

Nephros Announces Fourth Quarter and Record Fiscal Year 2025 Financial Results

Full-Year Net Revenue Increased 33% Y-O-Y to \$18.8 Million and Fourth-Quarter Net Revenue up 22% Y-O-Y to \$4.7 Million

Reports Second Consecutive Year of Positive Net Income

SOUTH ORANGE, NJ, March 12, 2026 – Nephros, Inc. (Nasdaq: NEPH), a leading water technology company providing filtration solutions to the medical and commercial markets, today announced financial results for the fourth quarter and fiscal year ended December 31, 2025.

Financial Highlights

Fourth Quarter Ended December 31, 2025.

- Net revenue was \$4.7 million, compared to \$3.9 million in the fourth quarter of 2024, up 22%
- Net income was \$62,000, compared to \$349,000 during the same period in 2024
- Adjusted EBITDA was \$131,000, compared to \$481,000 in the fourth quarter of 2024

Year-End 2025

- Net revenue was \$18.8 million, compared to \$14.2 million for the year ended December 31, 2024, up 33%
- Net income was \$1.2 million, compared with \$74,000 in 2024
- Adjusted EBITDA was \$1.6 million, compared with \$548,000 in 2024

“2025 was transformational for Nephros,” said Robert Banks, President and Chief Executive Officer. “We delivered 33% revenue growth following a record year in 2024 and we achieved the highest revenue in a quarter in our history. This performance reflects execution of a clear, disciplined strategy built around three growth pillars: Products, Service, and Education.”

“Our differentiated product portfolio remains at the center of our success. Continued expansion of reorder rates, deployment of additional sales associates, and growth beyond traditional healthcare applications drove meaningful revenue gains in 2025. Further, we extended our long-term supply agreement with our key partner, Medica, ensuring continuity of supply and supporting sustained multi-year growth.”

“We also advanced our service offering through the expansion of installation and replacement capabilities led by Alfred Vargas, Director of Service. The development of these functions in-house has meaningfully reduced barriers to adoption, strengthened customer relationships, and increased opportunities for recurring revenue.”

“Additionally, we launched the Nephros Water Institute, led by Brianne McGuire, Director of Business Development, a major milestone in establishing Nephros as an authority in waterborne pathogen mitigation and facility water safety. The Institute expands our engagement with customers and industry stakeholders while supporting long-term demand for filtration, service, and compliance-driven solutions.”

“Following another record year, we believe our integrated product, service, and education strategy strengthens our competitive position and provides a durable foundation for continued growth and operational scale.”

Financial Performance for the Fourth Quarter and Year Ended December 31, 2025

Net revenue for the years ended December 31, 2025, and 2024 was \$18.8 million and \$14.2 million, respectively. Net revenue for the fourth quarter of 2025 was \$4.7 million, compared with \$3.9 million in the fourth quarter of 2024, an increase of 22%. This increase was primarily driven by higher programmatic revenue, reflecting strong reorder activity and the addition of several new active sites. In addition, we experienced solid growth in our emergency response business as well as significant growth in service revenue.

Cost of goods sold for the year ended December 31, 2025 was \$7.2 million, compared with \$5.4 million in 2024, an increase of 32%. Cost of goods sold for the fourth quarter of 2025 was \$2 million, compared with \$1.4 million in the fourth quarter of 2024, an increase of 41%.

Gross margin was 62% for both of the years ended December 31, 2025, and 2024 respectively. Gross margin for the fourth quarter of 2025 was 58%, compared with 64% in the fourth quarter of 2024. Although we achieved higher margins during the first half of fiscal 2025, those margins eroded somewhat during the second half of the year primarily due to the impact of tariffs. Since April 2025, we have been subject to a 15% tariff on all goods imported from Italy, which was reduced to 10% as of February 22, 2026. While this reduction provides some near-term relief, U.S. tariff policy remains unpredictable, creating uncertainty around potential future margin impacts.

Selling, general and administrative expenses for the year ended December 31, 2025 were \$9 million, compared with \$7.7 million in 2024, an increase of 17% due to an increase in bonuses and sales commissions. Selling, general and administrative expenses for the fourth quarter of 2025 were approximately \$2.3 million, compared with \$1.9 million in 2024, an increase of 24% due primarily to an increase in bonuses and sales commissions.

Research and development expenses for the years ended December 31, 2025, and 2024 were \$1.3 million and \$0.9 million, respectively. Research and development expenses for the fourth quarter of 2025 were \$0.4 million, compared with \$0.3 million in the fourth quarter of 2024, an increase of 57% primarily due to higher headcount and bonuses.

