KORU Medical Systems

Q1 2024 Earnings Call

May 1, 2024

Forward-Looking Statements

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 regarding our expectations for future performance, including but not limited to our 501(k) clearances, new novel therapies collaborations, new patient starts, International expansion, prefill syringe market growth, revenues, gross margin, operating expenses, cash balance, and cash flow. Forward-looking statements are neither historical facts nor assurances of future performance and based only on our current beliefs, expectations and assumptions. Forward-looking statements 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: new SCIg patient starts, growth of the SCIG market, plasma supply, clinical trial activity, market penetration of prefill syringes; continuation of our EU certification, supply chain and labor availability and pricing; third party contractor execution; timely receipt of other receivable credits; inflationary impacts; ability to reduce inventory; success of geographic expansion; effects of war and other global conflict; 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 obtain financing or raise capital if or when needed; acceptance of and demand for new and existing products; expanded market acceptance of the FREEDOM Syringe Infusion System and any new product we introduce; 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; and general economic and business conditions, as well as those risks and uncertainties included under the captions “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2023, available on the SEC website at www.sec.gov [sec.gov] and on our website at www.korumedical.com/investors [korumedical.com]. 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.

Revenues: All references to revenue(s) in this presentation refer to net revenues.

Strong First Quarter Execution on 2024 Key Milestones

1. **Double-digit** first quarter **revenue growth** at $8.2 million, **record high** quarterly revenues
2. **Strong Q1 Core business performance**, growth of 14%, driven by double-digit growth in consumables, continued Ig market strength, and geographic expansion
3. **3 new Novel Therapies collaborations** in Q1 including the addition of an **oncology** drug therapy
4. **Gross Margin of 62.3%** and third consecutive quarter greater than 60%
5. **Improved operating leverage** and working capital improvements driving **significantly lower cash burn**
6. **Reaffirm 2024 revenue guidance** of $31.2-$32.2M, gross margin between 59%-61%, ending cash balance of $8.0M+, and cash flow positive in the fourth quarter of 2024 and for full year 2025

Strong Performance and Momentum Towards Vision 2026

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Progress on Vision 2026 Strategic Growth Pillars

Continued Penetration In Domestic Core SCIg

Solid Q1 performance
4% y/y growth driven by double-digit consumables growth, share gains, and new patient starts

Double-digit end-user sales growth
Double-digit growth in end-user specialty pharmacy demand

Growing Ig market
Five quarters of sequential market growth

Continued prefill penetration
PFS fastest growing segment in SCIg market

New 510k submission expected Q4
FDA submission for consumable

International Expansion into New Geographies

International Core growth
63% y/y growth fueled by strong Ig supply and geographic expansion

New market entries
Expansion into Middle East and North Africa; Japan registration pending

New distributor relationships
Multiple new distributors added to the KORU network

Diverse Novel Therapies Pipeline

16 collaborations in total
3 signed in 2024

Entry into Oncology
Oncology drug collaboration for infusion center healthcare professional administration

Phase III trial progression
Endocrinology drug for use with KORU Freedom System passed validation and is entering Phase III trials

New 510k submission expected Q4
Rare disease biologic for use with KORU Freedom System progressed from feasibility to development, KORU 510k expected in 4Q24

