

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) July 27, 2023

KORU Medical Systems, Inc.

(Exact name of registrant as specified in its charter)

<u>Delaware</u> (State or other jurisdiction of incorporation)	<u>0-12305</u> (Commission File Number)	<u>13-3044880</u> (IRS Employer Identification No.)
	<u>100 Corporate Drive, Mahwah, NJ</u> (Address of principal executive offices)	<u>07430</u> (Zip Code)

Registrant's telephone number, including area code **(845) 469-2042**

not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading symbol(s)</u>	<u>Name of each exchange on which registered</u>
common stock, \$0.01 par value	KRMD	The Nasdaq Stock Market

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operation and Financial Condition

On August 2, 2023, KORU Medical Systems, Inc. (the "Company") issued a press release announcing preliminary revenues for the second quarter ended June 30, 2023 and business, outlook and management updates. A copy of the press release is attached as Exhibit 99.1 hereto.

The information in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, is furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On and effective as of July 27, 2023, Andrew D. C. LaFrence, the Company's Chief Financial Officer, resigned his employment for personal and family reasons. On and effective as of August 1, 2023, Thomas Adams, the Company's Vice President of Financial Planning and Analysis and formerly interim Chief Financial Officer, was appointed as the Company's Chief Financial Officer.

Mr. Adams, age 51, joined the Company in November 2021 as its Vice President of Financial Planning and Analysis and previously served as the Company's interim Chief Financial Officer from July 1, 2022 to July 10, 2023. Mr. Adams has over 20 years of finance and accounting experience in the medical technology and pharmaceutical sector. Prior to joining the Company, he worked with Integra Life Sciences from 2011-2021, where throughout his tenure he served in multiple senior level finance roles. His last position at Integra was as the Senior Director of Finance for a \$500M commercial business unit. Prior to Integra, Tom worked at Pfizer serving in progressively senior finance roles from 2000 to 2011. Early in his career, he spent time with Ernst and Young in the audit function. Mr. Adams has a Bachelor of Science in Accounting and Finance from Ohio State University.

On August 1, 2023, the Company and Mr. Adams entered into an amendment to Mr. Adams's employment agreement with the Company to reflect the above changes in his roles and responsibilities. Pursuant to the amendment, Mr. Adams's annual base salary was increased to \$325,000 and annual incentive compensation plan bonus potential was increased to 50%. The amendment also provides that, should the Company terminate Mr. Adams's employment without "cause" or should he leave the Company for "good reason," he will be eligible to receive an amount equal to six months of his annual base salary, if termination is prior to August 1, 2024, and twelve months of his annual base salary, if termination is August 1, 2024 or after; provided that such payments will automatically cease upon Mr. Adams's employment or engagement as a consultant, contractor, or service provider by any person or entity other than the Company within the applicable payment period.

Simultaneously with the amendment to Mr. Adams's employment agreement, the Company issued Mr. Adams nonqualified options to purchase 100,000 shares of the Company's common stock at an exercise price of \$2.54 per share. The options were issued pursuant to the Company's 2021 Omnibus Equity Incentive Plan and will vest 25% over four years, commencing with the first anniversary of the grant, provided Mr. Adams is then employed by the Company.

Upon termination of Mr. Adams's employment by the Company without "cause" or by Mr. Adams for "good reason" within 3 months prior to or 12 months following a "change of control" (as defined in the employment agreement) of the Company, all stock options awarded pursuant to the employment agreement and the amendment thereto will become fully vested.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following exhibit is furnished as part of this report:

<u>Exhibit No.</u>	<u>Description</u>
10.1	First Amendment to Employment Agreement dated as of August 1, 2023 between the Company and Thomas Adams
99.1	Press release dated August 2, 2023
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

KORU Medical Systems, Inc.

(Registrant)

Date: August 2, 2023

By: /s/ Linda Tharby
Linda Tharby

President and Chief Executive Officer

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EXHIBIT 10.1

FIRST AMENDMENT
TO
EMPLOYMENT AGREEMENT

THIS FIRST AMENDMENT TO EMPLOYMENT AGREEMENT (this "First Amendment") is made and entered into as of August 1, 2023 (the "Effective Date") by and between KORU Medical Systems, Inc., a Delaware corporation (the "Company"), and Thomas Adams ("Employee").

