UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 2026

or

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File Number: **0-12305**

KORU MEDICAL SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**13-3044880**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
100 Corporate Drive, Mahwah, New Jersey	**07430**
(Address of principal executive offices)	(Zip Code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.01 par value	**KRMD**	**The Nasdaq Stock Market**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **[X]** Yes [_] No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). **[X]** Yes [_] No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [_]	Accelerated filer [_]
Non-accelerated filer **[X]**	Smaller reporting company **[X]**
	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. [_]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). [_] Yes **[X]** No

As of November 10, 2026, 43,375,176 shares of common stock, $0.01 par value per share, were outstanding, which excludes 4,018,526 shares of treasury stock.

KORU MEDICAL SYSTEMS, INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2026
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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

KORU MEDICAL SYSTEMS, INC.
BALANCE SHEETS

	September 30, 2026 (UNAUDITED)	December 31, 2025
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 7,364,200	$ 8,872,212
Accounts receivable, net	6,382,020	5,972,252
Inventory, net	4,691,949	3,678,131
Other receivables	601,294	557,653
Prepaid expenses and other current assets	1,097,918	908,542
TOTAL CURRENT ASSETS	20,137,381	19,988,790
Property and equipment, net	4,004,237	4,471,386
Intangible assets, net of accumulated amortization of $572,949 and $527,949 as of September 30, 2026 and December 31, 2025, respectively	1,683,726	684,841
Capitalized software development costs, net	206,863	—
Operating lease right-of-use assets	2,653,308	2,956,192
Other assets	98,970	98,970
TOTAL ASSETS	$ 28,784,485	$ 28,200,179
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 1,875,343	$ 2,267,473
Accrued expenses	3,418,114	4,828,830
Note payable	332,479	—
Other liabilities	18,468	27,722
Accrued payroll and related taxes	578,261	531,972
Finance lease liability	130,257	124,913
Operating lease liability	438,712	413,448
TOTAL CURRENT LIABILITIES	6,791,634	8,194,358
Finance lease liability, net of current portion	51,572	78,675
Operating lease liability, net of current portion	2,546,190	2,879,224
TOTAL LIABILITIES	9,389,396	11,152,257
STOCKHOLDERS' EQUITY		
Common stock, $0.01 par value, 75,000,000 shares authorized, 50,375,678 and 49,790,934 shares issued 46,375,176 and 46,370,432 shares outstanding as of September 30, 2026, and December 31, 2025, respectively	503,757	497,909
Additional paid-in capital	57,650,483	52,449,339
Treasury stock, 4,018,526 and 3,438,526 shares as of September 30, 2026 and December 31, 2025, respectively, at cost	(6,405,793)	(3,882,494)
Accumulated deficit	(32,353,358)	(32,016,832)
TOTAL STOCKHOLDERS' EQUITY	19,395,089	17,047,922
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 28,784,485	$ 28,200,179

The accompanying notes are an integral part of these financial statements.

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KORU MEDICAL SYSTEMS, INC.
STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
NET REVENUES	$ 11,566,555	$ 10,402,163	$ 35,376,599	$ 30,232,038
Cost of goods sold	4,020,471	4,137,592	12,752,917	11,445,362
Gross Profit	7,546,084	6,264,571	22,623,682	18,786,676
OPERATING EXPENSES				
Selling, general and administrative	5,867,903	5,994,661	18,235,907	17,338,183
Research and development	1,281,040	933,107	3,821,004	3,242,505
Depreciation and amortization	210,023	204,482	617,585	631,326
Total Operating Expenses	7,358,966	7,132,250	22,674,496	21,212,014
Net Operating Income /(Loss)	187,118	(867,679)	(50,814)	(2,425,338)
Non-Operating Income/(Expense)				
Gain/(Loss) on currency exchange	(11,752)	11,790	(57,246)	61,571
Gain/(Loss) on disposal of fixed assets, net	(1)	—	(406,269)	—
Other income	—	3,206	—	3,205
Interest income, net	60,738	74,567	201,603	226,698
TOTAL OTHER (EXPENSE)/INCOME	48,985	89,563	(261,912)	291,474
INCOME / (LOSS) BEFORE INCOME TAXES	236,103	(778,116)	(312,726)	(2,133,864)
Income Tax Benefit (Expense)	(18,000)	150	(23,800)	(17,206)
NET INCOME/(LOSS)	$ 218,103	$ (777,966)	$ (336,526)	$ (2,151,070)
NET INCOME / (LOSS) PER SHARE				
Basic	$ 0.00	$ (0.02)	$ (0.01)	$ (0.05)
Diluted	$ 0.00	$ (0.02)	$ (0.01)	$ (0.05)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING				
Basic	46,239,985	46,238,819	46,229,137	46,140,347
Diluted	46,731,836	46,238,819	46,229,137	46,140,347

The accompanying notes are an integral part of these financial statements.

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KORU MEDICAL SYSTEMS, INC.
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended September 30, 2026	September 30, 2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	$ (336,526)	$ (2,151,070)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation expense and warrant expense	2,067,152	1,740,727
Depreciation and amortization	617,585	631,326
Loss on disposal of fixed assets	406,269	—
Loss on write-off of intangible assets	21,890	—
Non-cash leasing charges	(6,007)	—
Changes in operating assets and liabilities:		
Decrease/(Increase) in accounts receivable	(409,768)	390,139
Decrease/(Increase) in other receivables	(43,641)	38,151
Decrease/(Increase) in inventory	(1,013,818)	(1,608,041)
Decrease/(Increase) in prepaid expenses and other assets	(189,376)	(224,063)
Increase/(Decrease) in accounts payable	(392,131)	222,193
Increase/(Decrease) in accrued payroll and related taxes	46,289	(355,335)
Increase/(Decrease) in other liabilities	(9,255)	(26,377)

Increase/(Decrease) in accrued expenses	(1,410,717)	709,999
NET CASH FLOWS FROM OPERATING ACTIVITIES	(652,054)	(632,351)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(422,289)	(524,735)
Purchases of intangible assets	(571,804)	(3,400)
Capitalized software development costs	(206,863)	—
NET CASH FLOWS FROM INVESTING ACTIVITIES	(1,200,956)	(528,135)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of employee stock options	197,600	89,025
Borrowings from insurance finance indebtedness	403,869	406,751
Payments on insurance finance indebtedness	(71,390)	(342,972)
Payments for taxes related to net share settlement of equity awards	(81,059)	(27,536)
Payments on finance lease liability, net of asset	(104,022)	(81,710)
NET CASH FLOWS FROM FINANCING ACTIVITIES	344,998	43,558
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,508,012)	(1,116,928)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	8,872,212	9,580,947
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 7,364,200	$ 8,464,019
Supplemental Information		
Cash paid during the nine months ended September 30 for:		
Interest	$ 11,714	$ 36,690
Income Taxes	$ 23,800	$ 17,206
Non-cash Financing Activity		
During the nine months ended September 30, 2026, the Company acquired an intangible asset for $961,035, of which $500,000 was settled through the issuance of 125,628 shares of common stock		

The accompanying notes are an integral part of these financial statements.

