Nephros, Inc.

OTCQB: NEPH

Corporate Presentation

Q1 2019

www.nephros.com
Certain statements in this management presentation constitute “forward-looking statements”. Such statements include statements regarding the efficacy and intended use of our technologies under development, the timelines and strategy for bringing such products to market and the availability of funding sources for continued development of such products and other statements that are not historical facts, including statements which may be preceded by the words “intends,” “may,” “will,” “plans,” “expects,” “anticipates,” “projects,” “predicts,” “estimates,” “aims,” “believes,” “hopes,” “potential” or similar words. Forward-looking statements are not guarantees of future performance, are based on certain assumptions and are subject to various known and unknown risks and uncertainties, many of which are beyond our control. Actual results may differ materially from the expectations contained in the forward-looking statements. Factors that may cause such differences include, but are not limited to, the risks that: (i) we may not be able to find a strategic partner to successfully market our HDF system; (ii) our HDF system may not be accepted by patients or health care providers in the U.S. marketplace; (iii) we may not be able to continue as a going concern; (iv) the voluntary recalls of point of use and DSU in-line ultrafilters used in hospital water treatment applications announced on October 30, 2013 and the related circumstances could subject us to claims or proceedings by consumers, the FDA or other regulatory authorities which may adversely impact our sales and revenues; (v) we face significant challenges in obtaining market acceptance of our products, which could adversely affect our potential sales and revenues; (vi) product-related deaths or serious injuries or product malfunctions could trigger recalls, class action lawsuits and other events that could cause us to incur expenses and may also limit our ability to generate revenues from such products; (vii) we face potential liability associated with the production, marketing and sale of our products and the expense of defending against claims of product liability could materially deplete our assets and generate negative publicity which could impair our reputation; (viii) to the extent our products or marketing materials are found to violate any provisions of the FDC Act or any other statutes or regulations, we could be subject to enforcement actions by the FDA or other governmental agencies; (ix) we may not be able to obtain funding if and when needed or on terms favorable to us in order to continue operations; (x) we may not have sufficient capital to successfully implement our business plan; (xi) we may not be able to effectively market our products; (xii) we may not be able to sell our water filtration products or chronic renal failure therapy products at competitive prices or profitably; (xiii) we may encounter problems with our suppliers, manufacturers and distributors; (xiv) we may encounter unanticipated internal control deficiencies or weaknesses or ineffective disclosure controls and procedures; (xv) we may not obtain appropriate or necessary regulatory approvals to achieve our business plan; (xvi) products that appeared promising to us in research or clinical trials may not demonstrate anticipated efficacy, safety or cost savings in subsequent pre-clinical or clinical trials; (xvii) we may not be able to secure or enforce adequate legal protection, including patent protection, for our products; and (xviii) we may not be able to achieve sales growth in key geographic markets. More detailed information about the Company and the risk factors that may affect the realization of forward-looking statements, including the forward-looking statements in this management presentation, is set forth in our filings with the SEC, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and our other periodic reports filed with the SEC. We urge you to read those documents free of charge at the SEC’s web site at www.sec.gov. We do not undertake to publicly update or revise our forward-looking statements as a result of new information, future events or otherwise, except as required by law.
Commercial stage medical device company that develops and sells high performance liquid purification filters and hemodiafiltration systems for the treatment of patients with End Stage Renal Disease.

Nephros ultrafilters are used primarily in medical applications. In hospital settings, the filters are used as an aid in infection control by retaining bacteria (i.e. Legionella, Pseudomonas), virus and endotoxins from water used by patients. In dialysis centers, ultrafilters are used for the removal of biological contaminants from the water and bicarbonate concentrate feeding hemodialysis devices. Nephros is also expanding its offerings to the commercial and military markets.