WHEREAS, the Company entered into an Employment Agreement with Employee dated October 18, 2021 (the "Employment Agreement"), under which the Company has employed Employee; and

WHEREAS, the Company and Employee desire to continue Employee's employment pursuant to the terms of the Employment Agreement, as amended by this First Amendment, as of the Effective Date.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, intending to be legally bound, the parties agree as follows:

1. Amendments.

(a) Section 1 of the Employment Agreement is hereby amended by deleting the existing Section 1(a) in its entirety and replacing it with the following:

"(a) Position. The Company hereby employs Employee as Chief Financial Officer of the Company, effective August 1, 2023. Employee shall report directly to the Company's Chief Executive Officer, and shall have the duties, authority and responsibilities customarily held by a person holding the position of Chief Financial Officer in companies engaged in business similar to the Company's business and of similar size to the Company. Employee shall render such other services as may be reasonably assigned to him from time to time by the Chief Executive Officer. Employee shall be a full-time, exempt employee.

(b) Duties. Employee hereby agrees to be employed as Chief Financial Officer. Employee agrees that he shall: (i) faithfully and to the best of his ability perform all of the duties that may be required of him pursuant to the terms of this Agreement; (ii) devote substantially all of his business time and attention to the performance of Employee's duties hereunder; and (iii) not engage in any other business, profession or occupation for compensation or otherwise which would conflict or interfere with the performance of such services either directly or indirectly without the prior written consent of the Chief Executive Officer."

(b) Section 3(a) of the Employment Agreement is hereby amended by deleting the existing Section 3(a) in its entirety and replacing it with the following:

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"(a) Base Salary. The Company shall pay to Employee an annual base salary \$325,000.00 (the "Base Salary"), less such deductions as are required by law or that Employee may elect in accordance with Company policy and procedure, payable in equal periodic installments in accordance with the Company's customary payroll practices, but no less frequently than monthly. The Base Salary shall be prorated for any partial year of service as Chief Financial Officer on the basis of a 365-day year. The Base Salary shall be reviewed at least annually by the Company's Board of Directors (the "Board") and may be adjusted from time to time in the Board's sole and absolute discretion."

(c) Section 3(c) of the Employment Agreement is hereby amended by deleting the existing Section 3(c) in its entirety and replacing it with the following:

"(c) Annual Bonus. For each complete calendar year starting with the year ended 2023, Employee shall be eligible to earn an annual bonus of up to 50% of the Base Salary in accordance with Company policy and procedure for granting of a management specified employee bonus, based on achievement of Company and individual performance targets that will be set by the Company as part of the

annual budget process and within the Company's sole discretion (the "Annual Bonus"). The determination as to whether applicable targets have been achieved, and whether and to what extent any Annual Bonus is to be paid with respect to such targets, shall be made in the sole and absolute discretion of the Company. Any Annual Bonus so determined shall be paid in the month of March following the applicable bonus year, no later than March 31, less such deductions as are required by law or that Employee may elect in accordance with Company policy and procedure. Employee must be fully and actively employed as of the payment date and must not have provided notice of termination for any reason prior to the payment date to be entitled to the Annual Bonus."

(d) Section 3(d) of the Employment Agreement is hereby amended by adding a new subsection (i) to the existing Section 3(d), as follows:

"(i) Upon a Change of Control Termination, the Shares underlying the Option shall automatically vest in full. "Change of Control Termination" as used herein means Employee's employment being terminated by the Company (or its successor) without Cause or by the Employee for Good Reason (as defined below) within three (3) months before or twelve (12) months after any of the following occur: (A) the acquisition by any person or group, other than the Company, of 50% or more of the voting stock of the Company; (B) within any two year period the individuals who constituted the Board at the beginning of the period shall cease for any reason to constitute a majority of the Board, provided that the election of each subsequent member who was approved in advance by two-thirds of the members of the Board in office at the beginning of such two year period or whose election or nomination for election was previously so approved, shall be considered as though such individual was a member of the Board at the beginning of the period; (C) the consummation of a merger,

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consolidation or reorganization, the result of which is that the shareholders of the Company immediately prior to the merger, consolidation or reorganization do not own and control immediately after the merger, consolidation or reorganization at least 50% of the value of the outstanding equity and combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors of the Board; or (D) a sale, exclusive license or other disposition (in one transaction or a series of related transactions) of all or substantially all of the Company's assets."