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KORU MEDICAL SYSTEMS, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

Three and Nine Months Ended September 30, 2026

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	Total Stockholders' Equity
	Shares	Amount				
BALANCE, DECEMBER 31, 2025	49,790,934	$ 497,909	$ 52,449,339	$ (32,016,832)	$ (3,882,494)	$ 17,047,922
Issuance of stock-based compensation	142,568	1,426	96,074	—	—	97,500
Compensation expense related to stock options	—	—	254,053	—	—	254,053
Compensation related to restricted stock	—	—	329,957	—	—	329,957
Forfeiture of unvested restricted stock	—	—	1,666,299	—	(1,666,299)	—
Net loss	—	—	—	(807,078)	—	(807,078)
BALANCE, MARCH 31, 2026	49,933,502	$ 499,335	$ 54,795,722	$ (32,823,910)	$ (5,548,793)	$ 16,922,354
Issuance of stock-based compensation	113,274	1,133	96,367	—	—	97,500
Compensation expense related to stock options	—	—	308,252	—	—	308,252
Compensation related to restricted stock, net of payment for taxes	—	—	(29,038)	—	—	(29,038)
Forfeiture of unvested restricted stock	—	—	857,000	—	(857,000)	—
Restricted shares issued as acquisition consideration	125,628	1,256	498,744	—	—	500,000
Net Income	—	—	—	252,449	—	252,449
BALANCE, JUNE 30, 2026	50,172,404	$ 501,724	$ 56,527,047	$ (32,571,461)	$ (6,405,793)	$ 18,051,517
Issuance of stock-based compensation	33,274	333	97,167	—	—	97,500
Exercise of stock options	95,000	950	196,650	—	—	197,600
Vesting of restricted stock	75,000	750	(750)	—	—	—
Compensation expense related to stock options	—	—	290,566	—	—	290,566

Compensation related to restricted stock, net of payment for taxes	—	—	539,803	—	—	539,803
Net Income	—	—	—	218,103	—	218,103
BALANCE, September 30, 2026	50,375,678	$503,757	$ 57,650,483	$ (32,353,358)	$ (6,405,793)	$ 19,395,089

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Three and Nine Months Ended September 30, 2025

	Common Stock		Additional Paid-in	Accumulated	Treasury	Total Stockholders'
	Shares	Amount	Capital	Deficit	Stock	Equity
BALANCE, DECEMBER 31, 2024	49,377,617	$ 493,776	$ 49,581,303	$ (29,378,906)	$ (3,882,494)	$ 16,813,679
Issuance of stock-based compensation	183,881	1,839	95,661	—	—	97,500
Compensation expense related to stock options	—	—	359,197	—	—	359,197
Compensation related to restricted stock	—	—	227,860	—	—	227,860
Issuance of warrants	—	—	13,032	—	—	13,032
Net loss	—	—	—	(1,166,237)	—	(1,166,237)
BALANCE, MARCH 31, 2025	49,561,498	$ 495,615	$ 50,277,053	$ (30,545,143)	$ (3,882,494)	$ 16,345,031
Issuance of stock-based compensation	93,961	940	96,560	—	—	97,500
Compensation expense related to stock options	—	—	147,944	—	—	147,944
Compensation related to restricted stock, net of payment for taxes	—	—	142,766	—	—	142,766
Net loss	—	—	—	(206,867)	—	(206,867)
BALANCE, JUNE 30, 2025	49,655,459	$ 496,555	$ 50,664,323	$ (30,752,010)	$ (3,882,494)	$ 16,526,374
Issuance of stock-based compensation	25,454	254	97,246	—	—	97,500
Compensation expense related to stock options	—	—	254,697	—	—	254,697
Compensation related to restricted stock, net of payment for taxes	—	—	275,195	—	—	275,195
Proceeds from exercise of employee stock options	32,781	328	88,697	—	—	89,025
Net loss	—	—	—	(777,966)	—	(777,966)
BALANCE, September 30, 2025	49,713,694	$ 497,137	$ 51,380,158	$ (31,529,976)	$ (3,882,494)	$ 16,464,825

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KORU MEDICAL SYSTEMS, INC.
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

NOTE 1 — NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

KORU MEDICAL SYSTEMS, INC. (the "Company," "KORU Medical," "KORU," "we," "us" or "our") develops, manufactures and commercializes innovative and patient-centric large volume subcutaneous infusion solutions primarily for the subcutaneous drug delivery market as governed by the United States Food and Drug Administration (the "FDA") quality and regulatory system and international standards for quality system management.

BASIS OF PRESENTATION

The accompanying financial statements should be read in conjunction with the Company's annual report on Form 10-K for the year ended December 31, 2025 ("Annual Report"). In accordance with the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"), the Company has omitted footnote disclosures that would substantially duplicate the disclosures contained in the audited financial statements of the Company. The accompanying interim financial statements are unaudited and reflect all adjustments which are in the opinion of management necessary for a fair statement of the Company's financial position, results of operations, and cash flows for the periods presented. All such adjustments are of a normal, recurring nature. The Company's results of operations and cash flows for the interim periods are not necessarily indicative of the results of operations and cash flows that it may achieve in future periods.

CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the Company considers all short-term investments with an original maturity of three months or less to be cash equivalents. As of September 30, 2026 the Company held cash and cash-equivalents of $7.4 million.

INTANGIBLE ASSETS

Direct costs associated with obtaining patents are capitalized and amortized over the related legal lives. On May 18, 2026, the Company acquired contracts and intellectual property assets for total consideration of $961,035, including $461,035 of cash and $500,000 represented by 125,628 shares of common stock. The transaction was accounted for as an asset acquisition rather than a business combination.

SOFTWARE DEVELOPMENT COSTS

The Company capitalizes certain costs related to the development of internal-use software in accordance with ASC 350-40, Internal-Use Software. Capitalization begins when management has authorized the project, and it is probable that the software will be completed and used as intended. Capitalized costs primarily include internal labor directly associated with application development activities, such as coding, configuration, and testing.

STOCK-BASED COMPENSATION

The Company maintains an omnibus equity incentive plan under which it grants options and other equity incentive awards to certain executives, employees and consultants, as well as shares of common stock to non-employee directors.

The fair value of each stock option grant is estimated on the date of the grant using the Black-Scholes option-pricing model. All options are charged against income at their fair value. The entire compensation expense of the award is recognized over the vesting period.

Shares of stock granted for director fees are recorded at the fair value of the shares at the grant date.