<table>
<thead>
<tr>
<th>Market Data</th>
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<tbody>
<tr>
<td>Ticker (OTCQB)</td>
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<tr>
<td>Price (3/25/2019)</td>
</tr>
<tr>
<td>52 Week Range</td>
</tr>
<tr>
<td>Market Cap</td>
</tr>
<tr>
<td>Average Daily Trading</td>
</tr>
<tr>
<td>Common Shares O/S</td>
</tr>
<tr>
<td>Insider Ownership</td>
</tr>
<tr>
<td>2017 Revenue</td>
</tr>
<tr>
<td>2018 Revenue</td>
</tr>
<tr>
<td>Cash at 12/31/2018</td>
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Nephros Investment Highlights

Commercial-stage liquid purification company that develops and sells high performance filters and ultrafilters*

• **Strategy**
  - Primary focus on large, fast-growth Medical Device business
  - Acquisition of Aether expands focus into Food Service and Hospitality markets
  - “Razor blade” strategy with standardized replacement form factors
  - Distributor-focused sales model
  - Launching pathogen diagnostic product to complement Medical Device products

• **Recent Progress Metrics**
  - 10 consecutive quarters of growth, averaging 55% year-over-year
  - Consistent 55-60% gross margins
  - Multiple new products launched in each of past 3 years

*Ultrafilters: Filters with pore size below 0.1 μm (microns)*
Quarterly Product Revenue 2014 - 2018

- Launch DSU-H and SSU-H (Hospital products)
- Launch S100 Point-of-Use (Hospital)
- Launch Distributor Sales Model
- Launch HydraGuard (Hospital) & EndoPur (Dialysis)

Product Revenue
Rolling Average Product Revenue

Quarterly Product Revenue

Product Revenue
Rolling Average Product Revenue

Q1 2014
Q2 2014
Q3 2014
Q4 2014
Q1 2015
Q2 2015
Q3 2015
Q4 2015
Q1 2016
Q2 2016
Q3 2016
Q4 2016
Q1 2017
Q2 2017
Q3 2017
Q4 2017
Q1 2018
Q2 2018
Q3 2018
Q4 2018

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<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Experience and Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daron Evans, MS, MBA</td>
<td>President &amp; CEO</td>
<td>Managing Director of PoC Capital, CFO of Nile Therapeutics, Inc. (now CAPR), Johnson &amp; Johnson, Arthur D. Little, Booz Allen &amp; Hamilton, MBA Duke, B.S. in Chem Eng, M.S. in Biomed Eng.</td>
</tr>
<tr>
<td>Andy Astor, MBA</td>
<td>COO &amp; CFO</td>
<td>President and CFO of OpenSCG (acquired by AMZN), Co-founder/CEO EnterpriseDB, Sr. positions at Asurion, D&amp;B, E&amp;Y, webMethods, MBA Wharton, B.A. in Math</td>
</tr>
<tr>
<td>Shane Sullivan</td>
<td>VP Sales</td>
<td>Leads Nephros hospital commercial filtration businesses, Expert and leader in water-focused sales and business development, Regional Manager at Thermo Scientific</td>
</tr>
<tr>
<td>Monet Carnahan</td>
<td>VP Dialysis Products</td>
<td>Leads Nephros dialysis businesses (water and blood), 10 years as a Registered Nurse, Performance improvement group at Fresenius Medical Care</td>
</tr>
<tr>
<td>Michael Milman</td>
<td>Sr Dir Product Development</td>
<td>Leads Nephros design and engineering, 15 years product design and development leadership experience, Previously R&amp;D engineer with Stryker</td>
</tr>
<tr>
<td>Vashone Thomas</td>
<td>Sr Dir Quality and Reg</td>
<td>Leads quality and regulatory across all Nephros businesses, 10 years medical device quality leadership, Previously Integrated Dental Systems</td>
</tr>
</tbody>
</table>
Two Distinct Businesses

- **Nephros, Inc.** – Water filtration (commercial/growth-stage)
  - Point-of-use hospital infection control
  - Water supply purification in dialysis clinics
  - Commercial and military applications

- **Specialty Renal Products, Inc. (SRP)** – Renal disease products (development-stage)
  - Hemodiafiltration (HDF) dialysis products
  - Dialysate regeneration system for continuous renal replacement therapy (CRRT)
  - SRP is a 62.5%-owned subsidiary of Nephros, Inc.
Nephros, Inc.

