KORU Medical Systems

Q2 2024 Earnings Call

August 7, 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 the existence and timing of potential drug launches, the success and timing of our novel therapies collaborations, our future financial performance (including but not limited to CAGR, revenue growth, cash balances, cash flow and gross margin), our future product launches, 501(k) submissions, and meeting our Vision 2026 goals. 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, new drug launches, 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 Second Quarter Execution on 2024 Key Milestones

1. **22% Y/Y revenue growth** for Q2, **record high quarterly revenues**
2. **Core business Y/Y growth of 20%**, driven by SCIg market growth, share gains, and geographic expansion
3. Advancement towards commercialization across two novel therapies collaborations – successful feasibility for **oncology biologic** and Phase III **nephrology trial entry**
4. Received **regulatory clearance of FreedomEdge® Infusion system for use in Japan**
5. Strong **progress towards cash flow breakeven by Q4** with **gross margins greater than 60%**, improved operating efficiencies and working capital
6. **Raising 2024 guidance** for revenue and gross margin, reaffirming YE cash balance and Q4 breakeven

Strong Performance and Momentum Towards Vision 2026

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Progress on Vision 2026 Strategic Growth Pillars

Protect and Grow Domestic Core SCIg Business

Domestic Core growth
14% y/y growth; Double-digit end-user sales growth

Growing SCIg market[1]
Six quarters of sequential market growth

Continued prefill penetration
PFS fastest growing segment in SCIg market

New 510k submission expected Q4

Expand Internationally

International Core growth
46% y/y growth

Increased penetration
CIDP and SID

Expanded distribution into Middle East and Eastern Europe

Entry into Japan
Regulatory approval for FreedomEdge® system

Broaden our relevance with Novel Therapies

16 collaborations in total
3 signed in 1H24, 6 potential commercial launches by 2026

Progression with Infusion Clinic Entry
Oncology drug successful feasibility

Additional Phase III trial
Nephrology drug entering Phase III trials

New 510k submission expected Q4
Rare disease biologic – infusion clinic entry

SCHOTT Collaboration
Partnership to drive large volume subcutaneous infusion

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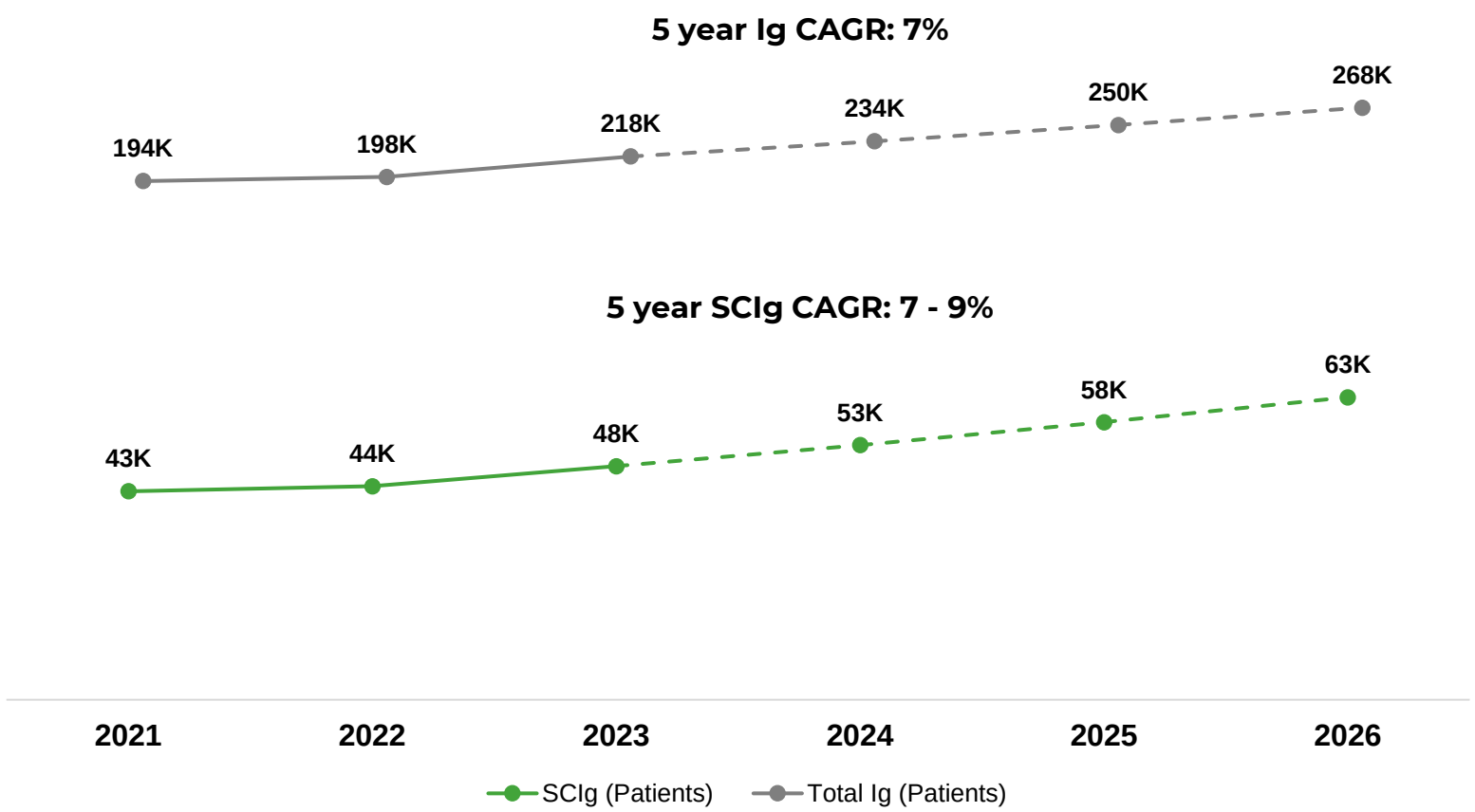
1. Third party data source