Restricted stock awards are equity classified and measured at the fair market value of the underlying stock at the grant date. The fair value of restricted stock awards vesting at certain market capitalization thresholds were estimated on the date of grant using the Brownian Motion Monte Carlo lattice model. The fair value of restricted stock awards with time-based vesting were estimated on the date of grant at the current stock price. The fair value of restricted stock awards vesting at certain annual sales growth thresholds were estimated as of the date of Board acknowledgement of the achievement, at the current stock price. We recognize restricted stock expense using the straight-line attribution method over the requisite service period and account for forfeitures as they occur.

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Restricted stock units (“RSUs”) and performance stock units (“PSUs”) are equity classified and measured at the fair market value of the underlying stock at the grant date.

NET INCOME (LOSS) PER SHARE

The following table sets forth the computation of basic and diluted income per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Numerator:				
Net income(loss) for basic and diluted earnings per share	$ 218,103	$ (777,966)	$ (336,526)	$ (2,151,070)
Denominator for basic income per share weighted average shares	46,239,985	46,238,819	46,229,137	46,140,347
Effect of dilutive securities:				
Stock options, restricted stock units, and restricted stock awards	491,851	—	—	—
Denominator for diluted income (loss) per share weighted average shares	46,731,836	46,238,819	46,229,137	46,140,347
Basic income (loss) per share	$ 0.00	$ (0.02)	$ (0.01)	$ (0.05)
Diluted income (loss) per share	$ 0.00	$ (0.02)	$ (0.01)	$ (0.05)

Approximately 278,506 incremental shares attributable to stock options and 213,345 incremental shares attributable to restricted stock units and restricted stock awards for the three months ended September 30, 2026 were included in the diluted EPS calculation because they were dilutive. Additional potential common shares were excluded from the diluted EPS calculation for the three-month period ended September 30, 2026, including approximately 480,911 weighted-average shares underlying performance-based and market-based PSU awards because the applicable conditions had not been satisfied. Because the Company reported a net loss for the nine months ended September 30, 2026, all potential common shares were anti-dilutive and therefore excluded from the calculation of diluted net loss per share for the period.

USE OF ESTIMATES IN THE FINANCIAL STATEMENTS

The preparation of financial statements in conformity with United States generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Important estimates include but are not limited to asset lives, deferred tax valuation allowances, inventory valuation, expected credit losses, and customer rebate and incentive accruals. The results of operations for the nine months ended September 30, 2026 are not necessarily indicative of the results that may be expected for the entire 2026 fiscal year.

REVENUE RECOGNITION

Our revenues are derived from three business sources: (i) domestic core (which consists of US and Canada), (ii) international core, and (iii) pharma services and clinical trials. Our domestic and international core revenues consist of sales of our syringe drivers, tubing and needles (“Product Revenue”) for the delivery of subcutaneous drugs that are FDA cleared for use with the KORU Medical infusion system, with the primary delivery for immunoglobulin to treat Primary Immunodeficiency Diseases (“PIDD”) and Chronic Inflammatory Demyelinating Polyneuropathy (“CIDP”). Pharma services and clinical trials consist of Product Revenue for feasibility/clinical trials (pre-clinical studies, Phase I, Phase II, Phase III) of biopharmaceutical companies in the drug development process as well as non-recurring engineering services (“NRE”) revenues (including testing and registration services) received from biopharmaceutical companies to ready or customize the FREEDOMTM System for clinical and commercial use across multiple drug categories.

For Product Revenue, we recognize revenues when shipment occurs, at which point the customer obtains control and ownership of the goods. Shipping costs generally are billed to customers and are included in Product Revenue.

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The Company generally does not accept return of goods shipped unless it is a Company error. The only credits provided to customers are for defective merchandise. The Company warrants the syringe driver from defects in materials and workmanship under normal use and the warranty does not include a performance obligation. The costs under the warranty are expensed as incurred.

Rebates are provided to distributors for the difference in selling price to distributors and pricing specified to select customers. In addition, rebates are provided to customers for meeting growth targets. Provisions for both distributor pricing and customer growth rebates are variable consideration and are recorded as a reduction of revenue in the same period the related sales are recorded or when it is probable the growth target will be achieved.

We recognize NRE revenue under an input method, which recognizes revenue on the basis of our efforts or inputs (for example, resources consumed, labor hours expended, costs incurred, or time elapsed) to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation (i.e. completion milestone). The input method that we use is based on costs incurred.

Contracts are often modified to account for changes in contract specifications and requirements. Contract modifications exist when the modification either creates new, or changes existing, enforceable rights and obligations. Generally, when contract modifications create new performance obligations, the modification is considered to be a separate contract and revenue is recognized prospectively. When contract modifications change existing performance obligations, the impact on the existing transaction price and measure of progress for the performance obligation to which it relates is generally recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis. Contract assets primarily represent revenue earnings over time that are not yet billable based on the terms of the contracts. Contract liabilities (i.e., deferred revenue) consist of fees invoiced or paid by the Company’s customers for which the associated performance obligations have not been satisfied and revenue has not been recognized based on the Company’s revenue recognition criteria described above. The Company has recognized a contract asset, which is included in other receivables in the accompanying balance sheet, of $563,920 and $319,955 as of September 30, 2026 and December 31, 2025, respectively.

The following table summarizes net revenues from our distributors and direct customers by geography for the three and nine months ended September 30, 2026, and 2025.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenues				
Domestic	$ 8,379,202	$ 6,706,639	$ 25,214,536	$ 21,924,544
International	3,187,353	3,695,524	10,162,063	8,307,494
Total	$ 11,566,555	$ 10,402,163	$ 35,376,599	$ 30,232,038

ACCOUNTING PRONOUNCEMENTS RECENTLY ADOPTED

The Company considers the applicability and impact of all recently issued accounting pronouncements. Recent accounting pronouncements not specifically identified in our disclosures are either not applicable to the Company or are not expected to have a material effect on our financial condition or results of operations.

In July 2025, the Financial Accounting Standards Board ("FASB") issued ASU 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets. The ASU introduces an optional practical expedient that allows entities to assume current economic conditions remain unchanged over the remaining life of current accounts receivable and contract assets when estimating expected credit losses.

The guidance became effective for the Company on January 1, 2026. The Company did not elect the practical expedient and continues to apply its existing credit loss estimation methodology under ASC 326. The adoption did not have a material impact on the Company's financial position, results of operations, or cash flows.

Accounts receivable are recorded at the amount billed to customers, net of an allowance for expected credit losses. Based on the Company's historical collection experience and current customer credit quality, expected credit losses have been immaterial, and no allowance for credit losses has been recorded as of September 30, 2026 or December 31, 2025. The Company continues to monitor customer credit risk and would record an allowance if expected credit losses become material.

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IMPAIRMENT OF LONG-LIVED ASSETS

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition are less than the carrying amount. The impairment loss, if recognized, would be based on the excess of the carrying value of the impaired asset over its respective fair value.

