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iRhythm Technologies Second Quarter 2023 Results

August 3, 2023

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The accompanying presentation contains non-GAAP financial measures. The appendix reconciles the non-GAAP financial measures to the most directly comparable financial measure prepared in accordance with Generally Accepted Accounting Principles (GAAP). These non-GAAP financial measure include non-GAAP operating expenses, non-GAAP net income (loss), non-GAAP net income (loss) per share, and adjusted EBITDA. iRhythm reports non-GAAP financial measures in addition to, and not as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. We believe that non-GAAP financial measures should only be used to evaluate our results of operations in conjunction with the corresponding GAAP financial measures. Other companies, including other companies in our industry, may not use this measure or may calculate this measures differently than as presented. We encourage investors to carefully consider our results under GAAP as well as our supplemental non-GAAP information and reconciliations between these presentations to more fully understand our business.

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6+ Million
Patients served

~28%
Penetration in core U.S. ambulatory cardiac monitoring market



>30%
Five-year revenue CAGR

~1.5 Million
Patients served annually and growing





35+
Peer-reviewed publications

1.5 Billion
Hours of curated ECG data



66
Countries and states where we have employees

~1,800
Global employees

Data on file, July 2023.

CAMELOT: The Cardiac Ambulatory Monitor EvaLuation of Outcomes and Times to events

The real-world evidence in the CAMELOT study associates Zio XT with these positive outcomes

HIGHEST DIAGNOSTIC YIELD[1,2]

LOWEST RETEST LIKELIHOOD[1,2]

LOWEST HEALTHCARE RESOURCE UTILIZATION[1,2]



1. Reynolds et al. Comparative effectiveness of ambulatory monitors for arrhythmia diagnosis: A retrospective analysis of Medicare beneficiaries managed with ambulatory cardiac monitors between 2017 and 2019. Accepted for ACC.23 presentation, presented in New Orleans, LA.
2. Specified arrhythmias defined by HCC 96.

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International opportunity represents $1+ billion with 5+ million TAM in prioritized countries across EMEA and Asia Pacific

UNITED KINGDOM

Early commercialization

500,000

Ambulatory cardiac monitoring tests annually

NEXT STEPS

Continued growth in private market

Demonstrate real-world pathway transformation through AI award

Pursue long-term reimbursement

PRIORITIZED EU COUNTRIES

Switzerland, Spain, Sweden, the Netherlands, Germany and France

Initiating market access efforts in 2023 and 2024

1,800,000+

Ambulatory cardiac monitoring tests annually in target countries

NEXT STEPS

Create market awareness through KOL engagement

Initial priming opportunity in private markets

JAPAN

Pursuing regulatory approval via high medical needs pathway

1,500,000

Ambulatory cardiac monitoring tests annually

NEXT STEPS

Regulatory approval by PMDA targeted 2024

Reimbursement listing by MHLW

See appendix for sources

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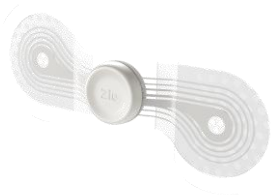
Differentiated platform technology with catalyst-rich pipeline

