



2024 Corporate Presentation

# Advanced Technology That Makes Water Better

— Robert Banks, President and CEO

# NEPHROS

because water matters™

## 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 our expectation of achieving profitability and the timing thereof, 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 "FDC Act") 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; (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 year ended December 31, 2023, 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.

# NEPHROS

## Overview

Nephros provides leading filtration solutions to a variety of industries including healthcare, hospitality, institutions, government, and manufacturing

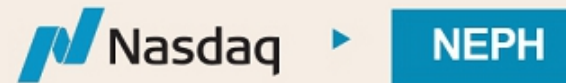
Nephros water filters support medical and commercial use, with options for contaminants like scale or sediment, and FDA-cleared Class II products for infection control and dialysis water or bicarbonate concentrate



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3

### Market Data



 As of July 31, 2024

**\$2.19**

Price (7/31/2024)

**\$23.0M**


Market Cap

**\$1.35-\$4.04**

52-Week Range (to 7/31)

**~13,600**

Average Daily Trading (3-month to 7/31/24)

 As of June 30, 2024

**10.5M**

Common Shares  
Outstanding

**~2.5%**

Management  
Holdings

## Investment Highlights

- New executive team rationalizing and re-energizing leading water filtration provider
- Proprietary technology with multiple competitive advantages
- Growing demand fueled by regulatory tailwinds
  - **ASHRAE 514** - infection control
  - **ST108** - sterile processing
  - **AAMI standards** - dialysis
- Nearing GAAP profitability from increasing revenue momentum and positive cash flow
  - Growing recurring revenue from “programmatic” subscription customers
- Strong balance sheet with no debt to support growth initiatives



## Professional Executive Team



**ROBERT BANKS**

President & CEO

Robert has a proven track record of delivering value through innovation and aligning the strengths of his organization with customer needs to drive profitable growth. 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. Earlier, Robert was the VP of Global Strategic Accounts at Danfoss Power Solutions.



**JUDY KRANDEL**

Chief Financial Officer

With more than 20 years of experience in asset management, investment, operations, reporting and oversight, as well as formal accounting expertise, Judy has an impressive record of financial leadership and planning. Previously, Judy was CFO at Recruiter.com and Paltalk Inc., both public companies. Judy holds a Bachelor of Science in Finance from the Wharton School and a Master of Business Administration from the University of Chicago Booth School of Business.

## Board Of Directors

### — ROBERT BANKS

#### **President & Chief Executive Officer**

Responsible for leading the organization with a clear, set vision, developing a strategy to achieve that vision, and then executing that strategy. Robert leads our team to success by inspiring and motivating employees, building strong relationships with customers and stakeholders, and making difficult decisions, all while managing resources effectively. Robert's favorite part about working at Nephros is the opportunity to work with best-in-class technology while taking our partner and customer relationships to extraordinary levels as we grow and create shareholder value. Robert holds a Bachelor of Mechanical Engineering from the University of Delaware, along with a Master of Business Administration from the University of Maryland.

### — ALISA LASK

Alisa is currently the Chief Commercial Officer for Rion, a regenerative medicine company. She brings more than 20 years of commercial experience in sales and marketing across the pharmaceutical, medical device, and cosmeceutical sectors. Her broad commercial experience in both U.S. and Global markets includes launching and renewing brands through digital transformation, disruptive go-to-market strategies, and award-winning consumer marketing. Alisa is also a Director of CollPlant Biotechnologies Ltd., a publicly traded regenerative medicine company.

### — JOE HARRIS

Joe is currently the Midwest Sales Director at Murj, a digital health company focused on patients with implantable cardiac devices. Previous roles have included Sales Director positions at HeartFlow, Inc., BIOTRONIK, and Boston Scientific. Joe is a U.S. Army veteran and graduate of the U. S. Military Academy at West Point.

### — ARTHUR AMRON

Arthur was for more than 20 years a partner and General Counsel of Wexford Capital until December 2023, and he continues as a special limited partner of, and consultant to, Wexford. During his tenure at Wexford he participated in various private equity transactions, particularly in the bankruptcy and restructuring areas, and has served on the board committees of several public and private companies in which Wexford held investments.