Healthy and Growing US Ig Market with Increasing Penetration into SCIg

Total US Ig Market, Historical and Forecasted[1]



Future SCIg Growth Drivers

Increasing SCIg Penetration
US represents ~40% of SCIg Global TAM, SCIg only 20% penetrated

Recurring Patient Base
30k US KORU SCIg recurring chronic patient base

Pharma Investments in SCIg
Driving market shift to subcutaneous therapy with clinical studies and expanded indications

New Indications
Expected 25% CAGR market growth in CIDP

KORU Leader in SCIg
Focus on clinical practice, key accounts and innovation

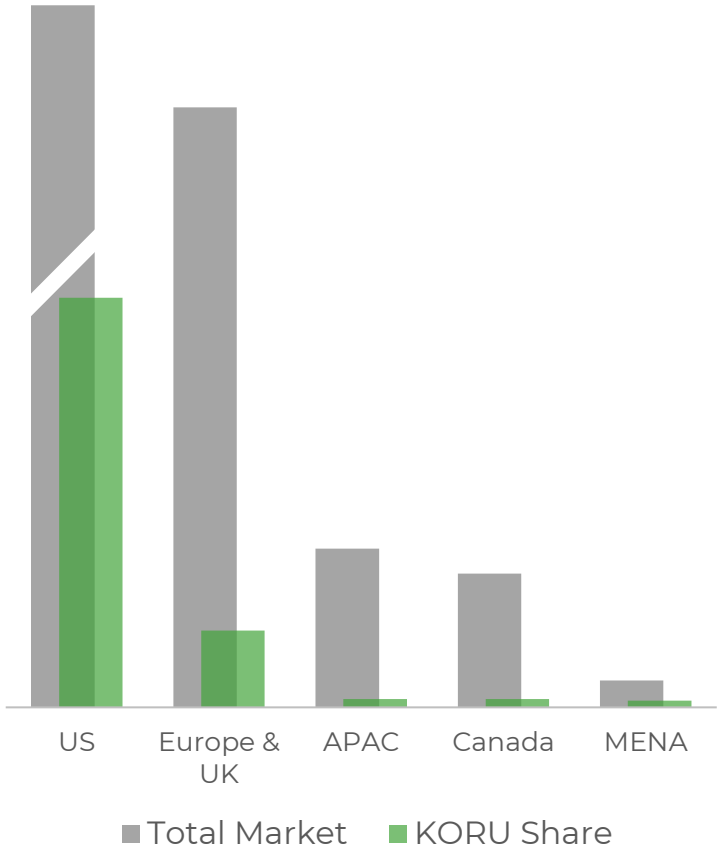
1. Third Party Data Source

Geographic Expansion Efforts Focused on Increasing Penetration and New Market Entries