During the three and nine months ended September 30, 2026, the Company recorded a loss of approximately $21,890 related to the write-off of a patent that no longer provided the expected future economic benefits. The loss was included in selling, general and administrative expenses in the accompanying Statements of Operations. No such losses were recognized during the three and nine months ended September 30, 2025.

RECLASSIFICATIONS

Certain prior-period amounts have been reclassified to conform to the current-period presentation. Specifically, $237,698 of contract assets previously included in accounts receivable, net, was reclassified to other receivables as of December 31, 2025. Certain amounts within changes in operating assets and liabilities in the prior-year statement of cash flows were also reclassified for presentation purposes. These reclassifications had no impact on total assets, net income (loss), or net cash flows from operating activities.

SEGMENT REPORTING

The Company operates as a single reportable segment. The Company's chief operating decision maker ("CODM") is its Chief Executive Officer. The CODM assesses performance and allocates resources on the basis of net income, which is the measure of segment profit or loss, and uses this measure in monthly/quarterly budget-versus-actual reviews and in both compensation and capital allocation decisions.

The measure of segment assets regularly provided to the CODM is total assets as reported on the balance sheets.

Significant segment expenses regularly provided to the CODM and included in the measure of segment profit or loss are as follows for the three and nine months ended September 30, 2026 and 2025:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Total revenue	$ 11,566,555	$ 10,402,163	$ 35,376,599	$ 30,232,038
Less:				
Cost of goods sold	4,020,471	4,137,592	12,752,917	11,445,362
Selling, general and administrative expenses	5,867,903	5,994,661	18,235,907	17,338,183
Research and development expenses	1,281,040	933,107	3,821,004	3,242,505
Depreciation and amortization	210,023	204,482	617,585	631,326
Operating income (loss)	187,118	(867,679)	(50,814)	(2,425,338)
Other segment items (1)	30,985	89,713	(285,712)	274,268
Net income (loss)	$ 218,103	$ (777,966)	$ (336,526)	$ (2,151,070)

(1) Other segment items include foreign currency exchange gains and losses, gains and losses on disposal of fixed assets, net interest income, and income taxes, as presented in the accompanying Statements of Operations. Positive amounts represent net income, while amounts in parentheses represent net expenses.

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NOTE 2 — PROPERTY AND EQUIPMENT

Property and equipment consist of the following at:

	September 30, 2026	December 31, 2025
Furniture and office equipment	$ 1,549,029	$ 1,407,636
Leasehold improvements	2,171,556	1,959,045
Manufacturing equipment and tooling	4,899,649	5,171,898
Total property and equipment	8,620,234	8,538,579
Less: accumulated depreciation and amortization	(4,615,997)	(4,067,193)
Property and equipment, net	$ 4,004,237	$ 4,471,386

NOTE 3 — STOCK-BASED COMPENSATION

The Company maintains three equity incentive plans: the 2015 Stock Option Plan, as amended (the "2015 Plan"), the 2021 Omnibus Equity Incentive Plan (the "2021 Plan"), and the 2024 Omnibus Equity Incentive Plan (the "2024 Plan"). All equity awards issued to employees, consultants, and non-employee directors on or after May 9, 2024, are issued from the 2024 Plan. The Company has also issued restricted stock and stock options as employment inducement awards outside of these plans to certain executive officers.

The 2015 Plan provides for the grant of incentive stock options and nonqualified stock options. As of September 30, 2026, there were 1,808,000 shares reserved for outstanding awards under the 2015 Plan.

The 2021 Plan provides for the grant of incentive stock options, nonqualified stock options, stock awards, restricted stock awards, restricted stock units, performance share units, stock appreciation rights, and/or other equity-based awards to employees, consultants and directors. As of September 30, 2026, there were 100,000 shares reserved for outstanding awards under the 2021 Plan.

The 2024 Plan provides for the grant of incentive stock options, nonqualified stock options, stock awards, restricted stock awards, restricted stock units, performance share units, stock appreciation rights and/or other equity-based awards to employees, consultants and directors. Awards previously made under the 2015 Plan and the 2021 Plan that are forfeited or cancelled after May 9, 2024 will be available for issuance under the 2024 Plan. As of September 30, 2026, there were 2,454,148 shares reserved for outstanding awards and 4,012,197 shares available for issuance under the 2024 Plan.

Each non-employee director of the Company (other than the Chairman of the Board) is eligible to receive $110,000 annually, to be paid quarterly in arrears of $12,500 in cash and $15,000 in common stock. The Chairman of the Board is eligible to receive $140,000 annually, to be paid quarterly in arrears of $12,500 in cash and $22,500 in common stock. All payments were and are pro-rated for partial service.

Restricted stock units ("RSUs") and performance share units ("PSUs") are equity classified and measured at their grant-date fair value in accordance with ASC 718. The fair value of market-based PSUs reflects the applicable market conditions.

Shares of stock granted for non-employee director fees are recorded at the fair value of the shares at the grant date.

Effective July 1, 2026, in connection with his appointment as Chief Executive Officer, the Company granted Adam Kalbermatten a performance share unit ("PSU") award under the 2024 Plan with a stated target grant value of $1.25 million, representing 284,091 target PSUs. The award consists of 213,068 PSUs subject to revenue-based performance conditions (75%) and 71,023 PSUs subject to market capitalization-based performance conditions (25%). Vesting is subject to the achievement of specified performance targets. The accounting grant-date fair value of the award was approximately $1.1 million, determined in accordance with ASC 718.

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Time-Vesting Stock Options

The following table summarizes the status of the time-vested stock options outstanding at September 30, 2026:

	Shares	Weighted Average Exercise Price
Outstanding at January 1	3,614,245	$ 3.48
Granted	156,857	$ 3.95
Exercised	(95,000)	$ 2.08
Forfeited	(81,272)	$ 2.73
Outstanding at September 30	3,594,830	$ 3.54
Options exercisable at September 30	2,177,335	$ 3.34

During the nine months ended September 30, 2026, 95,000 time-vested nonqualified stock options issued under the 2015 Plan were exercised at an exercise price of $2.08 per share, resulting in aggregate exercise proceeds of $197,600. The aggregate intrinsic value of the options exercised was $102,543.

Total stock-based compensation expense related to time-vested stock options was $290,566 and $254,697 for the three months ended September 30, 2026 and 2025, respectively, and $852,871 and $775,966 for the nine months ended September 30, 2026 and 2025, respectively.

The following table presents information pertaining to time-vested stock options outstanding at September 30, 2026:

Range of Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$2.08 - $4.06	3,121,318	6.4 years	$ 3.32	2,177,335	$ 3.34
$4.35 - $5.70	473,512	9.4 years	$ 5.01	—	$ —
Total	3,594,830	6.8 years	$ 3.54	2,177,335	$ 3.34

As of September 30, 2026, there was $3,078,136 of total unrecognized compensation cost related to unvested share-based stock compensation awards granted under the Plans. That cost is expected to be recognized over a weighted-average period of 24 months.