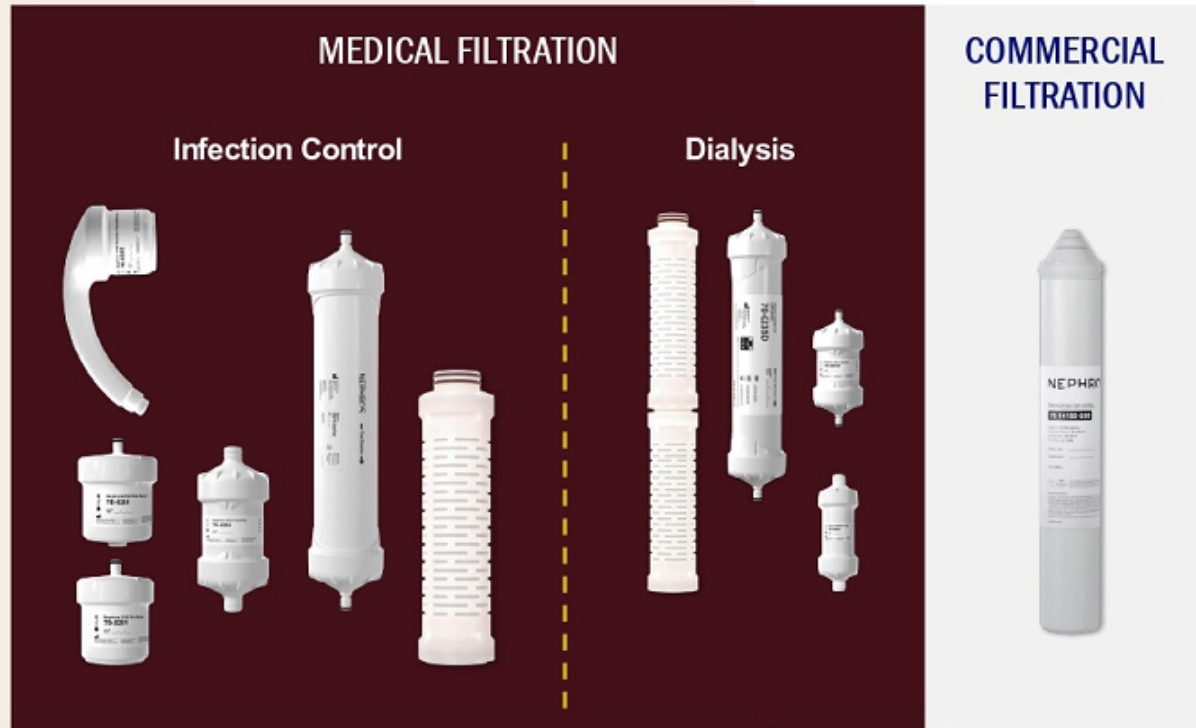
### — OLIVER SPANDOW

Oliver is currently the Chief Financial Officer, Executive Vice President, and a Director of IDOC, LLC, an optometry-based consulting and member service organization. Previously, Oliver spent 15 years with Johnson and Johnson (J&J), including as General Manager of the Vision Care business in the UK and Ireland, in addition to general finance, sales and marketing roles with work on multiple acquisitions, divestment, and licensing deals. Earlier, Oliver was a Management Consultant with Price Waterhouse.

## Water Filtration Business Segments

Nephros water filtration business is comprised of two segments: medical water filtration and commercial water filtration

We offer a robust line-up of solutions that support an array of installation applications for both water safety and quality





## Medical Filtration

Medical water filtration is our core business, and within this segment are two sub-categories: **Infection Control** and **Dialysis**

All solutions in this segment are FDA 510(k)-cleared as Class II medical devices for effective retention of waterborne pathogens





## MEDICAL FILTRATION

# Superior Technology

Our FDA Class II water filters are capable of effectively retaining bacteria, viruses, and endotoxins with proprietary, hollow-fiber media. This exceptional filtration technology is born from years of service in the field of dialysis, arguably the gold standard of all fluid purification.

