective tax rate, adjusted for discrete items, if any, that arise during the period. Each quarter, we update our estimate of the annual effective tax rate, and if the estimated annual effective tax rate changes, we make a cumulative adjustment in such period. The quarterly tax provision and estimate of our annual effective tax rate are subject to variation due to several factors, including variability in accurately predicting our pre-tax income or loss and the mix of jurisdictions to which they relate, the applicability of special tax regimes, and changes in how we do business.

For the three and six months ended June 30, 2025, the recognized provision for and (benefit from) income taxes, respectively, resulted from the tax projection based on the full year forecasted profit and included benefits related to the U.S. federal foreign-derived intangible income ("FDII"), federal R&D tax credit, certain permanent differences, such as stock-based compensation shortfalls, and par release of California valuation allowance

For the three and six months ended June 30, 2024, the recognized provision for and (benefit from) income taxes, respecti resulted from the tax projection based on the full year forecasted profit and included benefits related to the U.S. FDII, federal R& and certain permanent differences, such as share-based compensation windfalls.

The effective tax rate excluding discrete items for the six months ended June 30, 2025, as compared to the prior year, differed primarily due to lower projected R&D tax credits, increased non-deductible officer stock-based compensation, and lower project benefits.

Liquidity and Capital Resources

Overview

From time-to-time, management and our Board of Directors ("Board") review our liquidity and future cash needs and may make a decision to (1) return capital to our shareholders through a share repurchase program or dividend payout; or (2) seek additional financing. As of June 30, 2025, our principal sources of liquidity consisted of (i) unrestricted cash and cash equivalents of $57.1 million that are primarily invested in money market funds and U.S. treasury securities; (ii) investment-grade short-term and long-term marketable debt instruments of $36.6 million that are primarily invested in U.S. treasury securities, corporate notes and bonds, and municipal and agency notes and bonds; and (iii) accounts receivable, net of allowances, of $32.6 million. As of June 30, 2025, there was unrestricted cash of $0.9 million held outside the U.S. We invest cash not needed for current operations predominantly in investment-grade, marketable instruments with the intent to make such funds available for future operating purposes, as needed. Although these securities ar sale, we generally hold these securities to maturity, and therefore, do not currently see a need to trade these securities in order liquidity needs in the foreseeable future. We believe the risk of this portfolio to us is in the ability of the underlying companies or agencies to cover their obligations at maturity, not in our ability to trade these securities at a profit. Based on current projections existing cash balances and future cash inflows from this portfolio will meet our liquidity needs for at least the next 12 months.

Credit Agreement

We entered into a credit agreement with JPMorgan Chase Bank, N.A. on December 22, 2021 (as amended, the "Credit Agreement"). The Credit Agreement, which will expire on December 21, 2026, provides a committed revolving credit line of $50.0 million and includes both a revolving loan and a letters of credit ("LCs") component. The maximum allowable LCs under the credit line component of the Credit Agreement is $30.0 million. As of June 30, 2025, we were in compliance with all covenants under the Credit Agreement.

Under the Credit Agreement, as of June 30, 2025, there were no revolving loans outstanding. In addition, as of June 30, 2025, under the LCs component, we utilized $16.8 million of the maximum allowable credit line of $30.0 million, which included newly issued LCs, and previously issued and unexpired stand-by letters of credits ("SBLCs"). As of June 30, 2025, there was $16.8 million of outstanding LCs. These LCs had a weighted average remaining life of approximately 10 months.

See Note 6, "Lines of Credit," of the Notes for further discussion related to the Credit Agreement.

Share Repurchase Program

The Board, from time-to-time, has authorized a share repurchase program under which we may, at our discretion, repurcha
Company's outstanding common stock in the open market, or in privately negotiated transactions, in compliance with applicable
federal securities laws. The timing and amounts of any purchase under the share repurchase programs are based on market c
other factors including price, regulatory requirements, and capital availability. We account for stock repurchases under these pr
the cost method. As of June 30, 2025, we have cumulatively repurchased 13.0 million shares of the Company's common stock at an aggregate cost of $152.1 million under all closed share repurchase programs. The following is a discussion of the current share repu
program during the three and six months ended June 30, 2025. See Note 11, "Stockholders' Equity – Share Repurchase Program," of the Notes for further discussion related to share repurchase programs and a reconciliation of the latest share repurchase plan balanc

On February 26, 2025, we announced that the Board authorized a share repurchase program under which we may repurchase ou
outstanding common stock, at the discretion of management, up to $30.0 million in aggregate cost, which includes both the share value of the acquired common stock and the fees charged in connection with acquiring the common stock (the "February 2025 Authorization"). We began repurchasing our outstanding common stock in March 2025. The February 2025 Authorization will expire in February 2026.