Depreciation and amortization expenses for the year ended December 31, 2025, were approximately \$140,000, compared with approximately \$135,000 in 2024, an increase of 4%. Depreciation and amortization expenses for the fourth quarter of 2025 were approximately \$32,000, compared with approximately \$34,000 in the fourth quarter of 2024.

Net income for the year ended December 31, 2025 was \$1.2 million, compared with \$0.1 million in 2024. Net income for the fourth quarter of 2025 was \$0.1 million, compared with \$0.3 million during the same period in 2024. Our improvement in 2025 net income was largely due to our increased sales revenue. We are extremely pleased to report positive net income for the second consecutive year, the only two in the Company's history.

Adjusted EBITDA for the year ended December 31, 2025 was \$1.6 million, compared with \$0.5 million in 2024. Adjusted EBITDA for the fourth quarter 2025 was approximately \$0.1 million, compared with approximately \$0.5 million in the fourth quarter of 2024.

As of December 31, 2025, Nephros had cash and cash equivalents of approximately \$5.4 million, compared to \$3.8 million as of December 31, 2024, and remains debt free.

Adjusted EBITDA Definition and Reconciliation to GAAP Financial Measures

Adjusted EBITDA is calculated by taking net income (loss) calculated in accordance with generally accepted accounting principles (“GAAP”) and excluding all interest-related expenses and income, tax-related expenses and income, non-recurring expenses and income, and non-cash items, including depreciation, amortization, non-cash inventory write-offs, and non-cash compensation. The following tables present a reconciliation of Adjusted EBITDA to net income (loss), the most directly comparable GAAP financial measure, for the fourth quarter and year to date of the 2025 and 2024 fiscal years:

<u>(unaudited)</u>					
2024	3/31/24	Three Month Period Ended			Annual
		6/30/24	9/30/24	12/31/24	Totals
	(in \$ thousands)				
Net (loss) income	(169)	(289)	183	349	74
Adjustments:					
Depreciation of property and equipment	11	11	12	12	46
Amortization of other assets	23	24	21	23	91
Interest expense	1	-	-	-	1
Interest income	(25)	(21)	(20)	(28)	(94)
Non-cash stock-based compensation	(9)	35	65	62	153
Non-cash inventory impairments	73	107	34	48	262
Adjusted EBITDA Income (loss)	(95)	(133)	295	466	533
<u>(unaudited)</u>					
2023	3/31/23	Three Month Period Ended			Annual
		6/30/23	9/30/23	12/31/23	Totals
	(in \$ thousands)				
Net loss	(306)	(433)	(182)	(654)	(1,575)
Adjustments:					
Depreciation of property and equipment	10	10	9	10	39
Amortization of other assets	44	44	46	41	175
Interest expense	1	-	-	1	2
Interest income	(12)	(13)	(11)	(28)	(64)
Non-cash stock-based compensation	319	194	149	390	1,052
Non-cash inventory impairments	91	15	-	189	295
Adjusted EBITDA Income (loss)	147	(183)	11	(51)	(76)

Nephros believes that Adjusted EBITDA provides useful information to management and investors regarding certain financial and business trends relating to Nephros’ financial condition and results of operations. Management does not consider Adjusted EBITDA in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitation of Adjusted EBITDA is that it excludes significant expenses and income that are required by GAAP to be recognized in Nephros’ financial statements. In addition, Adjusted EBITDA is subject to inherent limitations as it reflects the exercise of judgments by management about which expenses and income are excluded or included in determining Adjusted EBITDA. To compensate for these limitations, management presents Adjusted EBITDA in connection with net income loss, the most directly

comparable GAAP financial measure. Nephros urges investors to review the reconciliation of Adjusted EBITDA to net income loss and not to rely on any single financial measure to evaluate the business.

Conference Call Today at 4:30pm Eastern Time

Nephros will host a conference call today at 4:30pm ET, during which management will discuss Nephros' financial results and provide a general business overview.

Participants may dial into the call as follows:

Domestic access: 1 (844) 808-7106

International access: 1 (412) 317-5285

Upon joining, please ask to be joined into the Nephros conference call.

An audio archive of the call will be available shortly after the call on the [Nephros Investor Relations page](#).

Alternatively, a replay of the call may be accessed until March 19th, 2026, at 1 (855) 669-9658 or 1 (412) 317-0088 for international callers and entering replay access code: 3018234

About Nephros

Nephros is committed to improving the human relationship with water through leading, accessible technology. We provide innovative water filtration products and services, along with water-quality education, as part of an integrated approach to water safety. Nephros goods serve the needs of customers within healthcare and commercial markets, offering both proactive and emergency solutions for water management.