Our hollow-fiber membranes work through size exclusion and enable the retention of bacteria, viruses, and endotoxins



**MEDICAL FILTRATION**    **INFECTION CONTROL**

## Infection Control



### — BENEFITS AND CAPABILITIES

- ✓ Purify EPA-quality water to be suitable for drinking, surgical handwashing, and medical equipment cleaning
- ✓ Aid in infection control while supporting facility safety and continuity of operations
- ✓ Provide effective barrier for bacteria, viruses, and endotoxins
- ✓ Ideal for both remediation of compromised water and preventative water management

### — APPLICATIONS

- Installation supported at sinks, showers, manufacturing or healthcare equipment, and ice machines



## Infection Control Business Drivers



### INFLUENCES

- CMS, TJC, ASHRAE
- ASHRAE 188 and (new) 514 detail water management plan guidance



### CUSTOMERS

- Healthcare facilities
- Government
- Manufacturing
- Schools
- Labs



### SALE TYPES

- Programmatic (recurring replacement orders)
- Emergency (outbreaks / compromised water events)

## Dialysis

### BENEFITS AND CAPABILITIES

- ✓ Offer sub-micron purification of water and bicarbonate concentrate following other water treatment equipment, such as reverse osmosis
- ✓ Ideal for a variety of configurations throughout the dialysis water loop
- ✓ Long, continuous 12-month (1-year) filter life
- ✓ Available in dual- or single-stage filtration designs
- ✓ Compact options available to support low-flow setups

### APPLICATIONS

- Installation supported within water rooms following RO, into water lines as polishing stage, and within both stationary and portable dialysis machines





## Dialysis Business Drivers



### INFLUENCES

- ISO and ANSI/AAMI (new standard ST108)
- Dedicated national sales coverage



### CUSTOMERS

- Dialysis clinics and dialysis wings within healthcare facilities
- OEM partners



### SALE TYPES

- Large accounts (fewer players)
- New product development

## COMMERCIAL FILTRATION



# Commercial

### BENEFITS AND CAPABILITIES

- ✓ High-quality reduction of water contaminants like lead, scale, and sediment
- ✓ Improved equipment performance and efficiency
- ✓ Reduced machine maintenance
- ✓ Available in multiple keys and sizes to fit a variety of manifold configurations
- ✓ Phosphate- and carbon-free options available

### APPLICATIONS

- + Installation supported at food / beverage machines, ice machines, coffee / tea makers, bottle fillers, and drinking fountains

## COMMERCIAL FILTRATION



# Commercial Business Drivers



### INFLUENCES

- IAPMO, NSF, and ANSI standards



### CUSTOMERS

- Restaurants and quick-service restaurants (QSR)
- Convenience stores
- Hospitality
- Facilities with cafeterias and/or staff kitchens



### SALE TYPES

- Programmatic (recurring replacement orders)

A person is shown from the chest up, holding a smartphone in their right hand. The image is heavily blurred and has a dark blue overlay. The person's face is partially visible on the right side. The background appears to be an indoor setting with some vertical lines, possibly a wall or a door frame.

# Looking Ahead



## Growth Strategy

- Continue expansion of sales coverage
  - Expanding sales team to further capitalize national opportunities
  - Expanding relationship with key distributors to help market coverage
- Increase cross selling between products and applications
- Continue converting one-time customers to programmatic
- Leverage changing regulatory guidance to drive sales and market share
- Explore new product, distribution, and service partnerships
- Launch digital tools to support products and customers



## New Developments

### PRODUCTS AND SERVICES

- Digital tools to enhance Nephros value
  - Currently beta testing filter tracker to drive reorders and customer behavior
  - Development of a “digital twin” to monitor environmental inputs, anticipate usage, and drive strategy
- Release of a dedicated sterile processing solution to support ST108 demand
- Expanded international clearances for most in-demand dialysis solutions
- Addition of nano- and micro-plastic removal (NMPs) claims for each of our filtration segments
- Investment in new verticals and product innovations

NEW DEVELOPMENT

## Nano- And Microplastics

Human exposure presents multiple health concerns

- Nanoplastics penetrate biological barriers
- Leaches toxic chemicals
- Results: cellular toxicity, inflammation, damaged DNA

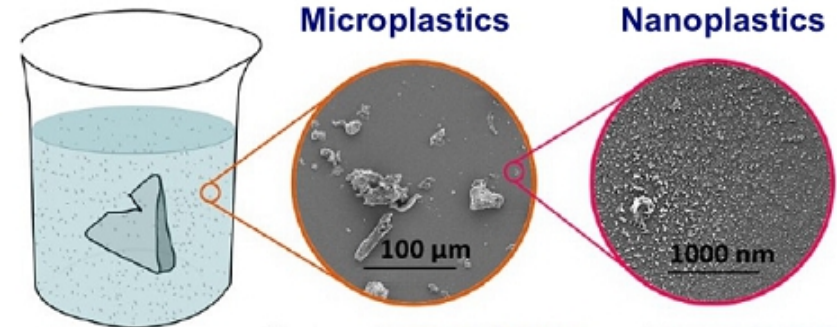


0.005  $\mu\text{m}$ /5 nm Direct Barrier!!