Water Ultrafiltration Products
## Total Addressable Market Over $1 Bil

<table>
<thead>
<tr>
<th></th>
<th>Hospitals</th>
<th>Commercial</th>
<th>Dialysis</th>
<th>Military / Recreation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of U.S. Sites</td>
<td>~6,000</td>
<td>50,000+</td>
<td>~6,600</td>
<td>N/A</td>
</tr>
<tr>
<td>Number of Filter Locations</td>
<td>1,000,000+</td>
<td>150,000+</td>
<td>~125,000</td>
<td>400-500,000+ contract units</td>
</tr>
<tr>
<td>Nephros Filter Life</td>
<td>3-6 Months</td>
<td>3 – 12 Months</td>
<td>1 Year</td>
<td>1,000L</td>
</tr>
<tr>
<td>Regulatory / Standards</td>
<td>FDA</td>
<td>EPA / NSF / WQA</td>
<td>FDA / CE Mark</td>
<td>NSF P248</td>
</tr>
<tr>
<td>Potential Market for NEPH Filters</td>
<td>$400M¹</td>
<td>$500M+</td>
<td>$40M</td>
<td>$75M</td>
</tr>
<tr>
<td>% of Market Using Filters</td>
<td>&lt;10%</td>
<td>100%</td>
<td>100%</td>
<td>• CamelBak® License</td>
</tr>
<tr>
<td>% of Market w/ Nephros Filters</td>
<td>&gt;3%</td>
<td>&gt;1%</td>
<td>&gt;3%</td>
<td>• Other OEM discussions</td>
</tr>
</tbody>
</table>

1 Estimate based on the number of potential filtration sites in US hospitals multiplied by $2/day
What Does a Nephros Ultrafilter Do?

Debris retained
Product water delivered!

The DSU-H is FDA Cleared (bacteria & virus) to aid in infection control for up to 180-days

Backwash of a Nephros Ultrafilter After 6 Months
Nephros Proprietary Membrane Technology

Conventional Microfilters (0.2 μm pore size)

- Bacteria
- Viruses
  - Enterovirus
  - Rotavirus
  - Adenovirus
- Endotoxins
  - Clostridium Botulinum
  - Staphylococcal enterotoxin
  - Ricin toxin

Nephros Ultrafilters (0.005 μm pore size)

Nephros ultrafilter pore size: 40x smaller than conventional filters
Filtration
0.005 µm

Flow Rate
Low Pressure Drop

Filter Life
2-3X Competitors

Nephros filters dramatically improve performance at a similar cost per day vs. conventional filters

Performance = Filtration, Flow, & Filter Life
### Multiple Competitive Advantages

<table>
<thead>
<tr>
<th></th>
<th>Pall-Aquasafe™</th>
<th>Nephros Filters</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pore Size</strong></td>
<td>200nm</td>
<td>5nm</td>
</tr>
<tr>
<td><strong>Filter Life</strong></td>
<td>Up to 31-62 days</td>
<td>Up to 90-360 days</td>
</tr>
<tr>
<td><strong>Number / Year</strong></td>
<td>6-12 Change-outs</td>
<td>1-4 Change-outs</td>
</tr>
<tr>
<td><strong>Flow Rate</strong></td>
<td>Comparable</td>
<td>Comparable</td>
</tr>
<tr>
<td><strong>Cost per Day</strong></td>
<td>Comparable</td>
<td>Comparable</td>
</tr>
<tr>
<td><strong>Regulatory</strong></td>
<td>Two products, FDA 510(k) cleared</td>
<td>All products, FDA 510(k) cleared</td>
</tr>
<tr>
<td><strong>Sales Model</strong></td>
<td>Direct sales, plus partnered with Nalco</td>
<td>Distributor model: Garrett-Callahan, Chem-Aqua, HOH, TQM, Others</td>
</tr>
</tbody>
</table>

1 Intended to be used to filter EPA quality drinking water; retain bacteria, viruses and endotoxin; provide ultrapure water for patient washing and drinking; produce water suitable for wound cleaning, cleaning of equipment used in medical procedures and washing of surgeon’s hands; not intended to provide water that can be used as a substitute for USP sterile water.
Hospital Infection Control – 510(k) Portfolio

New Products

DSU-H & SSU-H In-Line Filters (0.005 µm)

S100 Sink & Shower Point-of-Use Filters (0.1 µm)

HydraGuard™ & HydraGuard™ Flush (0.005 µm)

