

# Nephros, Inc. (Nasdaq: NEPH)

Q3 2023

Robert Banks, President and CEO

# NEPHROS

# Safe Harbor Statement

Certain statements in this management presentation constitute “forward-looking statements.” Such statements include those regarding the efficacy and intended use of our technologies under development, the timelines and strategy for bringing such products to market, the availability of funding sources for continued development of such products, and other statements that are not historical facts, including statements that 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, that (i) we face significant challenges in obtaining market acceptance of our products, which could adversely affect our potential sales and revenues; (ii) 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; (iii) 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; (iv) to the extent our products or marketing materials are found to violate any provisions of the U.S. Food, Drug and Cosmetic Act (the “FDCA”) or any other statutes or regulations, we could be subject to enforcement actions by the U.S. Food and Drug Administration (the “FDA”) or other governmental agencies; (v) we may not be able to obtain funding if and when needed or on terms favorable to us in order to continue operations; (vi) we may not have sufficient capital to successfully implement our business plan; (vii) we may not be able to effectively market our products; (viii) we may not be able to sell our water filtration products or chronic renal failure therapy products at competitive prices or profitably; (ix) we may encounter problems with our suppliers, manufacturers and distributors; (x) we may encounter unanticipated internal control deficiencies or weaknesses or ineffective disclosure controls and procedures; (xi) we may not be able to obtain appropriate or necessary regulatory approvals to achieve our business plan; (xii) 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; (xiii) we may not be able to secure or enforce adequate legal protection, including patent protection, for our products; (xiv) we may not be able to achieve sales growth in key geographic markets; and (xv) the effects of the COVID-19 pandemic may be more severe than we currently anticipate. More detailed information about us 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, 2022 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](http://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.



Our Vision

**Better water for life**

## Who We Are

**Nephros is committed to improving  
the human relationship with water**



**We provide innovative **filtration solutions** to healthcare and commercial markets**

# Q3 2023 At A Glance

Nephros products serve customers within the healthcare and commercial markets, offering solutions that support water safety as well as enhanced taste and other quality improvements

**\$11.0M**

YTD 2023 Revenue

**55%**

YoY Growth

Current

Historical

**\$13.5M**

Trailing 4-Qtr Revenue

**17%**

5-Yr Revenue CAGR

Nasdaq: **NEPH**

Market Cap: **\$30M+**

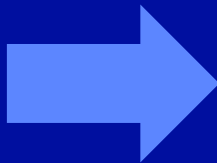
Gross Margin: **55-60%**

# Leadership Transition



**Andy Astor** (retiring)

Advisor and Interim CFO



**Robert Banks**

President & CEO

Formerly the VP of Global Strategic Accounts at Danfoss Power Solutions, Robert has a well-proven track record of delivering value through innovation and aligning the strengths of his organization with customer needs to drive profitable growth of a \$1.2B portfolio. Most recently, he was the Executive Director of Product Management at ITT Gould's Pumps, responsible for sales and marketing of the commercial pump portfolio.