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# 66

Because we have the smallest pore size in the market... we are the best filter company to address NMPs."



## NEW DEVELOPMENT

# Digital Tools

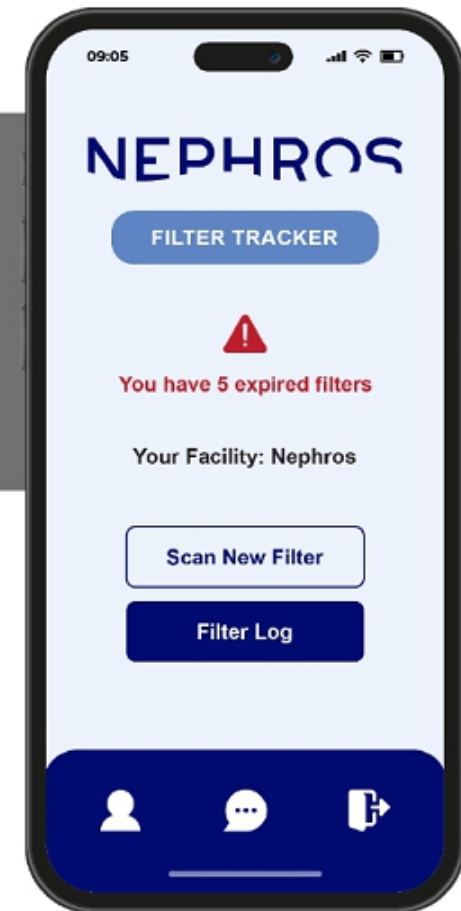
### Enhanced Customer Experience

- Documentation of filter installations
- Captures critical data points
- Digital tools increase Nephros value
  - Tracker drives reorders
  - Coming "digital twin" with real time environmental inputs

“This is only beginning of what is possible in our digital environment.”

— Robert Banks, CEO and President

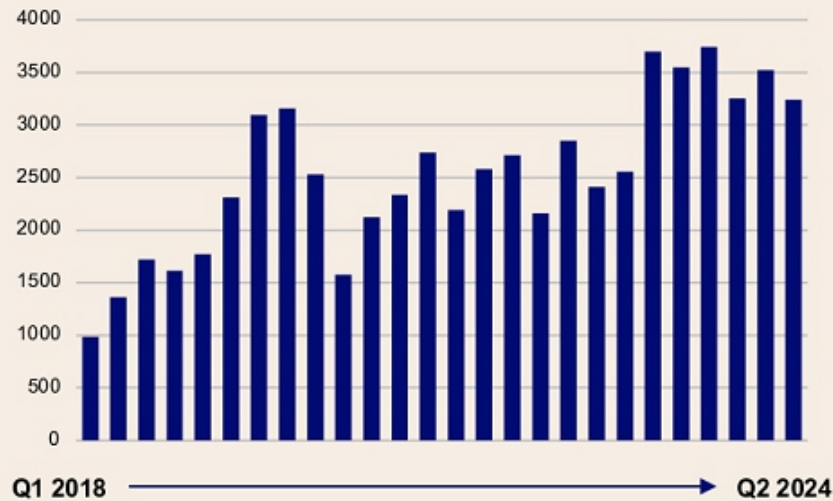
“We have taken an exciting step towards digitizing with the launch of a filter tracker.”