Restricted Stock Awards, RSUs, and PSUs

The following table summarizes the activities for our unvested restricted stock awards, RSUs, and PSUs for the nine months ended September 30, 2026.

	Shares	Weighted Average Grant-Date Fair Value

Unvested at January 1	1,722,147	$	2.99
Granted	1,006,807	$	4.38
Vested	(317,348)	$	2.58
Forfeited/canceled	(560,565)	$	3.31
Unvested at September 30	1,851,041	$	3.76

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During the nine months ended September 30, 2026, 580,000 shares of restricted stock originally issued to the Company's former CEO as part of her new hire inducement award were forfeited and returned to treasury. These shares represent previously issued restricted stock returned to treasury, whereas the forfeiture/cancellation activity presented in the table above reflects changes in unvested restricted stock awards, RSUs, and PSUs across all award holders.

Total stock-based compensation expense for restricted stock awards, RSUs, and PSUs, included in operating expense in the accompanying statement of operations was $539,803 and $921,781 for the three and nine months ended September 30, 2026, respectively.

As of September 30, 2026, there was $5,481,096 of unrecognized compensation cost related to unvested employee restricted stock awards, RSUs, and PSUs. This amount is expected to be recognized over a weighted-average period of 28 months.

NOTE 4 — DEBT OBLIGATIONS

On March 8, 2024, the Company entered into a loan and security agreement with a large domestic banking institution, as lender, providing for a $5,000,000 revolving credit facility and a $5,000,000 term loan facility. Borrowings are secured by a first-priority lien on substantially all of the assets of the Company, subject to customary exceptions. On March 30, 2026 the loan and security agreement was amended to extend the maturity of the $5,000,000 revolver from December 31, 2026 to March 30, 2028, and extends the interest-only period of the $5,000,000 term loan from September 30, 2026 to June 30, 2027 with a possible further extension to December 31, 2027 upon the achievement of certain EBITDA milestones as set forth therein. The term loan maturity has been extended from December 1, 2028 to December 1, 2029. The amendment lowers the interest rate floor to 5.50% from 6.50% for the revolver and the term loan. The amendment removes the adjusted quick ratio covenant for both the term loan and the revolver. The adjusted quick ratio covenant for the revolver has been replaced with a remaining months liquidity covenant of at least twelve months, to be tested monthly beginning the first month the revolver is drawn on; provided, however, the Company will be in compliance if trailing three (3) month average Adjusted EBITDA (as defined in the revolver) is positive. As of September 30, 2026, the Company's revolving credit facility remained undrawn.

On August 7, 2026, the Company entered into a commercial insurance premium finance and security agreement with AON Premium Finance, LLC to finance $403,869 of its annual insurance premiums. The agreement carries an annual percentage rate of 7.49% and requires 11 monthly payments of approximately $38,105, with the final payment scheduled for June 2027. The agreement is secured by the Company's rights to unearned premiums under the related insurance policies. As of September 30, 2026, the outstanding principal balance was $332,479, which is included in Note payable in the accompanying Balance Sheets.

NOTE 5 — LEASES

We have finance and operating leases for our corporate office, vehicles, and certain office and computer equipment.
The components of lease expense were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Operating lease cost	$ 133,495	$ 130,785	$ 400,484	$ 388,372
Short-term lease cost	—	—	—	6,086
Total lease cost	$ 133,495	$ 130,785	$ 400,484	$ 394,458
Finance lease cost:				
Amortization of right-of-use assets	$ 36,547	$ 28,896	$ 102,569	$ 86,689
Interest on lease liabilities	2,163	3,674	6,895	12,249
Total finance lease cost	$ 38,710	$ 32,570	$ 109,464	$ 98,938

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Supplemental cash flow information related to leases was as follows:

	Nine Months Ended September 30,	
	2026	2025
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 403,881	$ 392,871
Financing cash flows from finance leases	$ 104,022	$ 98,578
ROU assets obtained in exchange for new finance lease liabilities	$ 82,383	$ —

	September 30, 2026	December 31, 2025

Weighted Average Remaining Lease Term		
Operating leases	5.84 Years	6.57 Years
Finance leases	1.58 Years	1.67 Years
Weighted Average Discount Rate		
Operating leases	4.10%	4.13%
Finance leases	4.49%	4.74%

Maturities of lease liabilities are as follows:

Year Ended December 31,	Operating Leases	Finance Leases
Remainder of 2026	$ 135,448	$ 40,335
2027	554,475	104,096
2028	557,286	36,079
2029	553,759	7,475
2030	568,217	—
Thereafter	986,164	—
Total undiscounted lease payments	3,355,349	187,985
Less: imputed interest	(370,447)	(6,156)
Total lease liabilities	$ 2,984,902	$ 181,829

NOTE 6 — INCOME TAXES

For interim income tax reporting, the Company estimates its annual effective tax rate and applies it to fiscal year-to-date pretax loss, excluding unusual or infrequently occurring discrete items. Tax jurisdictions with losses for which tax benefits cannot be realized are excluded. The Company's reported income tax expense as of September 30, 2026 and 2025 is lower than the statutory tax rate at 21% primarily due to the valuation allowance established against the net deferred tax assets. Income tax expense for the three and nine months ended September 30, 2026 primarily consisted of state income taxes. The Company continues to maintain a full valuation allowance against its net deferred tax assets.

We evaluate our deferred tax assets to determine if they are more likely than not to be realized by assessing both positive and negative evidence in accordance with ASC Topic 740, Income Taxes. After considering our cumulative pretax loss (the three-year period ended with the current year), as well as analyzing all available evidence, we maintained the full valuation allowance against our net deferred tax assets. As we continue to assess the realizability of our deferred tax assets, reported pretax income and new evidence may result in a partial or full reduction of the valuation allowance in future periods.

The Company files income tax returns in the U.S. federal jurisdiction and in various state jurisdictions. Income tax returns for years prior to fiscal 2022 are no longer subject to examination by tax authorities.

NOTE 7 — COMMITMENTS AND CONTINGENCIES

LEGAL PROCEEDINGS

The Company has been and may again become involved in legal proceedings, claims and litigation arising in the ordinary course of business. The Company is not presently a party to any litigation or other legal proceedings that is believed to be material to its financial condition.

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PART I — ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Quarterly Report on Form 10-Q contains, and our officers and representatives may from time to time make, certain "forward-looking" statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) and information relating to us that are based on the beliefs of the management, as well as assumptions made and information currently available. 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 uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control.