Expanding our Novel Therapies Collaboration Pipeline

16 Total Collaborations | **19** Open Opportunities | **$2.7B** TAM(1) Across **2.1M** Global Patient Population(2)

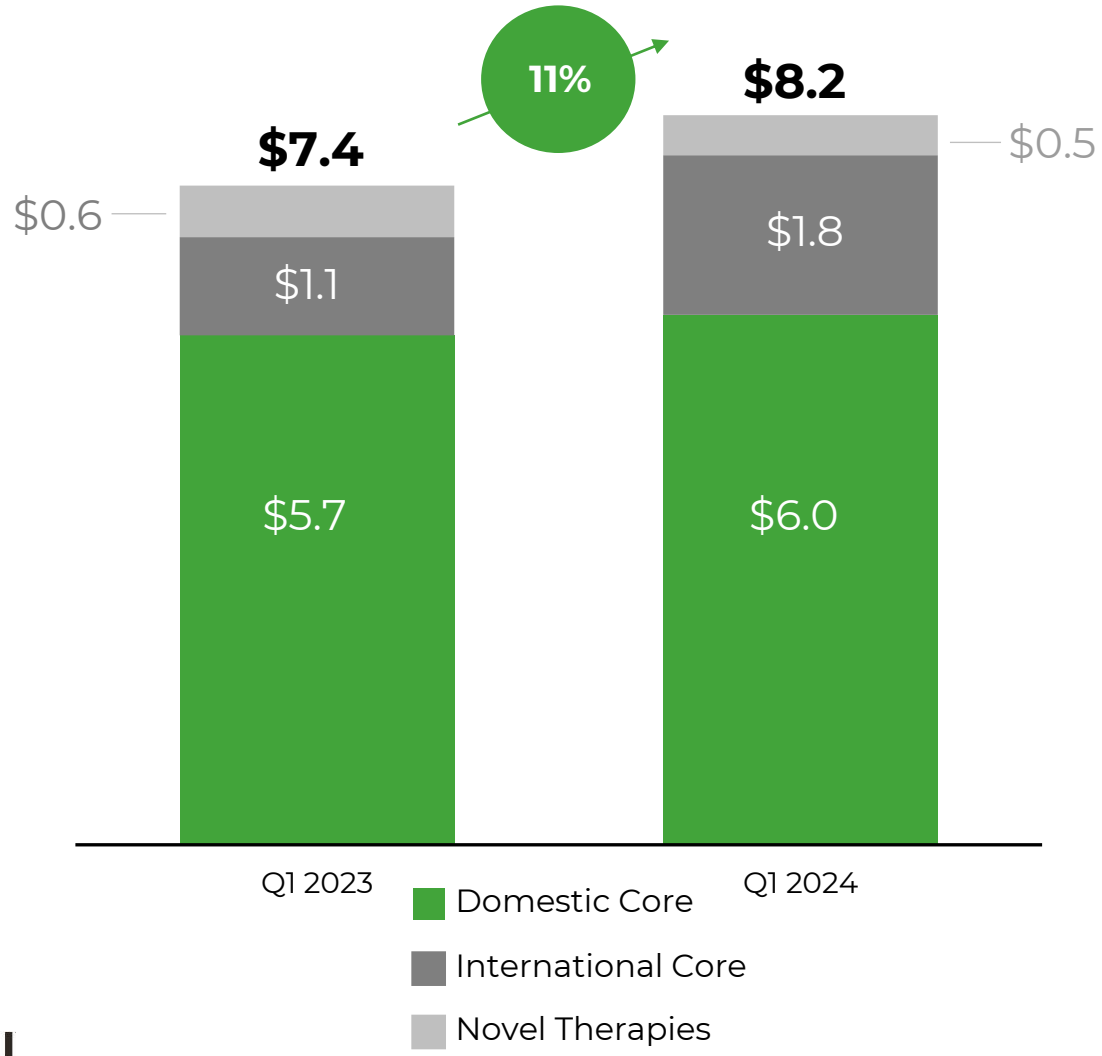
	Novel Therapies	Patient Population (000's)	Phase I / Phase II / Phase III	Drug Launch Date(3)	KRMD Clearance
	EMPAVELI / ASPAVELI (pegcetacoplan)	15		May 2021	May 2022
Recent Updates	Oncology	500		Launched	Expected 2025
Recent Updates	Rare Disease Biologic	65	Progressed from Feasibility to Product Development	Launched	Expected 2025
	Nephrology	2		2025	Expected 2025/26
Recent Update	Endocrinology	10	Progressed from Validation to Phase III trial	2027	Expected 2027/28
	Hematology	133		2027	Expected 2027/28
	Respiratory	239		2028	Expected 2028/29
	Nephrology	540		2029	Expected 2029/30
	Nephrology	2		2029	Expected 2029/30
	Total Patient Pop.	**1,506**			

Core: Expanded Indications to Label (Ig)		Drug Launch Date/New Indication	
CSL Hizentra 50mL PFS [device]		Apr. 2023	December 2023
Takeda Cuvitru Japan		Sep. 2023	Expected 2024
Immunology/Neurology [device]		Apr. 2023	Expected 2025
Immunology [device]	**630**	2025	Expected 2025
Immunology/Neurology		2026	Expected 2026/27
Immunology/Neurology		2026	Expected 2028
Immunology		2027	Expected 2027/28