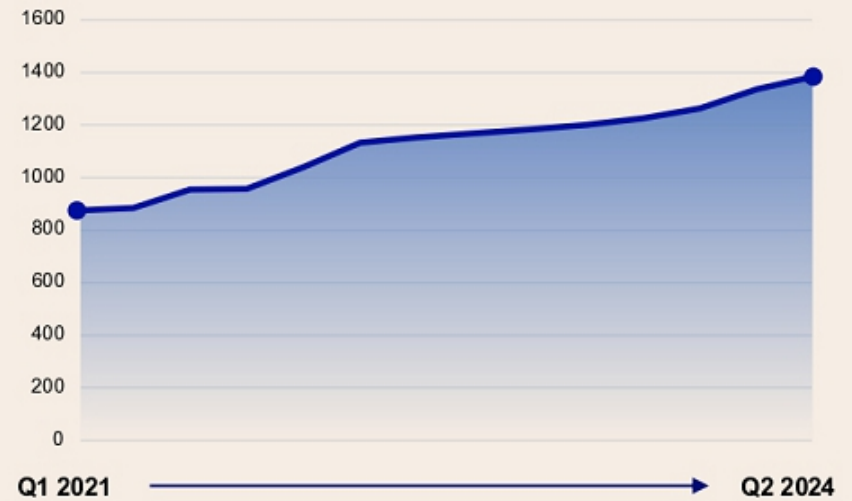
# NEPHROS

## Growing Customer Base Driving Increasing Revenue Momentum

Reported Revenue From Continuing Operations



Active Customer Sites



## Nephros, Inc. – Financial Highlights

Consolidated	2024Q2	2023Q2	YTD 2024	YTD 2023
<b>REVENUE</b>	<b>3,252</b>	<b>3,545</b>	<b>6,774</b>	<b>7,242</b>
Gross Margin	59%	59%	61%	58%
<b>EBITDA</b>	<b>(275)</b>	<b>(392)</b>	<b>(434)</b>	<b>(655)</b>
Adjusted EBITDA	(133)	(183)	(228)	(36)
Operating Income (Loss)	(317)	(435)	(517)	(741)
Net Cash Flow From Operations	(501)	226	(1,173)	502
EPS From Continuing Operations	(0.03)	(0.04)	(0.04)	(0.07)
Net Loss	(289)	(433)	(458)	(739)
Dollars In 000s Except Per Share Amounts				

## Nephros Inc. – Selected Balance Sheet Information

Assets	June 30, 2024	March 31, 2024	December 31, 2023
<b>Current Assets:</b>			
Cash And Cash Equivalents	3,080	3,633	4,307
Accounts Receivable, Net	1,878	1,518	1,496
Inventory	2,803	2,779	2,470
Other Current Assets	165	200	132
<b>Total Current Assets</b>	<b>7,926</b>	<b>8,130</b>	<b>8,405</b>
Other Assets	3,174	3,286	3,456
<b>Total Assets</b>	<b>11,100</b>	<b>11,416</b>	<b>11,861</b>
<b>Liabilities And Stockholders' Equity</b>			
Current Liabilities:			
Accounts Payable	1,159	1,114	873
Other Current Liabilities	793	815	1,240
<b>Total Current Liabilities</b>	<b>1,952</b>	<b>1,929</b>	<b>2,113</b>
Other Liabilities	1,222	1,307	1,390
<b>Total Liabilities</b>	<b>3,174</b>	<b>3,236</b>	<b>3,503</b>
<b>Total Stockholders' Equity</b>	<b>7,926</b>	<b>8,180</b>	<b>8,358</b>
<b>Total Liabilities And Equity</b>	<b>11,100</b>	<b>11,416</b>	<b>11,861</b>