$40M[1]
US TAM

+

$60M[1]
OUS TAM



Currently marketed in 25 OUS countries worldwide

$60M TAM Outside the US - focused on increasing penetration with ~10% KORU current share

Driving entry and expanded penetration in top SCIg markets

Japan accounts for 50% of APAC TAM

KRMD Holds ~10% OUS SCIg Market Share; Represents Significant Potential for Growth

1. Third party data & KORU Medical estimates

6 New KORU Drug Collaboration Launches Expected by 2026

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 Update	Oncology	500	Progressed from Feasibility to Product Development	Launched	Expected 2025
	Rare Disease Biologic	65		Launched	Expected 2025
Recent Update	Nephrology	2	Progressed to Phase III trial	2025	Expected 2025/26
	Endocrinology	10		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]	630	Apr. 2023	December 2023
Recent Update	Takeda Cuvitru Japan [device]		Received Regulatory Clearance for FREEDOM Edge — Sep. 2023	July 2024
	Immunology/Neurology [device]		Apr. 2023	Expected 2025
	Immunology [device]		2025	Expected 2025
	Immunology/Neurology		2026	Expected 2026/27
	Immunology/Neurology		2026	Expected 2028
	Immunology		2027	Expected 2027/28

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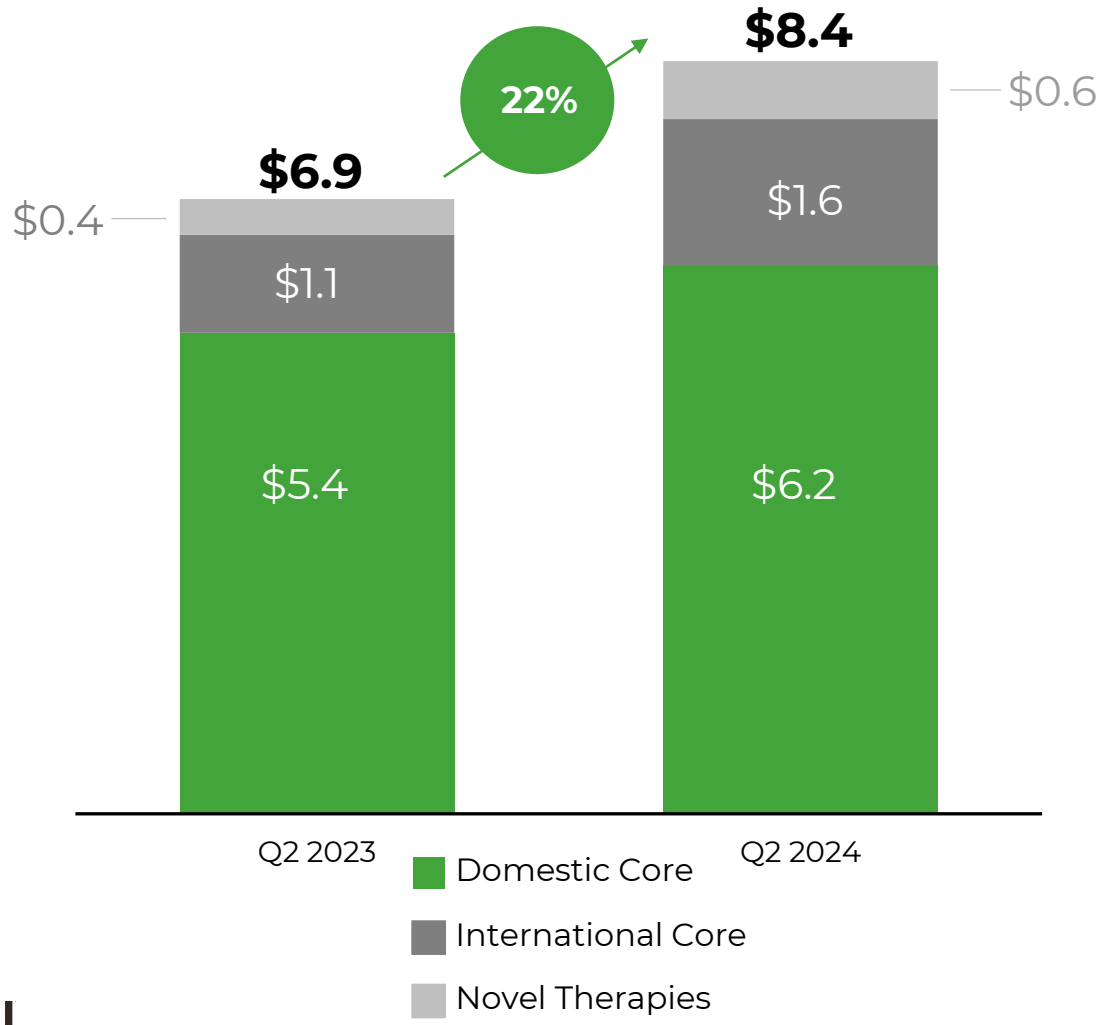
1.TAM based on patient population, expected treatment frequency. Not adjusted for clinical risk. 2. Global patient population includes all collaborations, including core SCIg market 3.Launch dates are based on most recent estimation and are subject to change