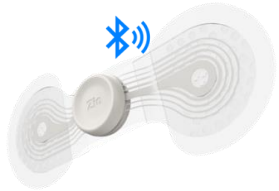
2023	2024



Zio Monitor US Limited Market Release

Zio Monitor US Commercial Launch

Zio XT/Zio Monitor Introduction into Additional International Markets



Zio MCT Regulatory Submission to FDA



Zio Watch Market Evaluation: IRB Use & Clinical Studies

know your rhythm BY ZIO®

Commercial Pilots

Broader Commercial Launches

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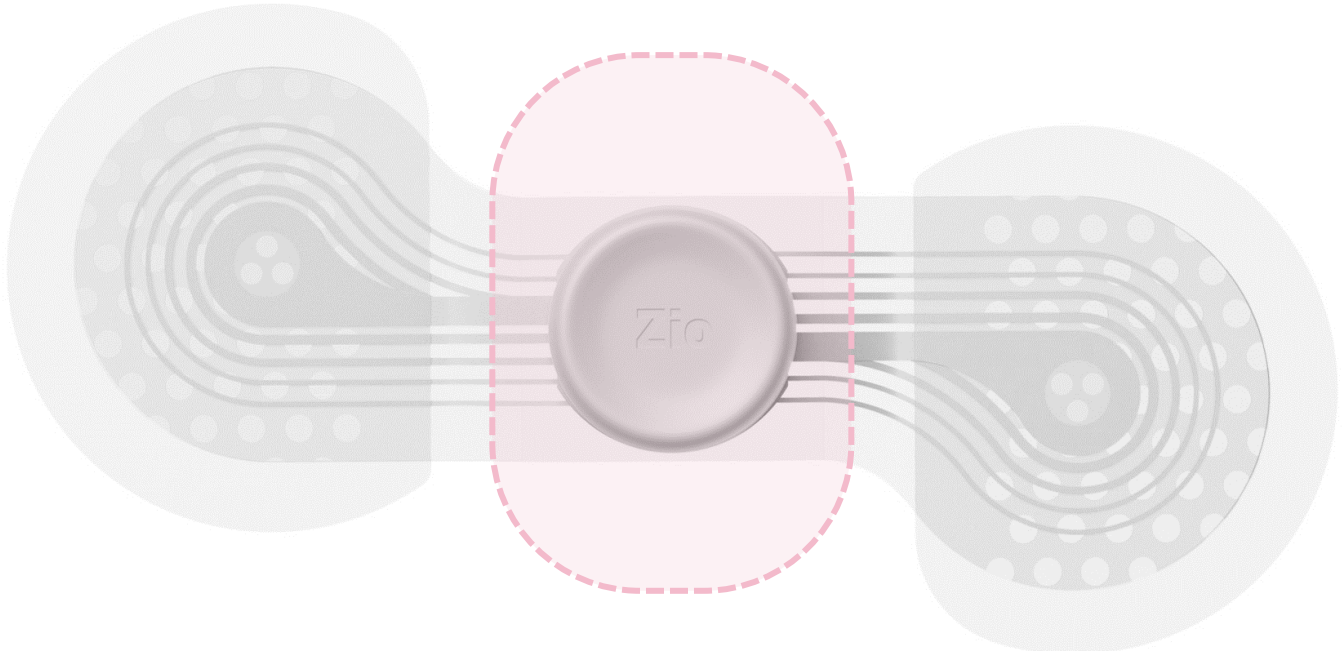
U.S. Zio® monitor commercial launch planned for 2H 2023

FDA cleared



Limited market release in the U.S., with strong initial performance

72% smaller

62% lighter

23% thinner

New breathable and waterproof outer layer

Smaller refers to reduced volume. All comparisons relative to Zio® XT. Data on file. iRhythm Technologies, 2023.

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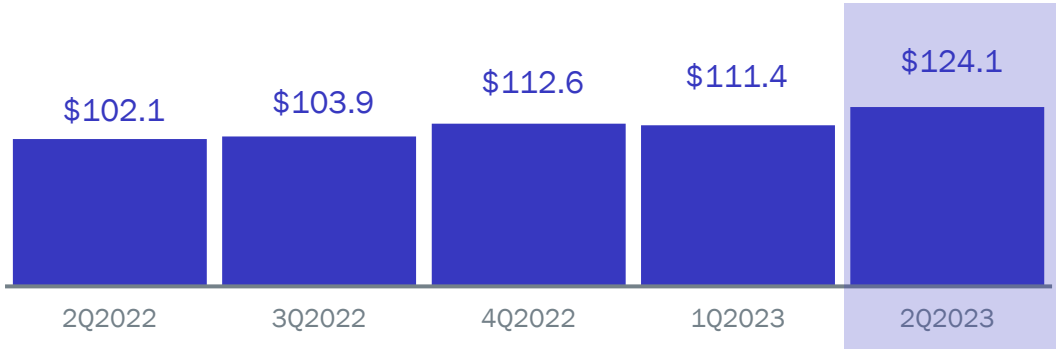
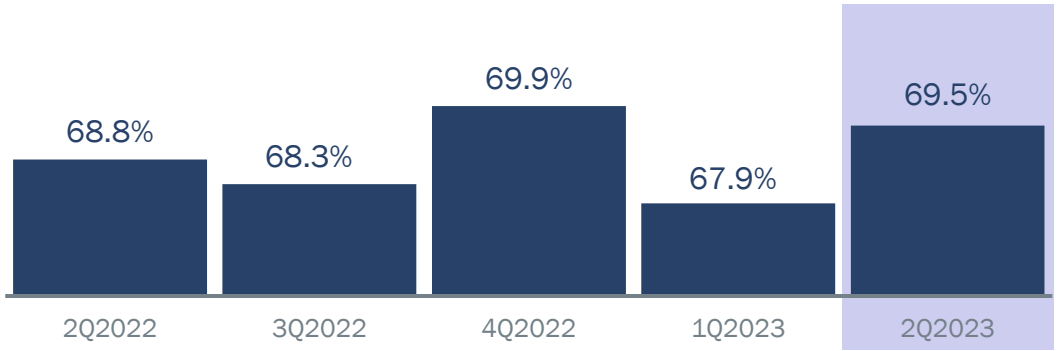
Second quarter 2023 financial performance