1.TAM based on patient population, expected treatment frequency. Not adjusted for clinical risk. 2. Global patient population includes all collaborations, including core SCIg market 3.Launch dates are based on most recent estimation and are subject to change

Q1 Y/Y Revenue by Business

Net Revenues;
In Millions



Domestic Core

- Increased 4% y/y
- Driven by higher consumable volumes due to new patient starts and share gains

International Core

- Increased 63% y/y
- Driven by improved Ig supply, increased penetration in approved indications, and geographic expansion
- Expedited inventory orders of $260K ahead of BSI regulatory determination

Novel Therapies

- Decreased 21% y/y due to a major pharmaceutical collaboration agreement in Q1 2023
- Diversified customer base and two additional agreements

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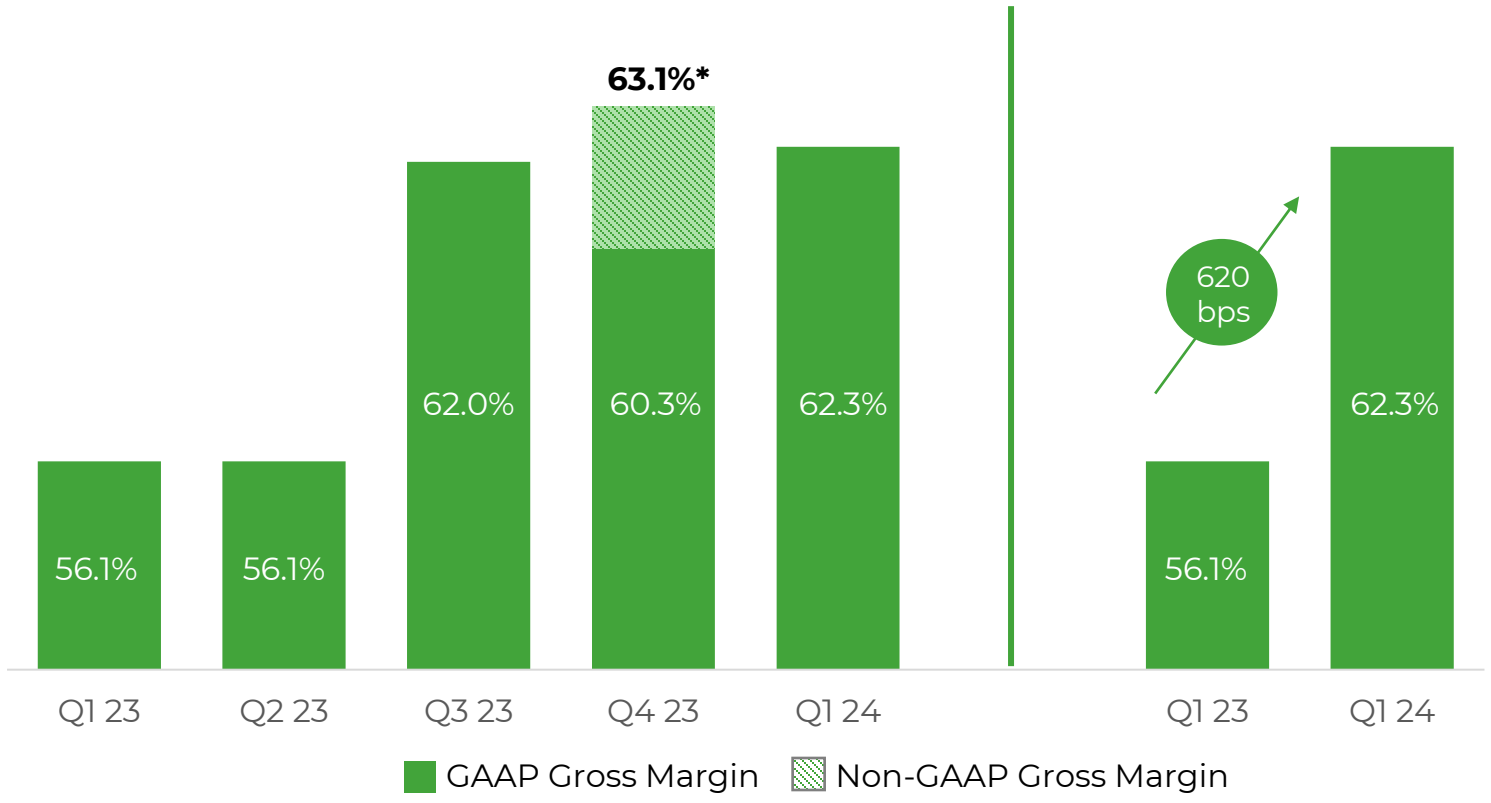
Improved Gross Margin Profile