Our actual results may vary materially from the forward-looking statements made in this report due to important factors such as uncertainties associated with inflation, tariffs, war and other geopolitical conflicts, customer ordering patterns, availability and costs of raw materials and labor and our ability to recover such costs, future operating results, growth of new patient starts and the Ig market, our compliance with Food and Drug Administration and foreign authority regulations and the outcome of regulatory audits, introduction and adoption of competitive products, acceptance of and demand for new and existing products, ability to penetrate new markets, success in enforcing and obtaining patents, reimbursement related risks, government regulation of the home health care industry, success of our research and development effort, expanding the market of FREEDOM^{TM} System, demand in the SCIg market, availability of sufficient capital if or when needed, dependence on key personnel, and the impact of recent accounting pronouncements, as well as those risks and uncertainties described in our Annual Report on Form 10-K for the year ended December 31, 2025. When used in this report, the words "estimate," "project," "believe," "may," "will," "anticipate," "intend," "expect" and similar expressions are intended to identify forward-looking statements, which include, without limitation, statements regarding need for additional financing. Such statements reflect current views with respect to future events based on currently available information and are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revision to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Throughout this report, the "Company," "KORU Medical," "we," "us" or "our" refers to KORU Medical Systems, Inc.

OVERVIEW

The Company develops, manufactures and markets proprietary portable and innovative medical devices primarily for the subcutaneous drug delivery market as governed by the United States Food and Drug Administration (the "FDA") quality and regulatory system and international regulations and standards for quality system management.

Our revenues derive from three business sources: (i) domestic core (which consists of US and Canada), (ii) international core, and (iii) pharma services and clinical trials. Our domestic core and international core revenues consist of sales of our products for the delivery of subcutaneous drugs that are FDA cleared for use with the FREEDOM^{TM} System, with the primary delivery for immunoglobulin to treat Primary Immunodeficiency Diseases ("PIDD") and Chronic Inflammatory Demyelinating Polyneuropathy ("CIDP"). Pharma services and clinical trials revenues consist of product revenues from our infusion system (syringe drivers, tubing and needles) for feasibility/clinical trials (pre-clinical studies, Phase I, Phase II, Phase III) of biopharmaceutical companies in the drug development process as well as non-recurring engineering services revenues ("NRE") received from biopharmaceutical companies to ready or customize the FREEDOM^{TM} System for clinical and commercial use.

The Company ended the third quarter of 2026 with $11.6 million in net revenues; an 11.2% increase compared to $10.4 million in the same period last year. Revenues were driven by growth in our core domestic business of 31.6%, partially offset by decreases of 16.5% in our core international business and 27.4% in our pharma services and clinical trials business.

Gross profit for the third quarter of 2026 was $7.5 million; a 20.5% increase compared to $6.3 million in the same period last year. Gross margin was 65.2% for the three months ended September 30, 2026, an increase from 60.2% in the prior year period. We define gross margin as gross profit stated as a percentage of net revenues.

Operating expenses for the third quarter of 2026 were $7.4 million, an increase of 3.2% compared to $7.1 million for the same period last year, driven by an increase of $0.3 million in research and development expenses, partially offset by a decrease of $0.1 million in selling, general, and administrative expenses.

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The Company imports certain materials and products that are subject to U.S. government tariffs and import duties. On February 20, 2026, a U.S. federal court ordered the U.S. government to begin refunding certain tariffs. The Company believes that some of the tariffs it has paid may be eligible for refund; however, the amount and timing of any potential refunds are uncertain and not expected to have a material impact on the Company's full year financial position. During the three months ended September 30, 2026, the Company received tariff-related refunds of approximately $89 thousand from certain vendors in connection with previously incurred tariff-related costs, which were recorded as a reduction of cost of sales in the period received, resulting in a favorable impact to gross margin for the period. The Company continues to evaluate potential additional refunds and rebates; however, the amount and timing of any future refunds remain uncertain.

RESULTS OF OPERATIONS

Three months ended September 30, 2026, compared to September 30, 2025

Net Revenues

The following table summarizes our net revenues for the three months ended September 30, 2026, and 2025:

	Three Months Ended September 30,		Change from Prior Year		% of Net Revenues	
	2026	2025	$	%	2026	2025
Net Revenues						
Domestic Core	$ 8,058,131	$ 6,122,365	$ 1,935,766	31.6%	69.6%	58.9%
International Core	3,084,050	3,695,524	(611,474)	(16.5%)	26.7%	35.5%
Total Core	11,142,181	9,817,889	1,324,292	13.5%	96.3%	94.4%
Pharma Services and Clinical Trials	424,374	584,274	(159,900)	(27.4%)	3.7%	5.6%
Total	$ 11,566,555	$ 10,402,163	$ 1,164,392	11.2%	100%	100%

Total net revenues increased $1.2 million, or 11.2%, to $11.6 million for the three months ended September 30, 2026, as compared to $10.4 million in the prior year period.

Domestic core revenues were $8.1 million, an increase of $1.9 million, or 31.6%, compared to the prior-year period. Approximately $1.2 million of the increase reflected lower orders from a U.S. distributor in the third quarter of 2025, when the distributor purchased a portion of its KORU products through one of our international distributors and reduced its inventory levels. The remaining increase was primarily driven by higher pump and consumable volumes, new patient starts, and market share gains within existing accounts.

International core revenues were $3.1 million, a decrease of 16.5% compared to the prior-year period. The decrease primarily reflected a higher prior-year comparison base, which included shipments to a distributor in a strategic market in anticipation of demand associated with conversions from vials to prefilled products, as well as purchases by an international distributor for subsequent resale in the U.S. The decrease was partially offset by growth in new patient starts within existing international markets.

As discussed above, purchases through the international distributor for resale in the U.S. affected the geographic mix of Core revenues in the prior-year period and, consequently, the year-over-year comparisons of Domestic and International Core revenues.

Pharma services and clinical trials net revenues were $0.4 million, a decrease of 27.4% compared to the prior-year period, primarily reflecting lower purchases of products for use in a customer's clinical trial program.

Gross Profit

Our gross profit for the three months ended September 30, 2026 and 2025 is as follows:

	Three Months Ended September 30,		Change from Prior Year	
	2026	2025	$	%
Gross Profit	$ 7,546,084	$ 6,264,571	$ 1,281,513	20.5%
Gross Margin	65.2%	60.2%		

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Gross profit increased $1.3 million, or 20.5%, to $7.5 million for the three months ended September 30, 2026, as compared to $6.3 million in the prior year period, primarily driven by volume growth. Gross margin increased to 65.2% for the three months ended September 30, 2026, as compared to 60.2% in the prior year period, primarily driven by lower manufacturing costs, higher average selling prices from our geographical customer mix and lower tariff costs driven by tariff related rebates.