(e) Section 4 of the Employment Agreement is hereby amended by deleting the existing Section 4 in its entirety and replacing it with the following:

"(a) Termination by Company. The Company may terminate Employee's employment with the Company at any time effective immediately: (i) without Cause (as defined below); or (ii) with Cause (as defined below). For purposes of this Agreement, "Cause" shall mean Employee's: (A) gross negligence or willful misconduct with respect to the Company, including, without limitation, engagement in dishonesty with respect to the Company's business, or conduct that is injurious to the Company, its business or its reputation; (B) embezzlement, theft or fraud; (C) conviction of or plea of guilty or no contest to any felony, or any lesser crime of dishonesty; (D) personal conduct in furtherance of a hostile work environment or personal engagement in discrimination in violation of any state or federal anti-harassment or discrimination statute; (E) breach of any material obligation under this Agreement or any other written agreement between Employee and the Company; (F) Employee's failure to perform Employee's duties (other than any such failure resulting from incapacity due to physical or mental illness); or (G) violation of the Company's written policies, including but not limited to its Code of Ethics and/or Code of Conduct.

(b) Termination by Employee.

(i) For Convenience. Employee may terminate their employment with the Company by giving Company not less than sixty (60) days' prior written notice, provided that the Company may waive all or any part of the sixty (60) day notice period for no consideration by giving written notice to the Employee and, for all purposes of this Agreement, the Employee's effective date of termination shall be the date determined by the Company in such notice.

(ii) For Good Reason. Employee may terminate their employment under this Agreement for Good Reason. "Good Reason" shall mean, in each case to the extent not consented by Employee: (i) a breach by the Company of any material provision of this Agreement or any other written agreement between Employee and the Company; (ii) material reduction of the Employee's authority, duties, or responsibilities; (iii) a reduction of the Employee's then-current Base Salary or Annual Bonus Target; (iv) the Company's failure to obtain an agreement from any successor to the Company to assume and agree to perform

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this Agreement in the same manner and to the same extent that the Company would be required to perform if no succession had taken place, except where such assumption occurs by operation of law; (v) the Company's Common Stock no longer being publicly traded.

(iii) Death. Employee's employment hereunder shall terminate effective immediately upon their death.

(iv) Disability. The Company may terminate Employee's employment hereunder if: (i) as a result of Employee's incapacity due to physical or mental illness, Employee shall have been absent from their duties hereunder for a period of 120 consecutive days or a total of 180 days during any 365-day period and is unable to perform the essential duties of the job with or without a reasonable accommodation; and (ii) if within ten (10) days after written notice of termination is given by the Company to Employee (which may occur at or after the end of such period), Employee shall not have returned to the performance of their duties hereunder on a full-time basis. During any period that Employee fails to perform their duties hereunder as a result of incapacity due to physical or mental illness (the "Disability Period"), Employee shall continue to receive their Base Salary as set forth in Section 3(a) of this Agreement until their employment is terminated pursuant to this Section 4(d), provided that payments so made to Employee during the Disability Period shall be reduced by the sum of the amounts, if any, payable to Employee under disability benefit plans of the Company.

(c) Compensation upon Termination of Employment.

(i) Accrued and Unpaid Compensation. If Employee's employment is terminated for any reason, the Company shall pay Employee his full Base Salary through the effective date of the termination of Employee's employment ("Termination Date"), plus all accrued and unpaid benefits (including all health and welfare benefits in which Employee was a participant in accordance with their terms), and the Company shall have no further obligations whatsoever to Employee under this Agreement except as expressly provided otherwise in this Agreement.