Disciplined margin improvement



Gross Margin

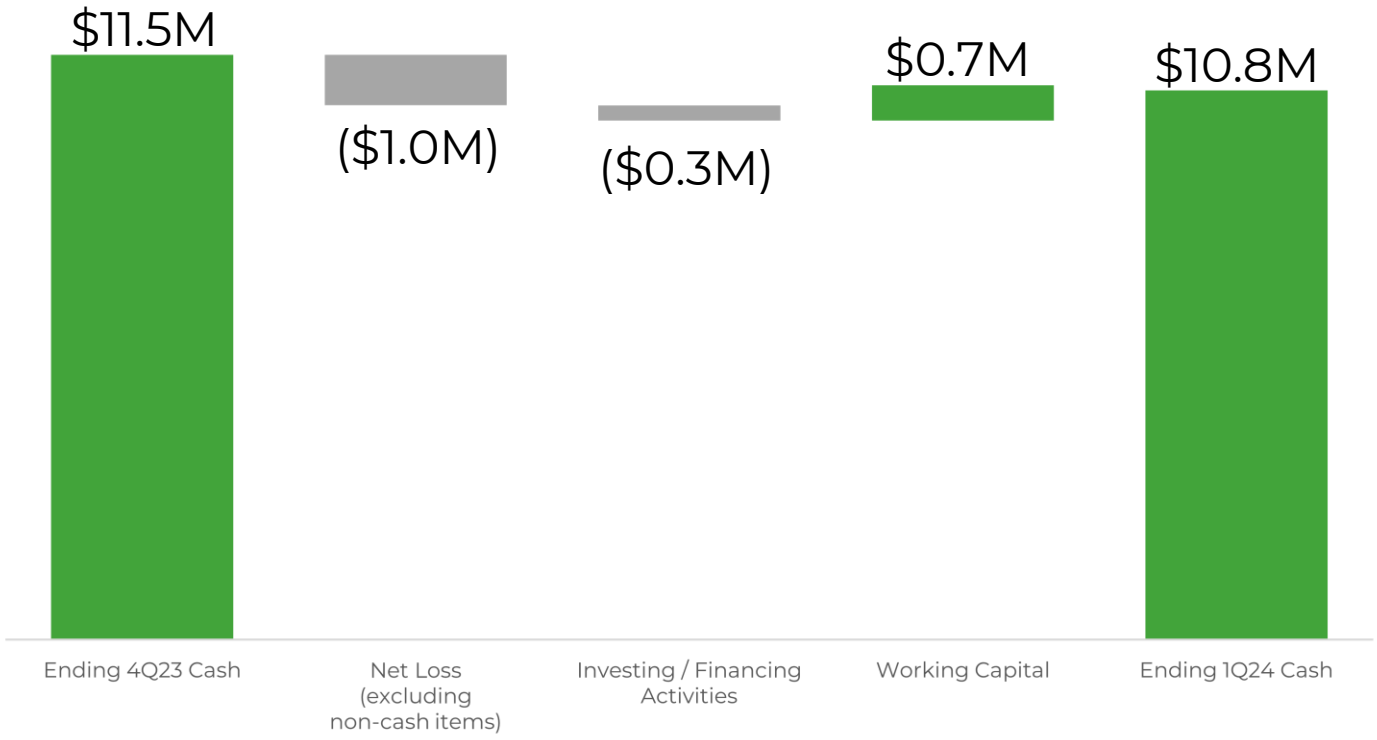
First Quarter: 62.3%

- Third consecutive quarter >60%
- 620 basis points improvement y/y
- Margin improvement driven by increased manufacturing efficiencies and consolidation of US production sites
- Improved Novel Therapies margins via insourcing service revenue

*4Q23 Gross Margin includes Non-GAAP adjustments relating to a one-time disposal of a discontinued product