On August 6, 2025, the Board announced a share repurchase program under which we may repurchase our outstanding comm
stock, at the discretion of management, up to $25.0 million in aggregate cost, which includes both the share value of the acquired commo
stock and the fees charged in connection with acquiring the common stock (the "August 2025 Authorization"). We expect to commence repurchasing our outstanding common stock under the August 2025 Authorization during the third quarter of fiscal year 2025. The August 2025 Authorization will expire May 2026.

Cash Flows

	Six Months Ended June 30,		
	2025	2024	Change
	(In thousands)		
Net cash provided by operating activities	$ 14,824	$ 14,570	$ 254
Net cash provided by (used in) investing activities	33,566	(43,830)	77,396
Net cash (used in) provided by financing activities	(21,026)	1,502	(22,528)
Effect of exchange rate differences on cash and cash equivalents	60	(24)	84
Net change in cash, cash equivalents and restricted cash	$ 27,424	$ (27,782)	$ 55,206

Cash Flows from Operating Activities

Net cash provided by operating activities is subject to the project driven, non-cyclical nature of our business. Operating cash flov fluctuate significantly from reporting period to reporting period, due to the timing of receipts of large project orders. Operating ca be negative in one reporting period and significantly positive in the next. Consequently, individual reporting period results and co may not necessarily indicate a significant trend, either positive or negative.

The higher net cash provided by operating assets and liabilities for the six months ended June 30, 2025, as compared to the prior year, was due primarily to the following factors:

- *Accounts receivable:* an increase in cash due to an increase in collections related to revenues earned late in the fourth qu 2024; partially offset by
- *Accounts payable:* a decrease in cash due to the timing of the payments made on our outstanding payables.

Cash Flows from Investing Activities

Net cash provided by (used in) investing activities primarily relates to maturities and purchases of investment-grade marketable debt instruments, such as corporate notes and bonds, and capital expenditures supporting our growth. We believe our investments i debt instruments are structured to preserve principal and liquidity while at the same time maximizing yields without significantly i risk. The increase in net cash provided by investing activities of $77.4 million in the six months ended June 30, 2025, as compared to the prior year, was primarily driven by less cash used for purchases of marketable debt instruments, net of cash proceeds from matu marketable debt instruments, of $76.8 million and a decrease in capital expenditures of $0.7 million

Cash Flows from Financing Activities

Net cash used in financing activities for the six months ended June 30, 2025 was lower as compared to the cash provided by financing activities in the prior year, due primarily to cash used for the repurchase of our common stock under the February 2025 Authorization and payment of associated excise tax, as well as a decrease in cash from exercises of employee stock options gran our equity incentive plans.

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Liquidity and Capital Resource Requirements

We believe that our existing resources and cash generated from our operations will be sufficient to meet our anticipated c
requirements for at least the next 12 months. However, we may need to raise additional capital or incur additional indebtedness
to fund our operations or to support acquisitions in the future and/or to fund investments in our latest technology arising from rap
adoption. These needs could require us to seek additional equity or debt financing. Our future capital requirements will depend
factors including the continuing market acceptance of our products, our rate of revenue growth, the timing of new product introdu
expansion of our R&D, manufacturing and S&M activities, and the timing and extent of our expansion into new geographic territ
addition, we may enter into potential material investments in, or acquisitions of, complementary businesses, services or technolo
future which could also require us to seek additional equity or debt financing. Should we need additional liquidity or capital fund
may not be available to us on favorable terms, or at all.