# 2022–2023 Achievements

2022

Reduced expense base

Tightened strategic focus

Doubled size of sales team

Relaunched commercial filtration

PDS sale with earnout potential

SRP operational pause

2023

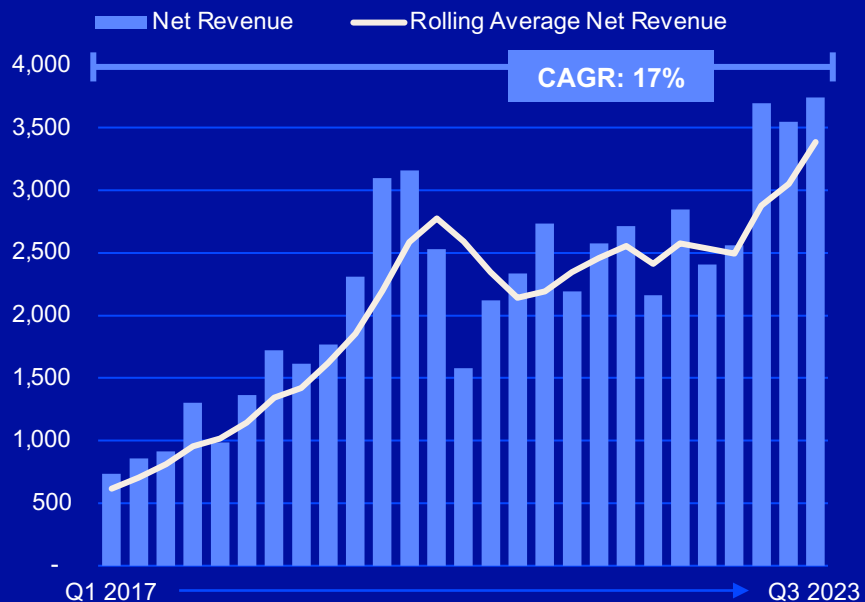
Record revenue

Positive net cash flow

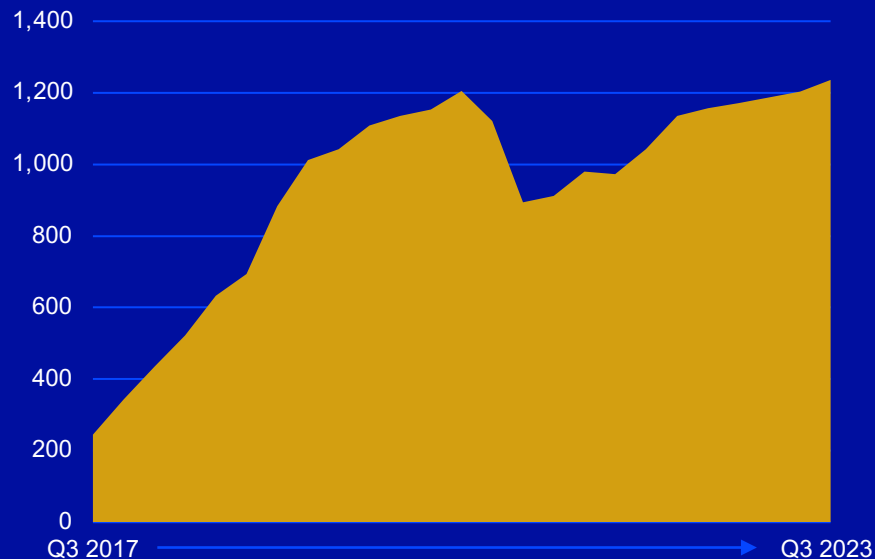
\$11.0M YTD revenue through Q3

# Historical Performance

## Quarterly Revenue



## Active Customer Sites





# What We Offer

# About Nephros

- **26 years** of business in filtration
- Expertise in **infection control** and **water safety**
- **Broad experience** supporting healthcare facilities and large institutions
- Effective supply chain management and **inventory resilience**
- Outstanding customer and partner **support**
- **Active corporate social responsibility work** driven by high employee engagement

# Nephros Capabilities

- Years of OEM, and private label manufacturing experience
- Active customer base includes **more than 80 IDNs**
- **Dedicated internal teams** for R&D, Engineering, Marketing and Quality Assurance
- Flexibility to support **new product development, customization for small- and large-scales projects**
- **Experience with FDA 510(k) submission** development and validation
- **In-house product testing** and analysis
- Products **manufactured in the U.S.**

# Our History

Nephros was founded in 1997 with a focus on providing solutions for End-Stage Renal Disease (ESRD). Patients facing ESRD rely heavily on filtration, and its efficacy is critical to survival.

- **The expertise we have gained having started our business in the dialysis market has qualified us to serve as a trusted resource in water filtration for healthcare and commercial facilities**

# Our Technology



Nephros hollow-fiber technology is available in both **0.1 and 0.005 micron pore-sizes — the smallest on the market**

Our hollow-fiber membranes power all of our **Class II medical filters** and enable the retention of **bacteria, viruses, and endotoxins\***

\* Class II medical filters are now recommended for all healthcare facilities in the new ASHRAE 514 standard

# Nephros Water Filtration Business Segments

Our water filtration expertise is born from years of service in the field of dialysis, arguably the gold standard of medical filtration

Our base business with solid performance

Product lineup relaunched in Q1 2023

## Medical

(Infection Control and Dialysis)



## Commercial

(Food and Beverage)





## Medical

### Infection Control Filtration

Our line of infection control filtration products help reduce the risk and spread of *Legionella* and other opportunistic waterborne pathogens as a means of remediation, or as part of a proactive water management plan.