Q2 Y/Y Revenue by Business

Net Revenues;
In Millions



Domestic Core

- Increased 14% y/y
- Driven by higher consumable volumes due to new patient starts and share gains

International Core

- Increased 46% y/y
- Improved Ig supply y/y
- Increased penetration in CIDP/SID and geographic expansion
- Accelerated shipments of $0.3M in the quarter related to the regulatory review process

Novel Therapies

- Increased 50% y/y
- Driven by three Phase III clinical trial orders
- 16 collaborations with near term entries fueling Core commercial business

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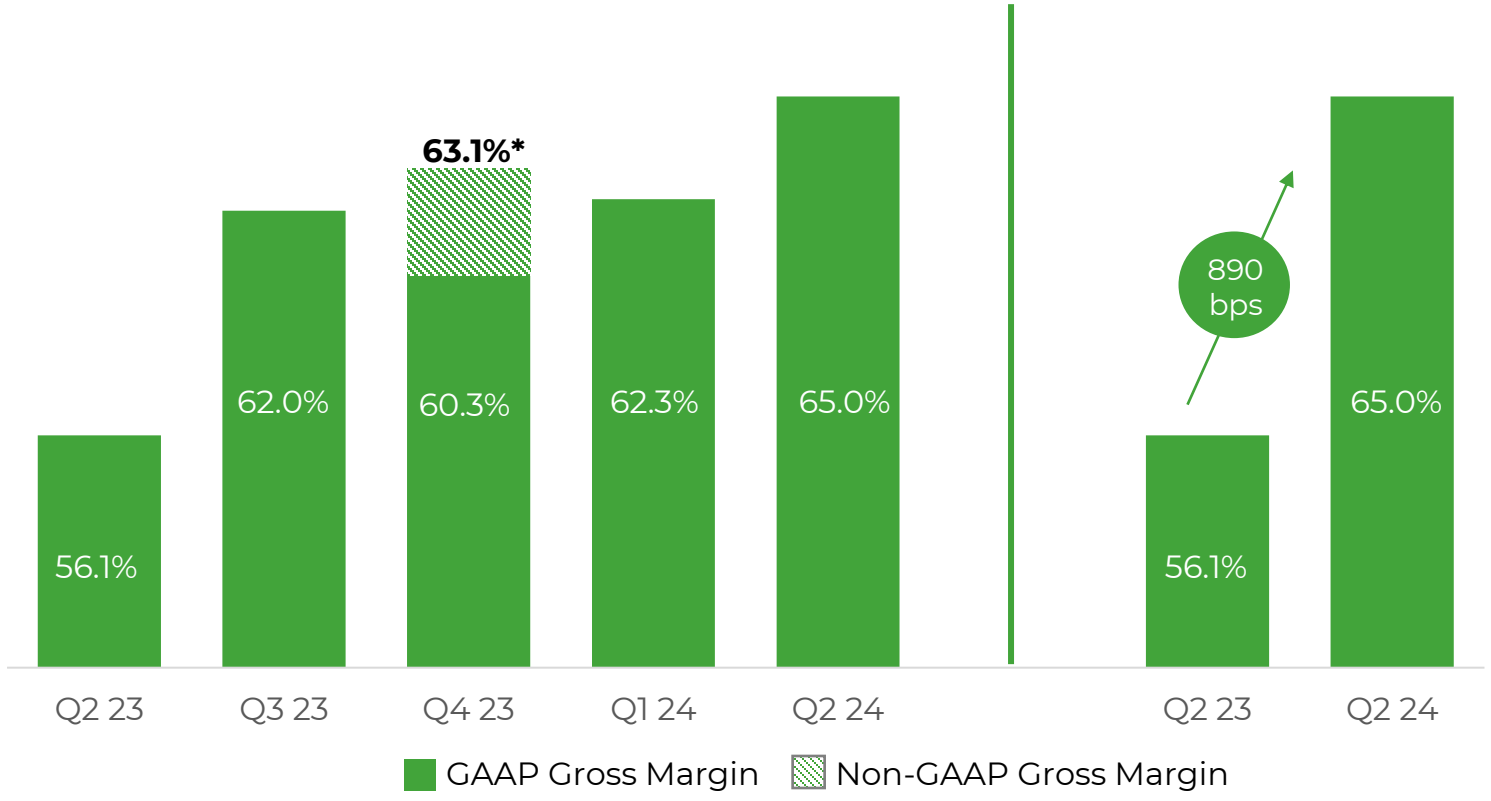
Improved Gross Margin Profile