Operating Expenses

Our selling, general and administrative, research and development and depreciation and amortization expenses for the three months ended September 30, 2026 and 2025 are as follows:

	Three Months Ended September 30,		Change from Prior Year	
	2026	2025	$	%
Selling, general and administrative	$ 5,867,903	$ 5,994,661	$ (126,758)	(2.1%)
Research and development	1,281,040	933,107	347,933	37.3%
Depreciation and amortization	210,023	204,482	5,541	2.7%
Total Operating Expenses	$ 7,358,966	$ 7,132,250	$ 226,716	3.2%

Selling, general and administrative expenses decreased $0.1 million, or 2.1%, to $5.9 million during the three months ended September 30, 2026, as compared to $6.0 million in the prior year period. The decrease in selling, general and administrative expenses was primarily driven by lower commission expenses and legal fees, partially offset by higher stock compensation and consulting expenses.

Research and development expenses increased $0.3 million, or 37.3% to $1.3 million during the three months ended September 30, 2026, as compared to $0.9 million in the prior year period. The increase was primarily due to higher salary and stock compensation related to headcount additions, including employees added in connection with our technology asset acquisition, partially offset by lower project spend and the non-recurrence of severance expense in the prior year period.

Depreciation and amortization expense remained flat at $0.2 million during the three months ended September 30, 2026, as compared to $0.2 million in the prior year period.

Net Income

	Three Months Ended September 30,		Change from Prior Year	
	2026	2025	$	%
Net Income	$ 218,103	$ (777,966)	$ 996,069	N/M
Stated as a Percentage of Net Revenues	1.9%	(7.5%)		

Our net income increased $1.0 million in the three months ended September 30, 2026, as compared to the prior year period, primarily driven by an increase in gross profit of $1.3 million from increased revenues, partially offset by operating expense increases of $0.2 million, and other income and losses change of $0.1 million due to an asset disposal.

Nine months ended September 30, 2026, compared to September 30, 2025

Net Revenues

The following table summarizes our net revenues for the nine months ended September 30, 2026, and 2025:

	Nine Months Ended September 30,		Change from Prior Year		% of Net Revenues	
	2026	2025	$	%	2026	2025
Net Revenues						
Domestic Core	$ 23,777,561	$ 20,147,615	$ 3,629,946	18.0%	67.2%	66.6%
International Core	9,837,649	8,304,297	1,533,352	18.5%	27.8%	27.5%
Total Core	33,615,210	28,451,912	5,163,298	18.1%	95.0%	94.1%
Pharma Services and Clinical Trials	1,761,389	1,780,126	(18,737)	(1.1%)	5.0%	5.9%
Total	$ 35,376,599	$ 30,232,038	$ 5,144,561	17.0%	100%	100%

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Total net revenues increased $5.1 million, or 17.0%, to $35.4 million for the nine months ended September 30, 2026, as compared to $30.2 million in the prior year period.

Domestic core revenues were $23.8 million, an increase of 18.0% over the prior year period, primarily due to higher pump and consumable volumes, driven by new patient starts and market share gains. The prior year period was also adversely impacted by approximately $1.2 million in the third quarter of 2025, as described above, which did not recur in the current year period.

International core revenues were $9.8 million, an increase of 18.5% over the prior year period, primarily due to higher pump volumes, driven by prefilled conversions, new patient starts in existing markets and entry into new geographic markets, partially offset by the non-recurrence of approximately $1.2 million of revenues in the third quarter of 2025, as described above.

Pharma services and clinical trials net revenues were $1.8 million, relatively flat with a decrease of 1.1% over the prior year period.

Gross Profit

Our gross profit for the nine months ended September 30, 2026, and 2025 is as follows:

	Nine Months Ended September 30,		Change from Prior Year	
	2026	2025	$	%
Gross Profit	$ 22,623,682	$ 18,786,676	$ 3,837,006	20.4%
Gross Margin	64.0%	62.1%		

Gross profit increased $3.8 million, or 20.4%, to $22.6 million for the nine months ended September 30, 2026, as compared to $18.8 million in the prior year period, primarily driven by an increase in net revenues of $5.1 million, as described above. Gross margin increased to 64.0% for the nine months ended September 30, 2026, as compared to 62.1% in the prior year period, primarily driven by lower manufacturing costs and higher average selling prices.

Operating Expenses

Our selling, general and administrative, research and development and depreciation and amortization expenses for the nine months ended September 30, 2026 and 2025 are as follows:

	Nine Months Ended September 30,		Change from Prior Year	
	2026	2025	$	%
Selling, general and administrative	$ 18,235,907	$ 17,338,183	$ 897,724	5.2%
Research and development	3,821,004	3,242,505	578,499	17.8%
Depreciation and amortization	617,585	631,326	(13,741)	(2.2%)
Total Operating Expenses	$ 22,674,496	$ 21,212,014	$ 1,462,482	6.9%

Selling, general and administrative expenses increased $0.9 million, or 5.2%, during the nine months ended September 30, 2026, as compared with the prior year period, primarily due to increases in compensation and benefits and legal fees partially offset by lower accrued compensation expenses.

Research and development expenses increased by $0.6 million, or 17.8% during the nine months ended September 30, 2026, as compared with the same prior year period, primarily due to higher compensation and benefit expenses from new headcount additions partially offset by lower project expenses.

Depreciation and amortization expense remained flat at $0.6 million in the nine months ended September 30, 2026, as compared with $0.6 million in the same prior year period.

Net Loss

	Nine Months Ended September 30,		Change from Prior Year	
	2026	2025	$	%
Net Loss	$ (336,526)	$ (2,151,070)	$ 1,814,544	(84.4%)
Stated as a Percentage of Net Revenues	(1.0%)	(7.1%)		

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Our net loss decreased $1.8 million in the nine months ended September 30, 2026, as compared with the same prior year period, mostly driven by an increase in gross profit of $3.8 million or 20.4%, partially offset by an increase in operating expenses of $1.5 million or 6.9%, and an increase in other losses of $0.6 million primarily driven by a loss on asset disposal and foreign currency exchange rate losses.

LIQUIDITY AND CAPITAL RESOURCES

Our principal source of liquidity is our cash on hand of $7.4 million as of September 30, 2026. Our principal source of operating cash inflows is from sales of our products and NRE. Our principal cash outflows relate to the purchase and production of inventory, funding of research and development, and selling, general and administrative expenses. To develop new products, support future growth, achieve operating efficiencies, and maintain product quality, we are continuing to invest in research and development and manufacturing equipment.

Our inventory position was $4.7 million at September 30, 2026, which reflects an increase of $1.0 million from December 31, 2025, due to expected future demand from our customers.

We expect that our cash on hand, cash flows from operations, and as needed, cash available under our credit facility, will be sufficient to meet our requirements through the next twelve months. Continued execution on our longer-term strategic plan may require the

Company to take on additional debt, raise capital through issuance of equity, or utilize a combination of the above. Our future capital requirements may vary from those currently planned and will depend on many factors, including our rate of sales growth, the timing and extent of spending on various strategic initiatives including research and development, our international expansion, the timing of new product introductions, market acceptance of our solutions, and overall economic conditions including inflation and the potential impact of global supply imbalances on the global financial markets. To the extent that current and anticipated future sources of liquidity are or are expected to be insufficient to fund our future business activities and requirements, we may be required to obtain additional equity or debt financing sooner. There can be no assurance that the Company will be able to obtain the financing or raise the capital required to fund operations or planned expansion.

