

# Q1 2020 Financial Results

May 5, 2020



Nasdaq: KRMD

# DISCLAIMER / NON-GAAP MEASURES

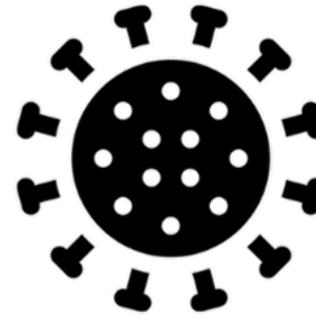
This presentation contains "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: "expect", "plan," "goal," "seek," "vision," "confident," "future," "will" and similar references to future periods. Examples of forward-looking statements include, among others, statements we make regarding our Strategic Plan and other goals, our pathway to growth, and the total global home infusion therapy market by 2026. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: impact of COVID-19; introduction of competitive products; availability of insurance reimbursement; changes in U.S. Food and Drug Administration regulations; changes to health care policies; success of our research and development efforts; our ability to raise capital if or when needed; acceptance of and demand for new and existing products; expanded market acceptance of the FREEDOM Integrated Infusion System; our ability to obtain required governmental approvals; success in enforcing and obtaining patents; continued performance by principal suppliers; continued customer preference to work through distributors; continued service of key personnel and attracting and maintaining new personnel; the costs, duration and ultimate outcome of litigation; and general economic and business conditions. Any forward-looking statement made by us is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

## **Non-GAAP Adjusted EBITDA**

Adjusted EBITDA excludes from net income: tax expense, depreciation and amortization, interest income, operating expenses associated with the Company's organizational changes prior to March 31, 2019, discounted product expense, litigation costs, manufacturing initiative expenses, and stock option expense.

## **Non-GAAP Measures**

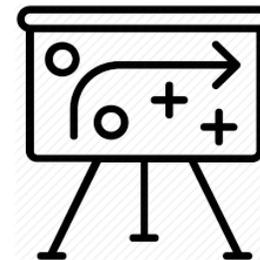
This presentation includes non-GAAP financial measures that are not in accordance with, nor an alternate to, generally accepted accounting principles and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles. Non-GAAP financial measures should not be considered a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. They are limited in value because they exclude charges that have a material effect on our reported results and, therefore, should not be relied upon as the sole financial measures to evaluate our financial results. The non-GAAP financial measures are meant to supplement, and to be viewed in conjunction with, GAAP financial results. A reconciliation of our non-GAAP measures is included in this presentation.



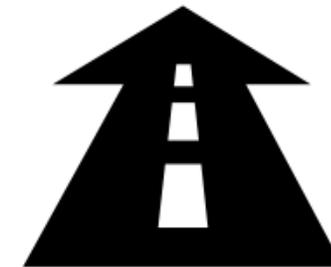
COVID-19 Response



Strong Q1 2020 Performance



Executing our Strategic Plan



Looking to the Future

# COVID-19



KORU Medical's business is currently considered **essential** and we continue to operate during these difficult times.



We are following recommendations from the **CDC** and **WHO** to protect our employees and customers.



Team members who can conduct their work **remotely** are being advised to do so.



We continue to **produce** products as planned, while managing our **inventory** and **supply chain** to minimize disruptions.

**We have experienced minimal operational disruptions due to the impact of COVID-19 and are confident that we can successfully navigate these challenges.**

# COVID-19



The overwhelming majority of the patients we serve are treating **chronic**, life-long conditions.



No material issues expected with **US plasma supply** for this year.\*



Crisis may result in greater awareness of the **benefits of home health** care and **acceleration** of SubQ therapy.

**Our mission to provide our products to patients with chronic medical conditions is more important than ever. Longer term, we believe that the COVID-19 experience may accelerate the shift of drug infusion therapy to an at-home model and further advance the development of subcutaneous immunoglobulin drugs.**

# Q1 2020 FINANCIAL SUMMARY (\$ in MMs)



- Continuing to penetrate PIDD and CIDP end markets
- Clinical trial sales
- Eliminated legacy product line (not material to overall results)
- Exploring manufacturing initiatives
- Increased R&D investment
- Significant decline in legal fees