Driving margin improvement with four consecutive quarters >60%



Gross Margin

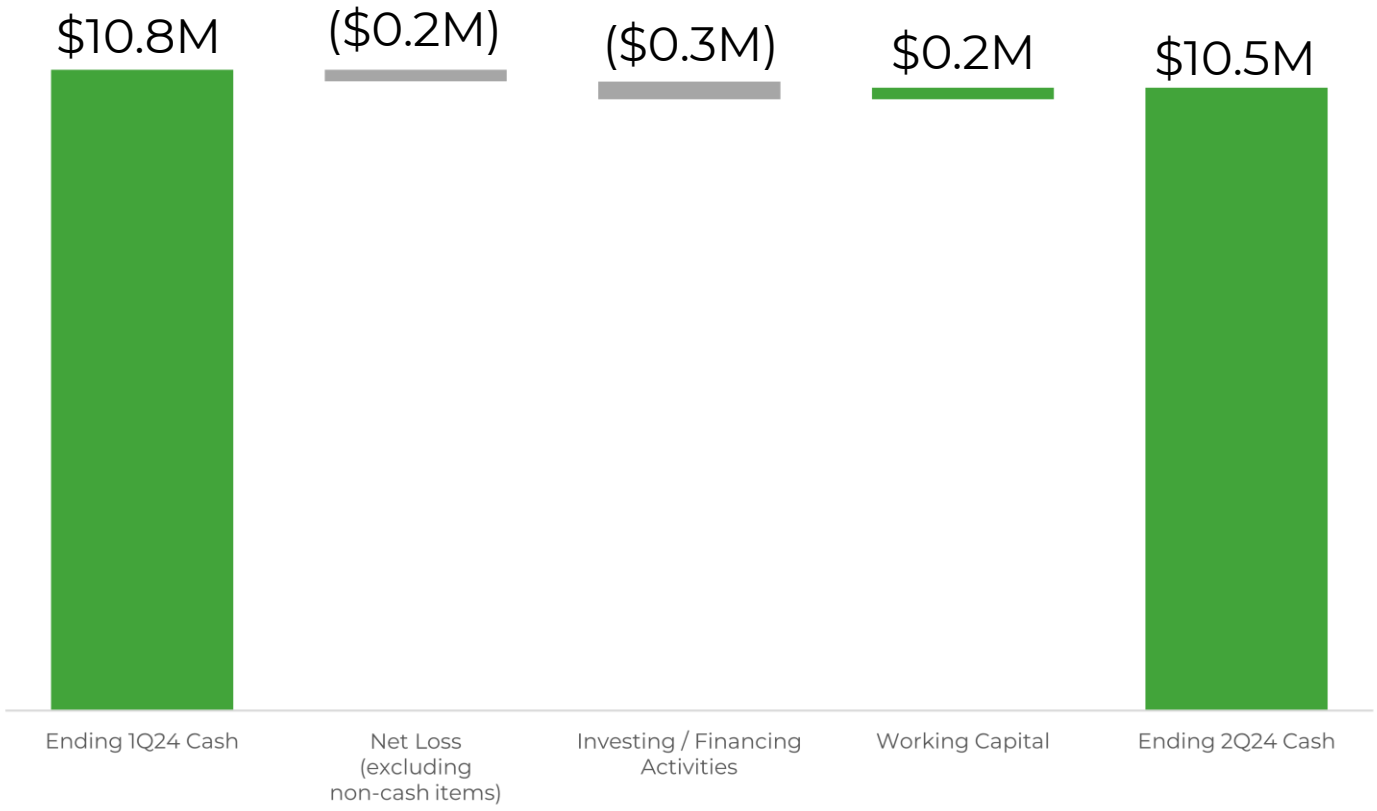
Second Quarter: 65.0%

- Fourth consecutive quarter >60%
- 890 basis points improvement y/y
  - Increased manufacturing efficiencies driving lower COGS
  - Improved Novel Therapies margins driven by improved sales mix
  - Increases in Core business average selling prices
- Margin impacted positively by a $0.1M (160bps) inventory valuation adjustment