Recent Accounting Pronouncements

Refer to Note 1, “Description of Business and Significant Accounting Policies – Significant Accounting Policies,” of the Notes to Condensed Consolidated Financial Statements in Part I, Item 1, “Financial Statements (unaudited),” of this Quarterly Report on

Item 3 — Quantitative and Qualitative Disclosures About Market Risk

Our exposure to market risk may be found primarily in two areas, foreign currency and interest rates.

Foreign Currency Risk

Our foreign currency exposures are due to fluctuations in exchange rates for the U.S. dollar ("USD") versus the British pound, Saudi riyal, Emirati dirham, European euro, Chinese yuan, Indian rupee and Canadian dollar. Changes in currency exchange rates could adversely affect our consolidated operating results or financial position.

Our revenue contracts have been denominated in the USD. At times, our international customers may have difficulty obta the USD to pay our receivables, thus increasing collection risk and potential bad debt expense. To the extent we expand our int sales, a larger portion of our revenue could be denominated in foreign currencies. As a result, our cash and operating results co increasingly affected by changes in exchange rates.

In addition, we pay many vendors in foreign currency and, therefore, are subject to changes in foreign currency exchange international sales and service operations incur expense that is denominated in foreign currencies. This expense could be mate by currency fluctuations. Our international sales and services operations also maintain cash balances denominated in foreign c decrease the inherent risk associated with translation of foreign cash balances into our reporting currency, we do not maintain e balances in foreign currencies.

We have not hedged our exposure to changes in foreign currency exchange rates because expenses in foreign currencie insignificant to date and exchange rate fluctuations have had little impact on our operating results and cash flows. In addition, w have any exposure to the Russian ruble.

Interest Rate and Credit Risks

The primary objective of our investment activities is to preserve principal and liquidity while at the same time maximizing y significantly increasing risk. We invest primarily in investment-grade short-term and long-term marketable debt instruments that are subject to counter-party credit risk. To minimize this risk, we invest pursuant to an investment policy approved by the Board. The policy mandates high credit rating requirements and restricts our exposure to any single corporate issuer by imposing concentration limits.

As of June 30, 2025, our investment portfolio of $40.6 million in investment-grade marketable debt instruments, such as U.S. treasury securities, corporate notes and bonds, and municipal and agency notes and bonds, are classified as either cash equivalents or short-term and/or long-term investments on our Condensed Consolidated Balance Sheets. These investments are subject to interest rate fluctuatio and decrease in market value to the extent interest rates increase, which occurred during the six months ended June 30, 2025. To minimize the exposure due to adverse shifts in interest rates, we maintain investments with a weighted average maturity of approximately thirteen months. As of June 30, 2025, a hypothetical 1% increase in interest rates would have resulted in a less than $0.3 million decrease in the fair value of our investments in marketable debt instruments as of such date.

Item 4 — Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our President and Chief Executive Officer and our Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934 end of the period covered by this report.

Based on that evaluation, our President and Chief Executive Officer and our Chief Financial Officer have concluded that, as of June 30, 2025, our disclosure controls and procedures were effective.

Changes in Internal Controls

There were no changes in our internal control over financial reporting during the period covered by this report that have m affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1 — Legal Proceedings

We have been, and may be from time to time, involved in legal proceedings or subject to claims incident to the ordinary co business. We are not presently a party to any legal proceedings that we believe are likely to have a material adverse effect on o financial condition, or operating results. Regardless of the outcome, such proceedings or claims can have an adverse impact on of defense and settlement costs, diversion of resources and other factors, and there can be no assurances that favorable outcor obtained.

Item 1A — Risk Factors

Except as noted below, there have been no material changes in our risk factors from those disclosed in Part I, Item 1A, "R in the 2024 Annual Report

Changes in U.S. policy, including the imposition of or increases in tariffs, changes to existing trade agreements a

resulting changes in international trade relations, such as reciprocal tariffs or trade wars, particularly with regard to Ch
have a material adverse impact on impact on our business, results of operations, or financial condition.

In January 2025, the global tariff landscape began to quickly change with the U.S. implementing new and/or increased tar various foreign countries, either generally or with respect to certain products. Certain foreign countries, including China have, a continue to, change their tariff policies in response to changes in the U.S. tariff policy.