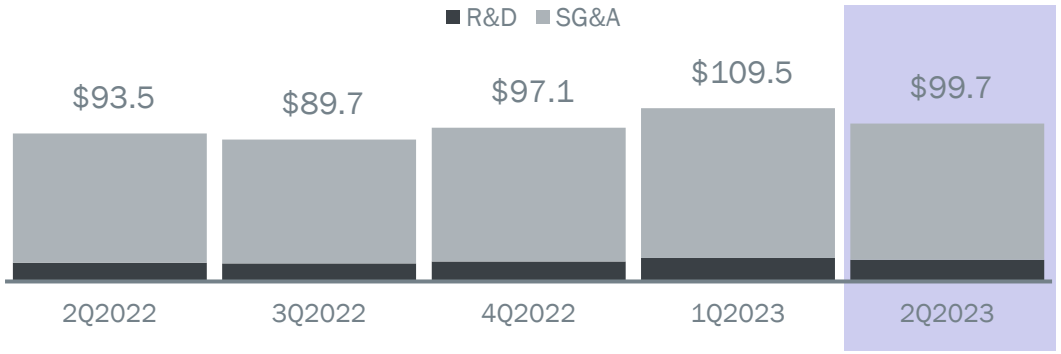
GLOBAL NET REVENUE (USD, MILLIONS)



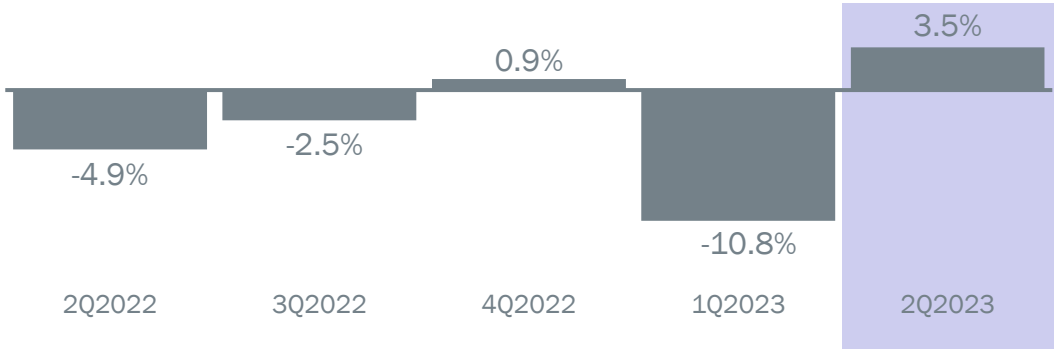
GROSS PROFIT MARGIN



ADJUSTED OPERATING EXPENSES (USD, MILLIONS)



ADJUSTED EBITDA MARGIN



Adjusted EBITDA calculated as net loss or income excluding interest, taxes, depreciation and amortization, stock-based compensation expense, impairment and restructuring charges, and transformation costs. See appendix for reconciliations to GAAP metrics.

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2023 annual revenue and profitability guidance

	NET REVENUE (USD, MILLIONS)	GROSS MARGIN	ADJUSTED OPERATING EXPENSES (USD, MILLIONS)	ADJUSTED EBITDA MARGIN
PRIOR	$480 - $490 million	69 - 70% of revenues	$417 - $427 million	(0.5)%- 0.5% of revenues
UPDATED	$485 - $490 million	69 - 70% of revenues	$417 - $427 million	0 – 0.5% of revenues

Adjusted operating expenses exclude impact from non-GAAP business transformation and restructuring costs. Adjusted EBITDA will continue to exclude restructuring costs, transformation costs, and stock-based compensation expense. Adjusted EBITDA calculated as net loss or income excluding interest, taxes, depreciation and amortization, stock-based compensation expense, impairment and restructuring charges, and transformation costs.