For point-of-use (3-month life) and in-line installations (6-month life)

### Dialysis Water Filtration

Our dialysis filtration products filter either water or bicarbonate used in hemodialysis devices, ensuring maximal water quality.

For central water systems or portable DI/RO equipment (12-month life)

FDA 510(k)-cleared as Class II  
medical devices



## Commercial

### **Commercial water filtration for effective, optimized performance of:**

Ice Machines

Hot / Cold Beverage Machines

Dishwashers

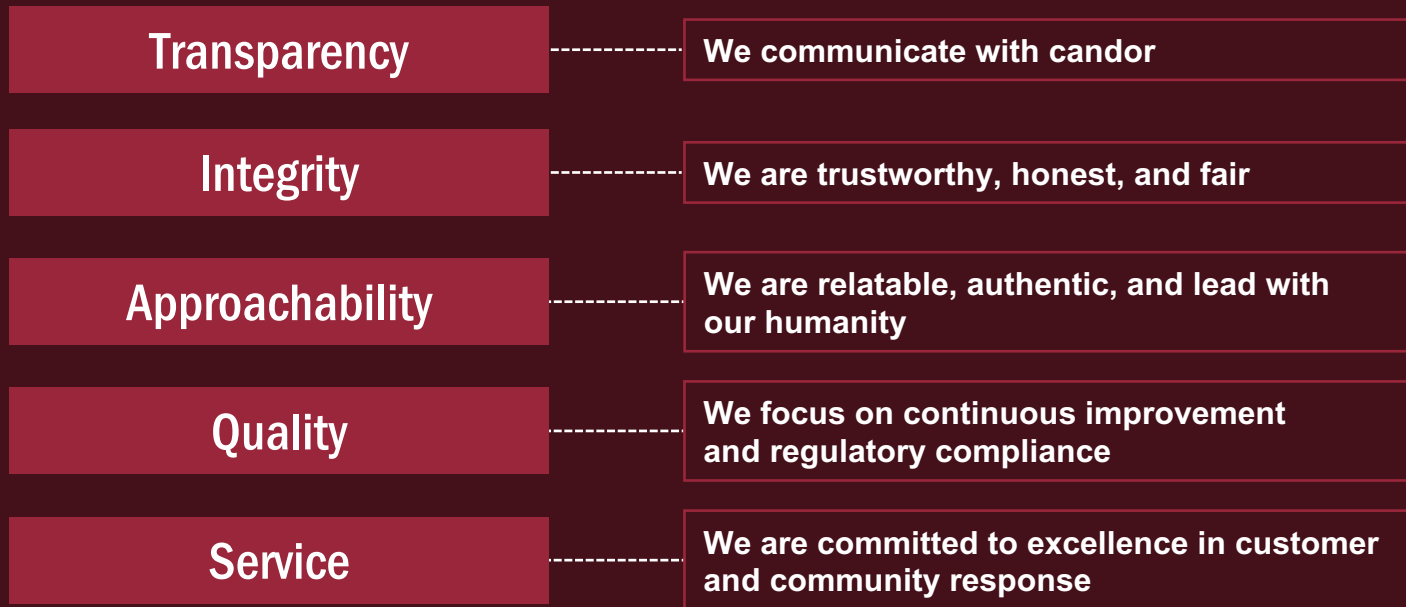
Drinking Fountains / Bottle Fillers

Our filters offer cost-effective control of chlorine, taste, & odor; scale, chloramines, cysts, and other harsh contaminants

**New product lineup with  
high-performance media and  
rigorously verified specs**



# Our Values



# Our Commitment

In keeping with our defined purpose “to improve the human relationship with water,” we actively seek opportunities to practice corporate citizenship and engage partners that further water quality

Our Engagement Partners:



Nephros employees taking action!

# Takeaways

"Grow the Core" Strategy  
Successfully Establishes  
Positive Cash Flow and  
Cements CAGR trend

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**55%**

YoY Growth

Current

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5-Yr Revenue CAGR

**Cap Structure:**

**\$4.6M cash 9/30/2023**

**Market Opportunities:**

**Momentum builds in infection  
control business as regulation  
creates tailwinds**

**High-performing culture;  
Transformation yields growth**

**Indirect channel rigor amplifies  
the Nephros reach**



**Because water matters™**

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**Thank you**

**NEPHROS**