Dollars In 000s

# NEPHROS Cap Table



Cap Table as of 06/30/24

**\$3.1 MM**

Cash

**10.5 MM**

Shares o/s

**1.2 MM**

Total equity grants  
outstanding

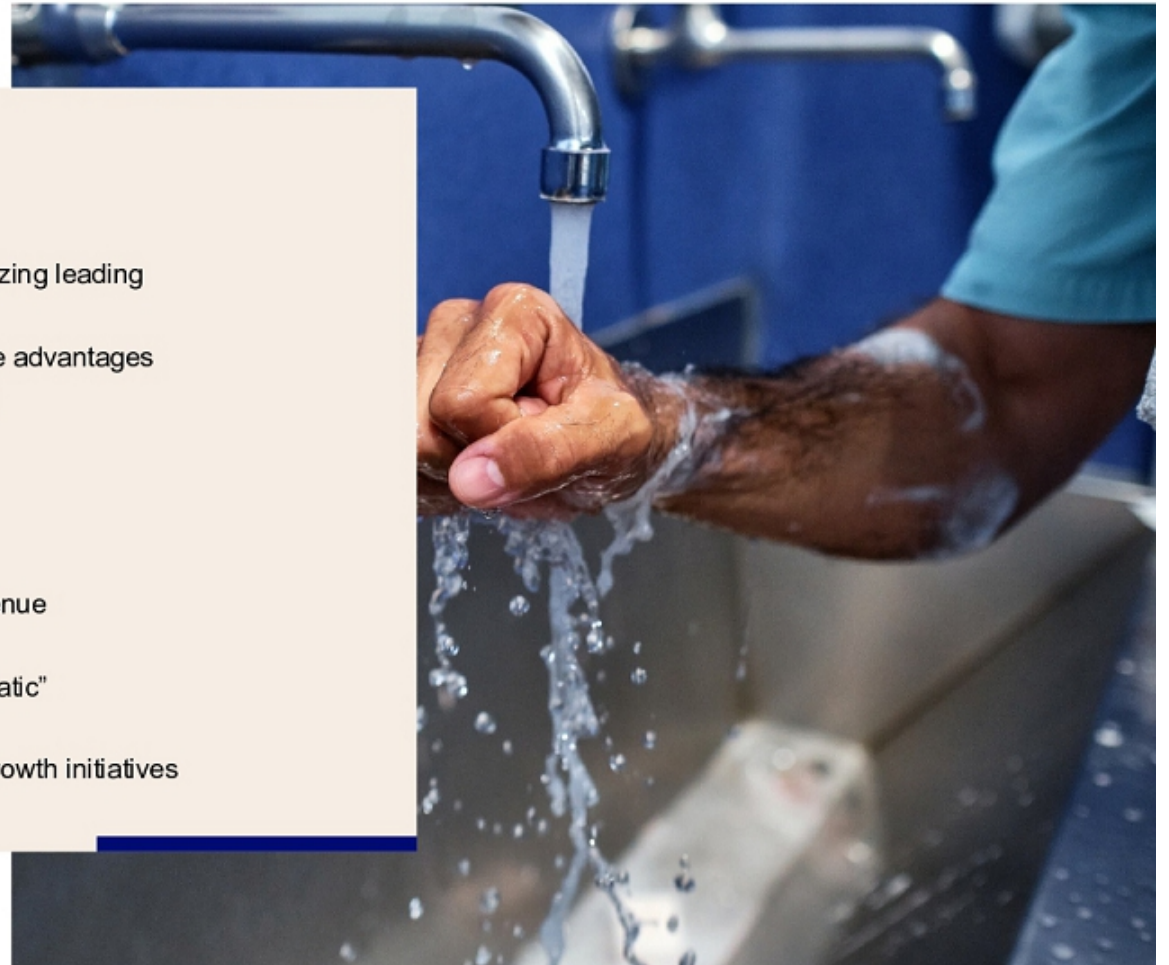
**\$0**

Debt



## Key Takeaways

- New executive team rationalizing and re-energizing leading water filtration provider
- Proprietary technology with multiple competitive advantages
- Growing demand fueled by regulatory tailwinds
  - **ASHRAE 514** - infection control
  - **ST108** - sterile processing
  - **AAMI standards** - dialysis
- Nearing GAAP profitability from increasing revenue momentum and positive cash flow
  - Growing recurring revenue from “programmatic” subscription customers
- Strong balance sheet with no debt to support growth initiatives



# Thank You!

## Investor Relations Contacts:



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**Robert Banks**

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NEPHROS

27

# Appendix



## EBITDA And Adjusted EBITDA

### EBITDA and Adjusted EBITDA Definitions and Reconciliation to GAAP Financial Measures

EBITDA is calculated by taking net loss calculated in accordance with generally accepted accounting principles ("GAAP") and excluding all interest-related expenses and income, tax-related expenses and income, and depreciation and amortization expense. Adjusted EBITDA is calculated by taking EBITDA and excluding non-recurring expenses and income and non-cash items, including non-cash inventory impairments and write-offs, and non-cash compensation. The tables on the following page presents a reconciliation of EBITDA and Adjusted EBITDA to net loss, the most directly comparable GAAP financial measure, for the fourth quarters of each of 2023 and 2022, and full years 2023 and 2022.