6 Month

3 Month

3 Month

6 Month  12 Month
Dialysis Water – 510(k) Portfolio

New Products

DSU-D  SSU-D  SSU-Mini In-Line Filters (0.005 μm)

EndoPur™10”  EndoPur™20”  EndoPur™30” Replacement Cartridges (0.005 μm)
Waterborne Pathogen Diagnostics

Performs 15 separate DNA/RNA assays from a 1 liter water sample in approximately 1 hour

Step 1: Collect 1 liter sample into sterile bag
Step 2: Concentrate sample w/Nephros ultrafilter
Step 3: Aliquot concentrate into 8-well PCR test strip
Step 4: Initiate portable real-time thermocycler
Step 5: Thermocycler runs for about 1 hour
Step 6: Upload data and review w/mobile App

Targeting 2019 product launch
Aether Filtration Systems are primarily sold to hotels, convenience stores, and quick service restaurants, competing with 3M (Cuno®) and Pentair (Everpure®).
Nephros filter systems target total suspended solids and bioburden

- **Restaurants/Home** Point of Entry System:
  - Flushable feature allows for 12 month product life
  - Medium flow requirement (5-10 GPM)
  - Remove particulates, including any bacteria

- **Lead Filter**: Premium Lead Filter for >100 ppb
  - Two phase system: particulate & soluble lead
  - Designed for serious lead issues

- **Data centers**: thermal inversion cooling water
  - Flushable ultrafilter extends product life
  - High flow requirements (25-50 GPM)
  - Removes copper colloidal and organic particles

Nephros’ current hospital distributors also provide water treatment services to all manner of industrial customers, from aluminum stamping to egg processing = existing distribution channel
Military/Recreation Market: CamelBak® license and OEM for other products

- Our individual water purification devices enable soldiers to filter water from available sources instantly
  - Integrated into CamelBak® backpack product
- Tested to NSF Protocol P248 for removal of biological toxins
- Licensed to CamelBak® for profit sharing and royalties
- Other OEM Military Products:
  - Roving Blue portable water purification system (pre-filter to ozone purification module)
  - Additional companies testing Nephros products
Specialty Renal Products, Inc. (SRP)
Improving Renal Disease Therapies
Specialty Renal Products Highlights

- **Specialty Renal Products (SRP)** is a development stage medical device company focused on improving therapies for patients with renal disease.

- Recently completed $3M Series A financing.

- **2nd Generation Hemodiafiltration (HDF) System**
  - HDF therapy regularly delivered to renal patients outside the US.
  - 1st Generation HDF system is the only FDA 510(k) US-cleared HDF technology.
  - Feedback from dialysis clinic deployments provided design change requirements.
  - Targeting commercial launch of 2nd generation HDF in late 2019.

- **Dialysate Regeneration Filter System**
  - Developing filtration device for continuous renal replacement therapy (CRRT), commonly used to treat acute kidney injury.
  - Targeting commercial launch in early 2020, pending 510(k) clearance.
2nd Generation HDF System Design Goals

- Enable Nephrologists to quickly and easily offer HDF treatment to patients
- Provide low capital cost solution vs. new HD/HDF combo machines;
- Offer Mid-Dilution HDF technology

2nd Gen HDF Project Design Targets:
- Reduce set-up/change-over time by 90%
- Reduce space requirement by over 80%
- Provide disposable filter and tube set
- Improve operator ease of use
- Reduce HDF system cost by 95%
- Eliminate nightly maintenance

OLpūr H2H Module:
Converts standard HD Systems to Online HDF Systems

HDF Assist Module:
Converts standard HD Systems to Online HDF Systems
• **Design Goal:** Enable the regeneration of dialysate in a CRRT system.
• **Target Market:** Patients with acute kidney injury (AKI) being treated with a CRRT system, which totals over 500,000 treatment days per year in the US.

**System Benefit Hypotheses:**
• Reduce overall sterile fluid consumption by up to 66%
• Enable the increase of dialysate flow rates, which could decrease the overall time of treatment
• Improve removal of middle molecules
• Reduce overall labor and cost

SRP is targeting a late 2019 product launch, pending 510(k) clearance.
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