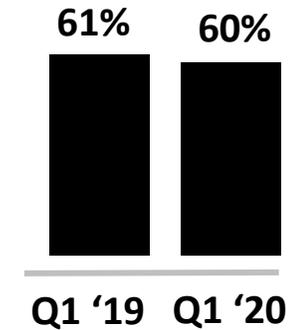
## NET SALES



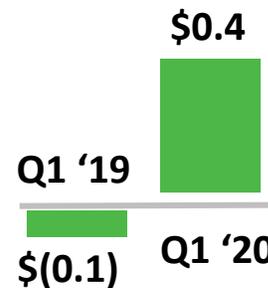
## GROSS PROFIT



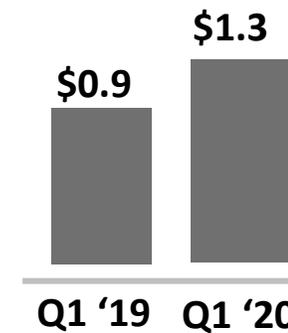
## GROSS MARGIN



## NET (LOSS) INCOME



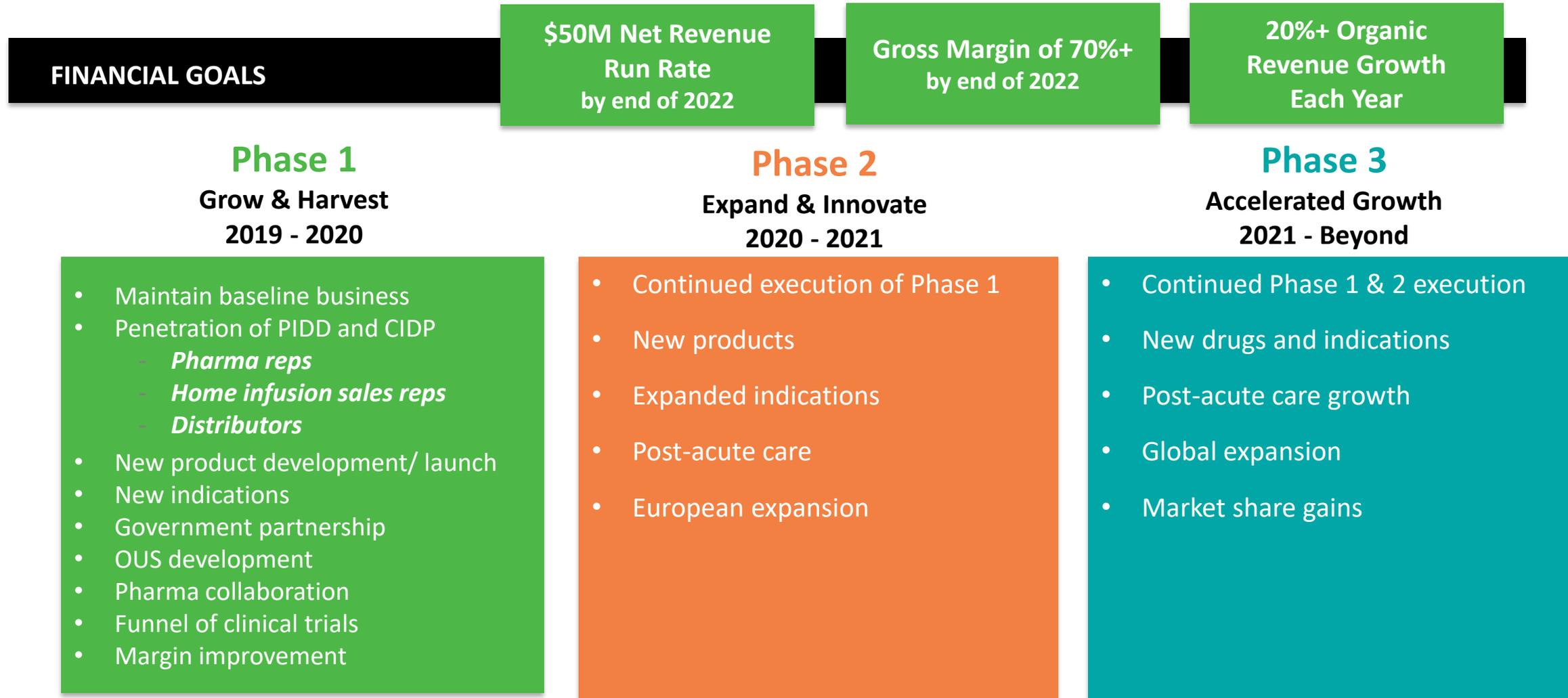
## ADJUSTED EBITDA\*



\*Adjusted EBITDA excludes from net income: tax expense, depreciation and amortization, interest income, net, operating expenses associated with the Company's organizational changes prior to March 31, 2019, discounted product expense, litigation costs, manufacturing initiative expenses, and stock option expense.