These recent tariffs and the subsequent retaliatory tariffs could increase the cost of goods for our products or reduce our a products globally, particularly in China, which may adversely affect our operating results and financial condition. So far, these n trade policies have not had a significant impact on our business operations and financial results, primarily due to our prior efforts accumulate and maintain inventories at favorable cost levels. However, there is no guarantee that we can avoid the impact of ta related economic effects in the future, and these trade measures and retaliations may directly impact our business by increasing costs or affecting the demand for our products globally, and specifically in China.

Any further unfavorable government policies on international trade, such as capital controls or tariffs, may affect the dema products and services, impact the competitive position of our products or prevent us from selling products in certain countries. If tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if the U.S takes retaliatory trade actions due to the recent U.S.-China trade tension, such changes could have an adverse effect on our bu financial condition and results of operations.

Item 2 — Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3 — Defaults Upon Senior Securities

None.

Item 4 — Mine Safety Disclosures

Not applicable.

Item 5 — Other Information

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10b5-1 Plans

As set forth below, during the three months ended June 30, 2025, one officer (within the meaning of Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended) adopted and no officers terminated a Rule 10b5-1 trading arrangement (as defined in Item 408 of Regulation S-K).

Name	Title	Date of Adoption or Termination[1]	Status[2]	Plan Type
William W. Yeung	Chief Legal Officer	June 12, 2025	Adoption	Rule 10b5-1 trading arrangement

[1] Effective (a) date of adoption; or (b) date of termination, of registrant's Rule 10b5-1 trading arrangement.

[2] Activity related to registrant's Rule 10b5-1 trading arrangement.

[3] The trading arrangement covers the sale of 100,005 shares of the Company's common stock held by the participant at market price at various da during the plan active period. This plan is scheduled to expire on February 5, 2027 or upon the completion of all sales thereunder.

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Item 6 — Exhibits

A list of exhibits filed or furnished with this report or incorporated herein by reference is found in the Exhibit Index below.

Exhibit Number	Exhibit Description
31.1*	Certification of Principal Executive Officer, pursuant to Exchange Act Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer, pursuant to Exchange Act Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 3 Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer and Principal Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuan Section 906 of the Sarbanes-Oxley Act of 2002.
101	Inline XBRL Document Set for the consolidated financial statements and accompanying notes in Part I, “Financial Information” of tl Quarterly Report on Form 10-Q.
104	Inline XBRL for the cover page of this Quarterly Report on Form 10-Q, included in the Exhibit 101 Inline XBRL Document Set.

* Filed herewith.

** The certification furnished in Exhibit 32.1 is not deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability section, nor shall they be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be sign
behalf by the undersigned thereunto duly authorized.

ENERGY RECOVERY, INC.

Date: August 6, 2025	By: /s/ DAVID W. MOON David W. Moon President and Chief Executive Officer (Principal Executive Officer)
Date: August 6, 2025	By: /s/ MICHAEL S. MANCINI Michael S. Mancini Chief Financial Officer (Principal Financial Officer)

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a) OR 15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David W. Moon, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Energy Recovery, Inc. for the period ended June 30, 2025;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s Board of Directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 6, 2025

/s/ DAVID W. MOON

Name: David W. Moon
Title: President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a) OR 15d-14(a), AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael S. Mancini, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Energy Recovery, Inc. for the period ended June 30, 2025;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s Board of Directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 6, 2025

/s/ MICHAEL S. MANCINI
Name: Michael S. Mancini
Title: Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER, PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002*

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code, David W. Moon, President and Chief Executive Officer of Energy Recovery, Inc., and Michael S. Mancini, Chief Financial Officer of Energy Recovery, Inc., each hereby certify that, to the best of his knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended June 30, 2025, to which this Certification is attached as Exhibit 32.1 (the "Quarterly Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act, and
2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition of the Company at the end of the period covered by the Quarterly Report and results of operations of the Company for the period covered by the Quarterly Report.

IN WITNESS WHEREOF, the undersigned has set his hand hereto:

Date: August 6, 2025	/s/ DAVID W. MOON David W. Moon *President and Chief Executive Officer*
Date: August 6, 2025	/s/ MICHAEL S. MANCINI Michael S. Mancini *Chief Financial Officer*

* This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Energy Recovery, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.