Improved Cash Management/Operating Leverage

Cash Balance as of March 31, 2024: $10.8M



Key Drivers

- Q1 cash usage of $0.7M, substantially reduced from $5.2M spend in 1Q23
- Net loss, excluding non-cash items, of $1.0M, ~50% improvement over PY
- Investing / Financing activities mostly driven by capital purchases for new product lines and insurance premium financing
- Working Capital improvement driven by inventory reductions due to operational excellence programs, higher AP driven by timing of receipts

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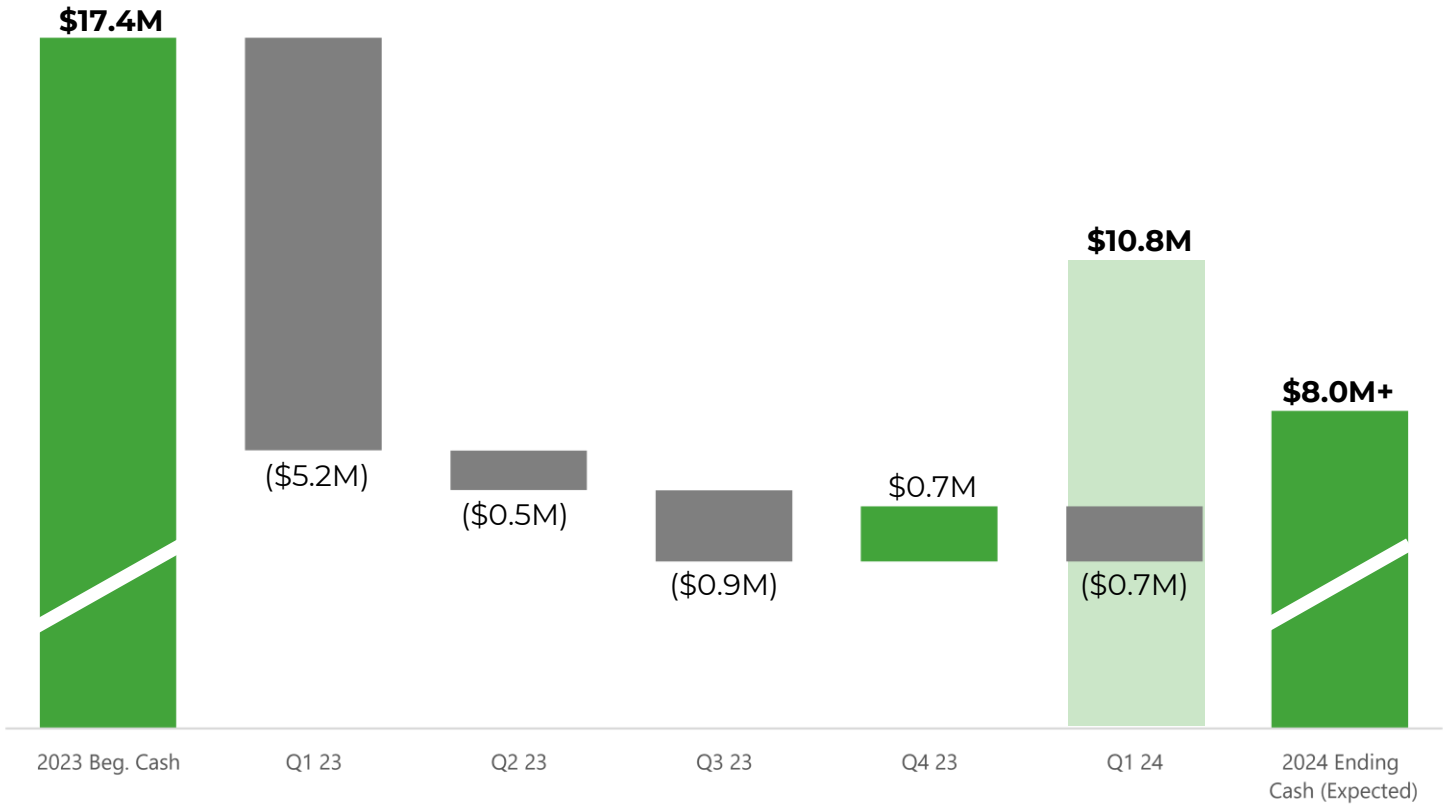
Cash on Track to Break Even

Cash burn directionally improving with expected 2024 ending cash balance of >$8.0M+