## EBITDA And Adjusted EBITDA Reconciliation

2024	Q2 2024 (unaudited)	YTD 2024	2023	Q2 2023 (unaudited)	YTD 2023
(in thousands)			(in thousands)		
Reconciliation Of Net Loss:			Reconciliation Of Net Loss:		
<b>Net Loss</b>	<b>(289)</b>	<b>(458)</b>	<b>Net Loss</b>	<b>-443</b>	<b>-739</b>
<b>Adjustments:</b>			<b>Adjustments:</b>		
Depreciation Of Property And Equipment	11	22	Depreciation Of Property And Equipment	10	20
Amortization Of Other Assets	24	47	Amortization Of Other Assets	44	88
Interest Income	(21)	(46)	Interest Expense	-	1
<b>EBITDA Loss From Continuing Operations</b>	<b>(275)</b>	<b>(434)</b>	<b>Interest Income</b>	<b>(13)</b>	<b>(25)</b>
<b>Adjustments To EBITDA:</b>			<b>EBITDA Loss From Continuing Operations</b>		
Non-cash Stock-based Compensation	35	26		<b>(392)</b>	<b>(655)</b>
Non-cash Inventory Impairments	107	180	<b>Adjustments To EBITDA:</b>		
<b>Adjusted EBITDA Loss</b>	<b>(133)</b>	<b>(228)</b>	Non-cash Stock-based Compensation	194	513
			Non-cash Inventory Impairments	15	106
			<b>Adjusted EBITDA Loss</b>	<b>(183)</b>	<b>(36)</b>

## Corporate Milestones



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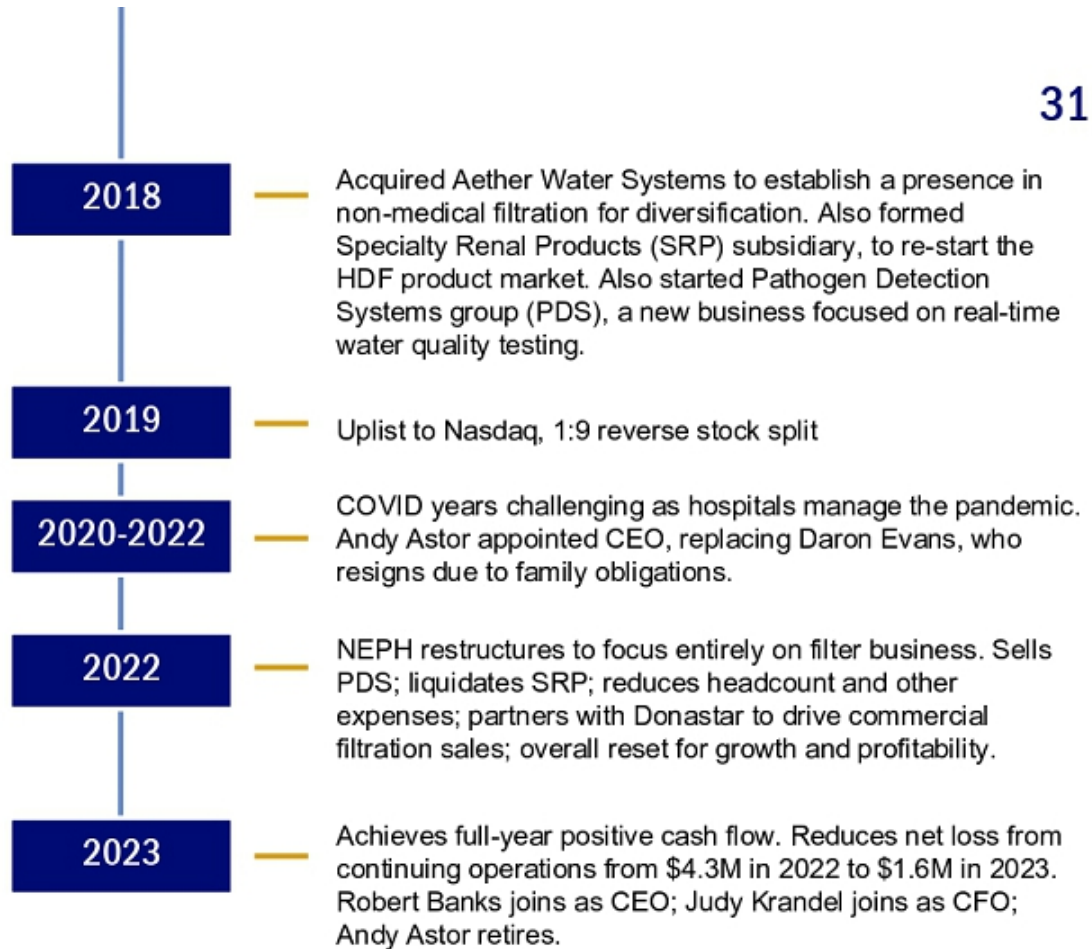


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# Corporate Milestones



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# NEPHROS

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[nephros.com](http://nephros.com)