(ii) Severance. If Employee's employment is terminated either by the Company without Cause (as defined above) (and not for death or Disability), or by Employee pursuant to Section 4(c) above, then, subject to their execution and non-revocation of a reasonable and customary general release of claims in favor of the Company and its affiliates, Employee shall be entitled to receive the following:

(A) if the Termination Date is less than twelve (12) months after Employee's commencement of service as Chief Financial Officer of the Company, an amount equal to six (6) months of their Base Salary in effect as of the Termination Date, paid in accordance with the Company's normal payroll

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cycle over the six (6) month period following the Termination Date; or if the Termination Date is twelve (12) months or more after Employee's commencement of service as Chief Executive Officer of the Company, an amount equal to twelve (12) months of their Base Salary in effect as of the Termination Date, paid in accordance with the Company's normal payroll cycle over the twelve (12) month period following the Termination Date; provided that such payments shall automatically cease upon Employee's employment or engagement as a consultant, contractor, or service provider by any person or entity other than the Company

within the applicable payment period; and provided that such amounts shall be paid in accordance with the Company's customary payroll practices, and less such deductions as are required by law or that Employee may elect in accordance with Company policy and procedure; and

(B) for the same six (6) or twelve (12) month period after the Termination Date, as applicable under Section 5(b)(i) above, and subject to applicable law, the Company will also pay its share of premiums for Employee's health insurance as currently enrolled on the Termination Date; provided that such payments shall automatically cease upon Employee's employment or engagement as a consultant, contractor, or service provider by any person or entity other than the Company within the applicable payment period."

(f) Section 10 of the Employment Agreement is hereby amended by replacing "New York" with "Delaware".

2. Stock Options. In connection with this First Amendment, Employee will be awarded non-qualified stock options to purchase 100,000 shares of the Company's common stock, par value \$0.01 per shares (the "New Options"). Section 3(d)(i) of the Employment Agreement, as amended by this First Amended, shall be deemed to apply to the New Options.

3. Surviving Provisions. Except as expressly provided in this First Amendment, all of the terms and provisions of the Employment Agreement are and will remain in full force and effect and are hereby ratified and confirmed by the Company and Employee. Without limiting the generality of the foregoing, the amendments contained herein will not be construed as an amendment to or waiver of any other provision of the Employment Agreement or as a waiver of or consent to any further or future action on the part of the Company or Employee that would require the waiver or consent of the other. On and after the date of this First Amendment, each reference in the Employment Agreement or this First Amendment to "this Agreement," "the Agreement," the "Employment Agreement," "hereunder," "hereof," "herein" or words of like import, and each reference to the Employment Agreement in any other agreements, documents or instruments will mean and be a reference to the Employment Agreement as amended by this First Amendment.

4. Entire Agreement. This First Amendment constitutes the sole and entire agreement of the Company and Employee with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter.

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5. Counterparts and Signatures. This First Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this First Amendment delivered by e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this First Amendment.

[SIGNATURES ON NEXT PAGE]

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IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be executed as of the date first above written.

COMPANY:

KORU MEDICAL SYSTEMS, INC.

By: /s/ Linda Tharby
Name: Linda Tharby
Title: Chief Executive Officer

Employee:

/s/ Thomas Adams
Thomas Adams

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KORU MEDICAL SYSTEMS, INC. ANNOUNCES PRELIMINARY SECOND QUARTER 2023 REVENUES AND PROVIDES BUSINESS, OUTLOOK AND EXECUTIVE UPDATES

MAHWAH, NJ – August 2, 2023 – KORU Medical Systems, Inc. (NASDAQ: KRMD) (“KORU Medical” or the “Company”), a leading medical technology company focused on the development, manufacturing, and commercialization of innovative and easy-to-use specialty subcutaneous infusion solutions that improve quality of life for patients, today announced preliminary unaudited revenues for the second quarter 2023 and provided business, outlook and executive updates.

The Company reported total net revenues for the second quarter 2023 of approximately \$6.9 million, representing growth of approximately 6% compared to the prior year period. Domestic Core revenues increased approximately 8%, International Core revenues increased approximately 17%, and Novel Therapies revenues declined approximately 28% compared to the prior year period.

Full year 2023 net revenues are now expected to be between \$31 million and \$32.5 million, representing revenue growth in the range of 11%-17% from the prior year. The Company’s guidance for full year 2023 has been updated to reflect a Q2 2023 decline in the U.S. subcutaneous immunoglobulin market, resulting in a change of KORU Medical’s outlook on underlying U.S. core market growth assumption from 10% to the mid-single digit range. In addition, the Company’s guidance reflects a change in timing of Novel Therapies revenues.

The Company’s cash balance was \$11.7 million as of June 30, 2023, and it is reaffirming an expected end of year cash balance greater than \$10.0 million and full year gross margin between 58-60%, and 60-62% exit rate.