Key Drivers

- Substantially reduced cash burn since Q1 2023, cash neutral over last 2 quarters
- Expect 2024 1H cash usage pattern to remain consistent to prior year, with higher spend in 1H but at a lower burn rate
- Expected to be cash flow positive in fourth quarter 2024 and for full year 2025
- 2024 ending cash balance of at least $8.0M+

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Reaffirming 2024 Guidance

Revenue Growth

Revenue guidance of **$31.2-$32.2M, or 10-13% growth**

Key Drivers/Milestones

- SCIg drug **market growth** of mid-to-high single digits
- **3 new** Novel Therapies collaborations
- **Prefill** syringe market penetration of **approx. 20-25%**

Gross Margin Profile

Gross margins between **59-61%**

Key Drivers/Milestones

- Geographic expansion into **lower ASP markets**
- Supply chain **inflationary pressures**
- **Production line** start-up in Q4 for new product introduction

Cash & Cash Flow

Greater than **$8M** ending cash balance

Key Drivers/Milestones

- Operating Expense of **~$23.5-$24.0M,** exclusive of stock compensation expense
- **Cash flow breakeven in Q4** 2024, and cash flow positive for full year 2025
- Ending cash balance is **exclusive of credit facility,** which is reserved for strategic growth capital opportunities

2024 Key Milestones

Double-digit net **revenue growth** versus FY2023

Accelerating Core growth with **new patient starts, prefill syringes** and continued **International expansion**

Growing Novel Therapies pipeline with **3 new collaborations** and continued focus on late-stage drug candidates and health care professional administration

Two new 510k submissions for a new product and a new drug launch on FREEDOM System

Commitment to **cash flow breakeven in Q4 2024** and for the **full year 2025**

Appendix

Non-GAAP Financial Measures

This presentation includes the non-GAAP financial measures “adjusted EPS”, "adjusted diluted EPS“, “adjusted gross margin”, and “adjusted EBITDA” 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. 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 KORU Medical's reported results and, therefore, should not be relied upon as the sole financial measures to evaluate the Company's financial results. Non-GAAP financial measures are meant to supplement, and to be viewed in conjunction with, GAAP financial results. Reconciliations of the Company's non-GAAP measures are included at the end of this presentation.

Reconciliation of Reported Gross Margin to Non-GAAP Adjusted Gross Margin	**Three Months Ended**				
	31-Mar-23	**30-Jun-23**	**30-Sep-23**	**31-Dec-23**	**31-Mar-24**
Reported Gross Profit stated as a percentage of Net Revenues (Gross Margin)	56.10%	56.10%	62.00%	60.30%	62.30%
Product Discontinuance	-	-	-	2.80%	-
Adjusted Gross Profit stated as a percentage of Net Revenues (Adjusted Gross Margin)	56.10%	56.10%	62.00%	63.10%	62.30%

Non-GAAP Financial Measures

Reconciliation of GAAP Net Loss to Non-GAAP Adjusted EBITDA:	Three Months Ended March 31, 2024	2023
GAAP Net Loss	$ (1,935,958)	$ (2,410,885)
Tax (Benefit)/Expense	(388,675)	(577,400)
Valuation Allowance for DTA	388,675	—
Depreciation and Amortization	231,369	213,117
Interest (Income), Net	(37,187)	(125,502)
Reorganization Charges	99,329	—
Manufacturing Initiative Expenses	—	49,053
Product Discontinuance	—	—
Stock-based Compensation Expense	699,718	881,222
Adjusted EBITDA	$ (942,729)	$ (1,970,395)
Weighted average number common shares	45,712,224	45,487,593

Reconciliation of Reported Diluted EPS to Non-GAAP Adjusted Diluted EPS:	Three Months Ended March 31, 2024	2023
Reported Diluted Earnings Per Share	$ (0.04)	$ (0.05)
Tax (Benefit)/Expense	(0.01)	(0.01)
Valuation Allowance for DTA	0.01	—
Depreciation and Amortization	0.01	0.01
Interest (Income)/Expense, Net	—	—
Reorganization Charges	—	—
Manufacturing Initiative Expenses	—	—
Product Discontinuance	—	—
Stock-based Compensation Expense	0.02	0.02
Adjusted Diluted Earnings Per Share	$ (0.02)	$ (0.04)

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