*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 June 30, 2024: $10.5M

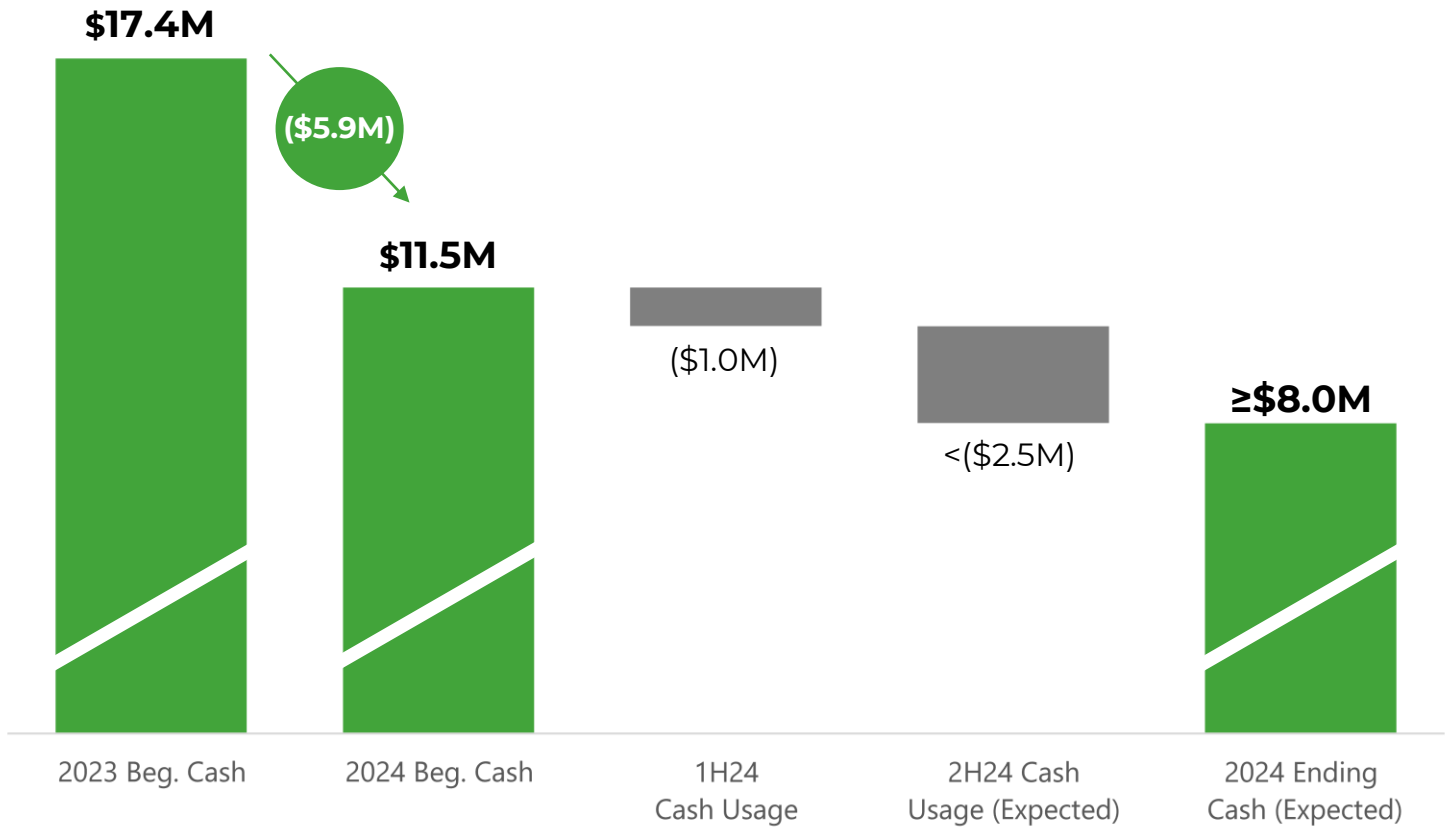


Key Drivers

- Q2 cash usage of $0.3M
- Net loss of ~($0.2M) excluding non-cash items, a $1.9M improvement over PY
- Investing / Financing activities mostly driven by timing of capital purchases for new product lines
- Working Capital improvement driven primarily by inventory reductions partially offset by higher accounts receivables

Cash on Track to Breakeven

Cash burn improving with expected 2024 ending cash balance of ≥$8.0M



Key Drivers

- Substantially reduced y/y cash burn with low cash usage of $1M in 1H 2024
- Expect 2H 2024 cash usage to be higher than 1H, peaking in Q3 driven by capex investments and R&D project spending
- Expect to be cash flow breakeven in Q4 2024
- 2024 ending cash balance of at least $8.0M, exclusive of $10M credit facility

Raising 2024 Guidance

Revenue Growth

Increased to **$32.0-$32.5M, 12-14% growth**[1]

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

Increased to **61-62%**[2]

Key Drivers/Milestones

- Geographic expansion into **lower ASP markets**
- Supply chain **inflationary pressures**
- Incremental efficiencies in MFG and **improved NT sales mix** margins

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 unused credit facility**

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[1]Increased from prior guidance of $31.2-$32.2M

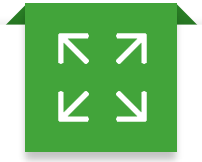
[2]Increased from prior guidance of 59-61%

Continued Progress on Vision 26 Key Milestones

Double-digit revenue growth versus FY2023

Accelerating Core growth with new patient starts, share gains, and continued International expansion

Progressing Novel Therapies pipeline with 6 potential commercial launches by 2026 – continued focus on late-stage drug candidates and entering the infusion market