“I am pleased our U.S. revenue growth significantly exceeded the overall U.S. market in the quarter and we saw continued strength in our international business,” said Linda Tharby, KORU Medical’s President and CEO. “The foundation of our business remains sound, and we see continued progress this quarter in Novel Therapies collaborations, with a new deal being signed and the early submission of a 510(k) for use on our FREEDOM60[®] Infusion System with Hizentra[®] 50 mL prefilled syringes. Given the U.S. SCIG market performance, and the timing of revenues from our Novel Therapies collaborations, we are updating our guidance. We remain diligently focused on delivering above-market revenue performance, advancing our portfolio with our innovation efforts, and increasing the number of drugs on our Freedom Infusion System. We remain committed and on track to attain our Vision 2026 strategic goals, including achieving +\$60 million in revenues.”

The Company also announces the appointment of Thomas (Tom) Adams as Chief Financial Officer, effective August 1, 2023. Tom previously served as the Company’s interim Chief Financial Officer from July 2022 to July 2023. Andy LaFrance resigned as the Company’s Chief Financial Officer for personal and family reasons on July 27, 2023.

“Tom has played a critical role in the successful execution of major strategic initiatives and milestones, and his contributions as interim Chief Financial Officer were vital over the past year,” said Linda Tharby, KORU Medical’s President and CEO. “I am very grateful for his partnership and know he will provide continued strong leadership as he steps into his new role as Chief Financial Officer. As CFO, Tom will continue driving our business towards our Vision 2026 and implement our financial and operational strategy as we forge ahead to the next phase of growth for KORU Medical.”

Mr. Adams joined the Company in November 2021 as its Vice President of Financial Planning and Analysis and previously served as the Company’s interim Chief Financial Officer from July 1, 2022 to July 10, 2023. Mr. Adams has over 20 years of finance and accounting experience in the medical technology and pharmaceutical sector. Prior to joining the Company, he worked with Integra Life Sciences from 2011-2021, where throughout his tenure he served in progressively senior finance roles. His last position at Integra was as the Senior Director of Finance for a \$500M commercial business unit. Prior to Integra, Tom worked at Pfizer serving in multiple senior level finance roles from 2000 to 2011. Early in his career, he spent time with Ernst and Young in the audit function. Mr. Adams has a Bachelor of Science in Accounting and Finance from Ohio State University.

This financial information presented in this press release includes calculations or figures that have been prepared internally by management and have not been reviewed or audited by the Company’s independent registered public accounting firm and is subject to change. This financial information should not be viewed as a substitute for full financial statements prepared in accordance with GAAP and is not necessarily indicative of the results to be achieved for any future periods. Complete second quarter 2023 financial results will be announced on August 9, 2023.

About KORU Medical Systems

KORU Medical Systems develops, manufactures, and commercializes innovative and easy-to-use subcutaneous drug delivery systems that improve quality of life for patients around the world. The FREEDOM Infusion System currently includes the FREEDOM60[®] and FreedomEdge[®] Syringe Infusion Drivers, Precision Flow Rate Tubing[™] and High-Flo

Subcutaneous Safety Needle Sets™. These devices are used for infusions administered in the home and alternate care settings. For more information, please visit www.korumedical.com.

Forward Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. All statements that are not historical fact are forward-looking statements, including, but not limited to, expected financial outlook and operating performance for fiscal 2022. Forward-looking statements discuss the Company's current expectations and projections relating to its financial position, results of operations, plans, objectives, future performance and business. Forward-looking statements can be identified by words such as "outlook", "guidance", "expect", "goal", and "will". Actual results may differ materially from the results predicted and reported results should not be considered as an indication of future performance. The potential risks and uncertainties that could cause actual results to differ from the results predicted include, among others, uncertainties associated with U.S. SCIG market growth, the shift to increased healthcare delivery in the home, new patient diagnoses, customer ordering patterns, global health crises, innovation and competition, labor and supply price increases, inflationary impacts, labor supply, and those risks and uncertainties included under the captions "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, which are on file with the SEC and available on our website at www.korumedical.com/investors and on the SEC website at www.sec.gov. All information provided in this release is as of August 2, 2023. Undue reliance should not be placed on the forward-looking statements in this press release, which are based on information available to us on the date hereof. We undertake no duty to update this information unless required by law.

Investor Contact:

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