# STRATEGIC PLAN

TO BECOME THE PREFERRED DRUG DELIVERY PARTNER FOR SPECIFIC INFUSION THERAPIES IN SELECT MARKETS



# THE LONG VIEW: GROWTH DRIVERS

**Growing Adoption of Ig Therapy**



**Expanded Indications for Existing Therapies**  
(e.g. Secondary Immunodeficiency)



**Support Drug Development for New Disease States**



**Expand Outside the United States**



## Q1 2020 FINANCIAL SUMMARY (\$ in MMs)

	Three Months Ended 3/31/20	Three Months Ended 3/31/19	Year Over Year Change
Net Sales	\$ 6.3	\$ 5.0	27.3%
Gross Profit	\$ 3.8	\$ 3.1	24.3%
Gross Margin	59.9%	61.3%	(140) bps
Total Operating Expenses	\$ 3.2	\$ 3.2	--
Net Income / (Loss)	\$ 0.4	\$ (0.1)	\$ 0.5 M
Non-GAAP Adjusted EBITDA*	\$ 1.3	\$ 0.9	37.8%

\*Adjusted EBITDA excludes from net income: tax expense, depreciation and amortization, interest income, net, operating expenses associated with the Company's organizational changes prior to March 31, 2019, discounted product expense, litigation costs, manufacturing initiative expenses, and stock option expense.

# BALANCE SHEET AND CAPITAL STRUCTURE (\$ in MM\$)



**\$7.4 M**  
**Cash & Cash Equivalents**  
 at March 31, 2020



**\$3.5 M**  
**Line of Credit**  
 effective April 14, 2020



**44.2 M**  
**Diluted Shares Outstanding**  
 at March 31, 2020

	March 31, 2020	December 31, 2019
Cash & Cash Equivalents	\$ 7.4	\$ 5.9
Current Assets	\$ 14.5	\$ 11.9
Total Assets	\$ 16.6	\$ 13.9
Total Liabilities	\$ 4.5	\$ 2.7
Shareholders' Equity	\$ 12.1	\$ 11.2

## APPENDIX: RECONCILIATION\*

### Reconciliation of GAAP Net Income to Non-GAAP Adjusted EBITDA

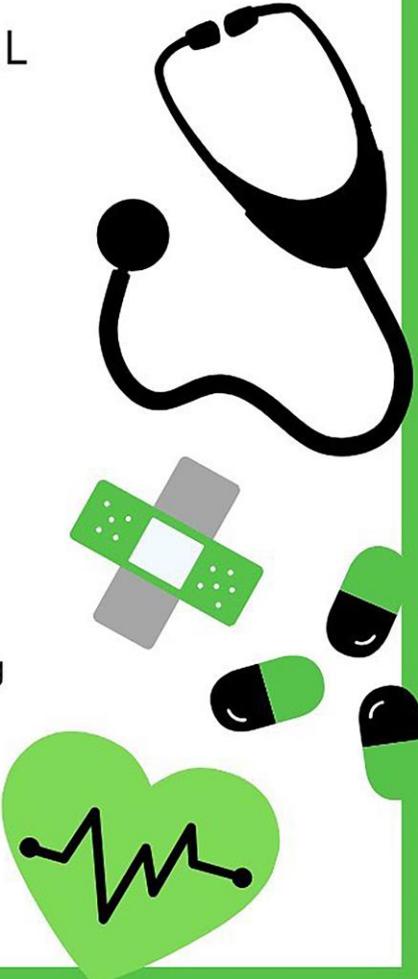
	Three Months Ended			
	March 31, 2020			
	2020		2019	
GAAP Net Income / (Loss)	\$	449,428	\$	(85,390)
Tax Expense / (Benefit)		141,928		(22,099)
Depreciation/Amortization		87,224		83,651
Interest Income, Net		(19,030)		(17,480)
Reorganization Charges		--		354,926
Discontinued Product Expense		109,558		--
Litigation Expenses		99,158		492,515
Manufacturing Initiative Expenses		109,803		--
Stock Compensation Expense		<u>300,966</u>		<u>121,875</u>
Non-GAAP Adjusted EBITDA	\$	1,279,035	\$	927,998

THANK YOU

TO ALL THE MEDICAL  
WORKERS ON THE  
FRONT LINE...

**THANK  
YOU**

for your help, support, and  
compassion, especially during  
these unprecedented times.

A collection of medical icons including a black stethoscope, a green and white bandage, three black and green capsules, and a green heart with a black ECG line.

**KORU**<sup>™</sup>  
MEDICAL SYSTEMS



**KORU**<sup>TM</sup>  
MEDICAL SYSTEMS

*NEW LIFE, NEW BEGINNINGS*