Expecting two Q4 510k submissions for a new product and a new drug launch on FREEDOM® Infusion System

Continued operating leverage driving **cash flow breakeven in Q4 2024** and **cash flow positive 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**				
	30-Jun-23	**30-Sep-23**	**31-Dec-23**	**31-Mar-24**	**30-Jun-24**
Reported Gross Profit stated as a percentage of Net Revenues (Gross Margin)	56.10%	62.00%	60.30%	62.30%	65.00%
Product Discontinuance	-	-	2.8%	-	-
Adjusted Gross Profit stated as a percentage of Net Revenues (Adjusted Gross Margin)	56.10%	62.00%	63.10%	62.30%	65.00%

Non-GAAP Financial Measures

Reconciliation of GAAP Net Loss to Non-GAAP Adjusted EBITDA:	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
GAAP Net Loss	$ (988,715)	$ (2,495,886)	$ (2,924,673)	$ (4,906,771)
Tax (Benefit)/Expense*	(189,754)	(599,995)	(578,429)	(1,177,395)
Valuation Allowance for DTA*	189,754	—	578,429	—
Reorganization Charges	—	—	99,329	—
Depreciation and Amortization*	217,864	212,919	449,233	426,036
Interest (Income)/Expense, Net	(213,999)	(188,126)	(251,186)	(256,669)
Stock-based Compensation Expense *	614,666	800,733	1,314,384	1,681,955
Adjusted EBITDA	$ (370,184)	$ (2,270,355)	$ (1,312,913)	$ (4,232,844)
Weighted average number common shares	45,811,373	45,606,603	45,761,799	45,547,427

*Non-cash items

Reconciliation of Reported Diluted EPS to Non-GAAP Adjusted Diluted EPS:	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Reported Diluted Earnings Per Share	$ (0.02)	$ (0.05)	$ (0.06)	$ (0.11)
Depreciation and Amortization*	0.00	0.00	0.01	0.01
Stock-based Compensation Expense	0.01	0.02	0.03	0.04
Tax (Expense) Adjustment*	0.00	(0.01)	0.00	(0.03)
Adjusted Diluted Earnings Per Share	$ (0.01)	$ (0.04)	$ (0.02)	$ (0.09)