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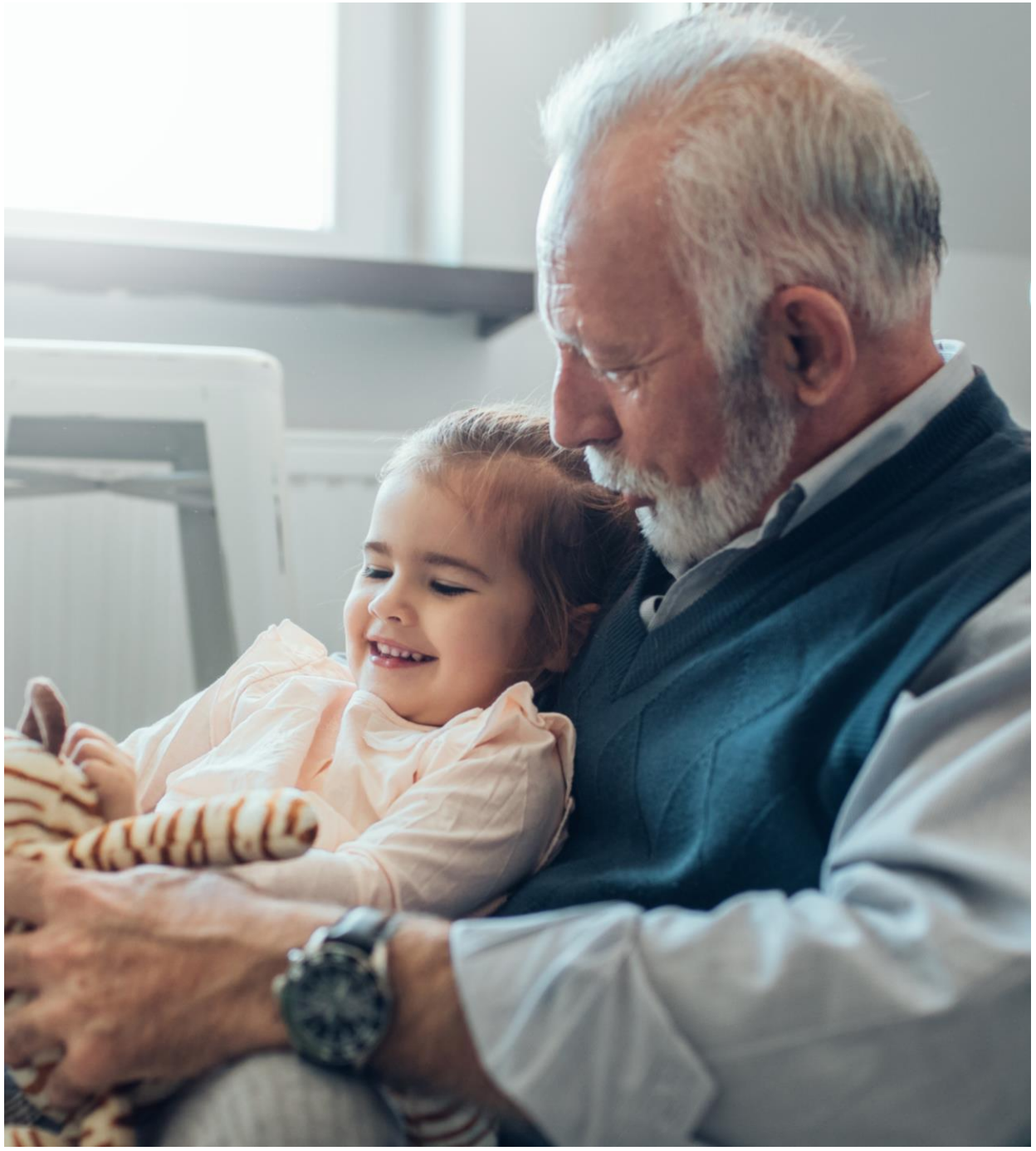

Addressing the future focus of healthcare

Expanding existing markets while extending into adjacent markets

Out-paced revenue growth from massive underpenetrated markets on a global scale

Delivering meaningful improvements in financial profile

iRHYTHM®

Appendix

Reconciliation of net loss to adjusted EBITDA

Adjusted EBITDA is a non-GAAP measurement of net loss or income excluding interest, taxes, depreciation and amortization, stock-based compensation expense, impairment and restructuring charges, and transformation costs. We believe that adjusted EBITDA is a useful metric for investors in evaluating our operating performance because it helps compare the results of our operations between periods by removing the impact of earnings attributable to our capital structure, tax rate, and material non-cash items.