Credit Facility

On March 8, 2024, the Company entered into a loan and security agreement with a large domestic banking institution, as lender, providing for a credit facility consisting of a $5,000,000 revolving credit facility and a $5,000,000 term loan facility. On March 30, 2026, the Company entered into an amendment to the agreement extending the revolver maturity to March 30, 2028 and the term loan maturity to December 1, 2029, extending the interest-only period on the term loan through at least June 30, 2027, and lowering the interest rate floor on both facilities from 6.50% to 5.50%. The Company has not drawn on the credit facility, and there is no obligation to do so at any time. Borrowings are secured by a first-priority lien on substantially all of the assets of the Company, subject to customary exceptions. The credit facility contains customary affirmative and negative covenants and events of default. For a complete description of the terms of the credit facility, see Note 4 to the condensed financial statements included herein.

Cash Flows

The following table summarizes our cash flows:

	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Net cash from/(used in) operating activities	$ (652,054)	$ (632,351)
Net cash used in investing activities	$ (1,200,956)	$ (528,135)
Net cash used in financing activities	$ 344,998	$ 43,558

Operating Activities

This net cash usage of $0.7 million was primarily driven by a net loss of $0.3 million and $3.4 million in net cash outflows from changes in working capital, primarily reflecting a $1.4 million decrease in accrued expenses due to the payment of prior-year accrued bonuses in the second quarter of 2026, a $1.0 million increase in inventory, a $0.4 million increase in trade accounts receivable, a $0.4 million decrease in accounts payable, and a $0.2 million increase in prepaid expenses.

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Net cash used in operating activities was $0.6 million for the nine months ended September 30, 2025, as compared to $1.3 million in the prior year period. This net cash usage of $0.6 million was primarily due to the net loss of $2.2 million, working capital increases of $0.9 million, consisting of increases in inventory of $1.6 million, and an increase in prepaid expenses of $0.2 million partially offset by decrease in accounts receivable and contract assets of $0.4 million, an increase in accounts payable of $0.2 million, and an increase in accrued expenses of $0.4 million. Additional offsets to the net loss were non-cash items including stock-based compensation expense of $1.7 million, and depreciation and amortization expense of $0.6 million.

Investing Activities

Net cash used in investing activities of $(1.2) million for the nine months ended September 30, 2026, was related to the acquisition of a technology assets, capital expenditures for manufacturing equipment for our next generation pump production line, capitalized software development costs, and technology patents.

Net cash used in investing activities of $0.5 million for the nine months ended September 30, 2025, was due to capital expenditures related to purchases of manufacturing equipment for our new consumable and pump production lines.

Financing Activities

Net cash provided by financing activities was $0.3 million for the nine months ended September 30, 2026. The increase was primarily due to higher proceeds from the exercise of employee stock options of $0.2 million and proceeds from borrowings under our insurance premium financing arrangement of $0.4 million, partially offset by repayments under the insurance premium financing arrangement of $0.1 million, taxes related to the net share settlement of equity awards of $0.1 million, and payments on our finance lease liabilities of $0.1 million.

Net cash provided from financing activities of $0.04 million for the nine months ended September 30, 2025 was primarily due to cash receipts related to the exercise of employee stock options, mostly offset by payments on our note payable for insurance premium financing.

ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

Refer to “NOTE 1 — NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES” in the accompanying financial statements, which is incorporated herein by reference.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

The Company's management, including the Company's Principal Executive Officer and Principal Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as such is defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based upon their evaluations, the Principal Executive Officer and Principal Financial Officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective for the purpose of ensuring that the information required to be disclosed in the reports that the Company files or submits under the Exchange Act with the Securities and Exchange Commission (the "SEC") (1) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (2) is accumulated and communicated to the Company's management, including its Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

There have been no changes in the Company's internal control over financial reporting during the three months ended September 30, 2026, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II – OTHER INFORMATION

ITEM 6. EXHIBITS.

Exhibit No.	Description
3.1	Certificate of Incorporation (incorporated by reference to our Form 8-K filed with the SEC on May 17, 2023).
3.2	Amended and Restated By-laws (incorporated by reference to our Form 8-K filed with the SEC on February 11, 2026).
3.3	Amendment No. 1 to Amended and Restated By-laws (incorporated by reference to Exhibit 3.1 to our Form 8-K filed with the SEC on August 14, 2026).
31.1	Certification of Principal Executive Officer Pursuant to Section 302 of Sarbanes-Oxley Act 2002
31.2	Certification of Principal Financial Officer Pursuant to Section 302 of Sarbanes-Oxley Act 2002
32.1	Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act 2002
32.2	Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act 2002
101.INS	Inline XBRL Instance Document - the XBRL Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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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 thereunto duly authorized.

KORU MEDICAL SYSTEMS, INC.

November 10, 2026

/s/ Adam Kalbermatten
Adam Kalbermatten, Chief Executive Officer
(Principal Executive Officer)

November 10, 2026

/s/ Thomas Adams
Thomas Adams, Chief Financial Officer and Treasurer
(Principal Financial Officer)

EXHIBIT 31.1

RULE 13A-14(A) / 15D-14(A) CERTIFICATION OF
PRINCIPAL EXECUTIVE OFFICER

I, Adam Kalbermatten, Principal Executive Officer, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of KORU Medical Systems, Inc. (the "Report");

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing this equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2026

/s/ Adam Kalbermatten
Adam Kalbermatten, Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

RULE 13A-14(A) / 15D-14(A) CERTIFICATION OF
PRINCIPAL FINANCIAL OFFICER

I, Thomas Adams, Principal Financial Officer, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of KORU Medical Systems, Inc. (the "Report");

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing this equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2026

/s/ Thomas Adams
Thomas Adams, Chief Financial Officer and Treasurer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADDED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of KORU Medical Systems, Inc. (the "Company") on Form 10-Q (the "Report") for the quarter ended September 30, 2026 as filed with the Securities and Exchange Commission, I, Adam Kalbermatten, Principal Executive Officer, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 10, 2026

/s/ Adam Kalbermatten
Adam Kalbermatten, Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADDED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of KORU Medical Systems, Inc. (the "Company") on Form 10-Q (the "Report") for the quarter ended September 30, 2026 as filed with the Securities and Exchange Commission, I, Thomas Adams, Principal Financial Officer, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 10, 2026

/s/ Thomas Adams
Thomas Adams, Chief Financial Officer and Treasurer
(Principal Financial Officer)