For more information about Nephros, please visit nephros.com.

Forward-Looking Statements

This release contains forward-looking statements that are subject to various risks and uncertainties. Such statements include statements regarding Nephros' expected revenue and cash flows for the quarter and year ended December 31, 2025, expected future revenue growth and the timing of such growth, the impact of U.S. tariff policy on future financial performance, the effect of new regulations on future revenue growth, the expected competitive advantages and anticipated impact of new product, service and customer education offerings, and other statements that are not historical facts, including statements that may be accompanied by the words "intends," "may," "will," "plans," "expects," "anticipates," "projects," "predicts," "estimates," "aims," "believes," "hopes," "potential" or similar words. Actual results could differ materially from those described in these forward-looking statements due to certain factors, including Nephros' ability to further develop its sales organization and realize increased revenues, the extent to which financial results based on emergency response sales can be outside Nephros' control, U.S. tariff and trade policy, inflationary factors and other economic and competitive conditions, the availability of capital when needed, dependence on third-party manufacturers and researchers, and regulatory reforms. These and other risks and uncertainties are detailed in Nephros' reports filed with the U.S. Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2025, which is expected to be filed on or before March 31, 2026. You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of this release, and Nephros does not undertake any responsibility to update any forward-looking statements that it makes, except as may be required by law.

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NEPHROS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)
(Unaudited)

ASSETS	December 31, 2024	December 31, 2023
Current assets:		
Cash and cash equivalents	\$ 3,760	\$ 4,307
Accounts receivable, net	1,781	1,496
Inventory	2,615	2,470
Prepaid expenses and other current assets	142	132
Total current assets	8,298	8,405
Property and equipment, net	161	152
Lease right-use-of assets	1,377	1,807
Intangible assets, net	349	381
Goodwill	759	759
License and supply agreement, net	216	271
Other assets	50	86
TOTAL ASSETS	\$ 11,210	\$ 11,861
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	649	873
Accrued expenses	565	794
Current portion of lease liabilities	348	446
Total current liabilities	1,562	2,113
Equipment financing, net of current portion	-	-
Lease liabilities, net of current portion	1,063	1,390
TOTAL LIABILITIES	2,625	3,503
 STOCKHOLDERS' EQUITY:		
Preferred stock, \$.001 par value; 5,000,000 shares authorized at December 31, 2024 and 2023; no shares issued and outstanding at December 31, 2024 and 2023	-	-
Common stock, \$.001 par value; 40,000,000 shares authorized at December 31, 2024 and 2023; 10,544,691 and 10,543,675 shares issued and outstanding at December 31, 2024 and 2023, respectively	11	10
Additional paid-in capital	152,906	152,754
Accumulated deficit	(144,332)	(144,406)
TOTAL STOCKHOLDERS' EQUITY	8,585	8,358
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 11,210	\$ 11,861

NEPHROS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share amounts)
(Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	2024	2023
Net revenue:				
Product revenues	\$ 3,849	\$ 3,198	\$ 14,035	\$ 14,110
Royalty and other revenues	21	56	127	128
Total net revenues	3,870	3,254	14,162	14,238
Cost of goods sold	1,395	1,233	5,439	5,833
Gross margin	2,475	2,021	8,723	8,405
Operating expenses:				
Selling, general and administrative	1,872	2,411	7,676	8,911
Research and development	252	208	906	873
Depreciation and amortization	34	51	135	214
Total operating expenses	2,158	2,670	8,717	9,998
Operating income (loss)	317	(649)	6	(1,593)
Other (expense) income:				
Interest expense	-	(1)	(1)	(2)
Interest income	28	28	94	64
Other (expense) net	19	(32)	(10)	(44)
Total other expense:	47	(5)	83	18
Income (loss) before income taxes	364	(654)	89	(1,575)
Income tax expense	(15)	-	(15)	-
Net income (loss)	\$ 349	\$ (654)	\$ 74	\$ (1,575)
Net income (loss) per common share, basic	\$ 0.03	\$ (0.06)	\$ 0.01	\$ (0.15)
Net income (loss) per common share, diluted	\$ 0.03	\$ (0.06)	\$ 0.01	\$ (0.15)
Weighted average common shares outstanding, basic	10,544,353	10,486,286	10,525,197	10,386,018
Weighted average common shares outstanding, diluted	10,555,990	10,486,286	10,609,642	10,386,018