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
ADJUSTED EBITDA RECONCILIATION	**2023**	**2022**	**2023**	**2022**
Net loss	$ (18,482)	$ (23,897)	$ (57,591)	$ (74,506)
Interest expense	832	482	1,782	2,511
Interest income	(1,468)	(196)	(2,902)	(328)
Income tax provision	213	33	300	80
Depreciation and amortization	3,791	3,351	7,367	6,494
Stock-based compensation	14,099	15,098	32,350	29,001
Impairment and restructuring charges	—	—	—	26,608
Business transformation costs	5,409	175	11,095	433
Adjusted EBITDA	**$ 4,394**	**$ (4,954)**	**$ (7,599)**	**$ (9,707)**

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Reconciliation of GAAP to Non-GAAP financial information

ADJUSTED NET LOSS RECONCILIATION	THREE MONTHS ENDED JUNE 30, 2023	2022	SIX MONTHS ENDED JUNE 30, 2023	2022
Net loss, as reported	$ (18,482)	$ (23,897)	$ (57,591)	$ (74,506)
Impairment and restructuring charges	—	—	—	26,608
Business transformation costs	5,409	175	11,095	433
Adjusted net loss	**$ (13,073)**	**$ (23,722)**	**$ (46,496)**	**$ (47,465)**

ADJUSTED NET LOSS PER SHARE RECONCILIATION	THREE MONTHS ENDED JUNE 30, 2023	2022	SIX MONTHS ENDED JUNE 30, 2023	2022
Net loss per share, as reported	$ (0.61)	$ (0.80)	$ (1.89)	$ (2.51)
Impairment and restructuring charges, as reported	—	—	—	0.90
Transformation costs	0.18	0.01	0.36	0.01
Adjusted net loss per share	**$ (0.43)**	**$ (0.79)**	**$ (1.53)**	**$ (1.60)**
Weight-average shares, basic and diluted	30,502	29,843	30,400	29,720

ADJUSTED OPERATING EXPENSE RECONCILIATION	THREE MONTHS ENDED JUNE 30, 2023	2022	SIX MONTHS ENDED JUNE 30, 2023	2022
Operating expense, as reported	$ 105,097	$ 93,696	$ 220,282	$ 204,004
Impairment and restructuring charges	—	—	—	(26,608)
Business transformation costs	(5,409)	(175)	(11,095)	(433)
Adjusted operating expense	**$ 99,688**	**$ 93,521**	**$ 209,187**	**$ 176,963**

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Sources

SLIDE	SOURCES
OUS opportunity represents $1+ billion with 5+ million TAM in prioritized countries across EMEA and Asia Pacific	*UK:* iRhythm estimate. UK Office for National Statistics; Hospital Episode Statistics, NHS Digital, 2019-2020; UK Healthcare Market Review 33ed, LaingBuisson, 2021. Accessed 5 January 2022. https://www.laingbuisson.com/shop/uk-healthcare-market-review-33ed/; The UK private health market, Kings Fund, 2014. Accessed 5 January 2022. https://www.kingsfund.org.uk/sites/default/files/media/commission-appendix-uk-private-health-market.pdf; NHS England and the Health and Social Care Information Centre, NHS Hospital Data and Datasets: A Consultation. Published July 22, 2013. Accessed January 5, 2022. https://www.england.nhs.uk/wp-content/uploads/2013/07/hosp-data-consult.pdf; The Health and Social Care Information Centre, Hospital Episode Statistics (HES): Improving the quality and value of hospital data. Published 2011. Accessed January 5, 2022. https://www.aomrc.org.uk/wpcontent/uploads/2016/05/Hospital_Episode_Statistics_quality_value_data_0511.pdf *Prioritized EU countries:* iRhythm estimate. Global population and healthcare spend per capita, World Bank, 2019 and 2020. Accessed 5 January 2022. https://data.worldbank.org; The Burden of Cardiovascular Disease and Diabetes, OECD, 2011. Accessed 5 January 2022. https://read.oecd-ilibrary.org/social-issues-migration-health/cardiovascular-disease-and-diabetes-policies-for-better-health-and-quality-of-care_9789264233010-en. Federal Statistical Office of Germany and Gesundheitsberichterstattung; Dutch Healthcare Authority; Swedish ICD & Pacemaker Registry and Swedish Society for Clinical Physiology. *Japan:* Annual Pharmaceutical Production Statistics, Ministry of Health, Labour, and Welfare (“MHLW”)

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