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iRhythm Technologies Third Quarter 2023 Results

November 2, 2023

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These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in "Risk Factors" in our most recent 10-K and 10-Q filed with the SEC. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this presentation may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

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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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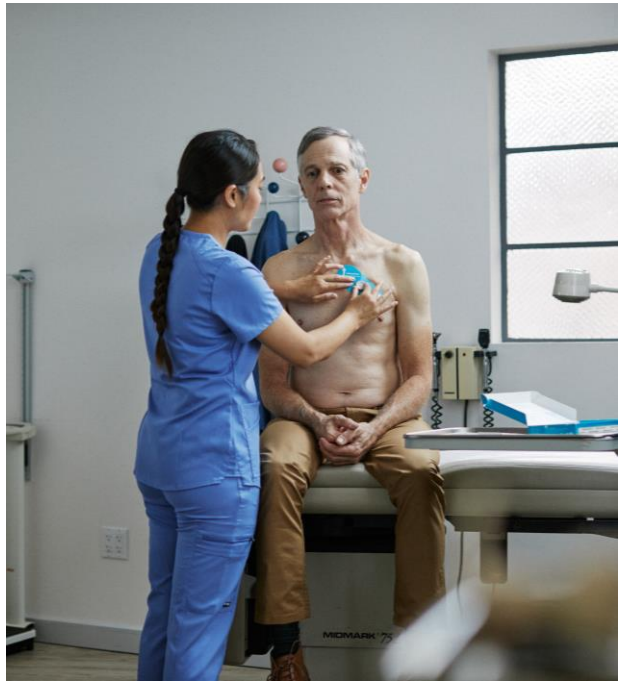
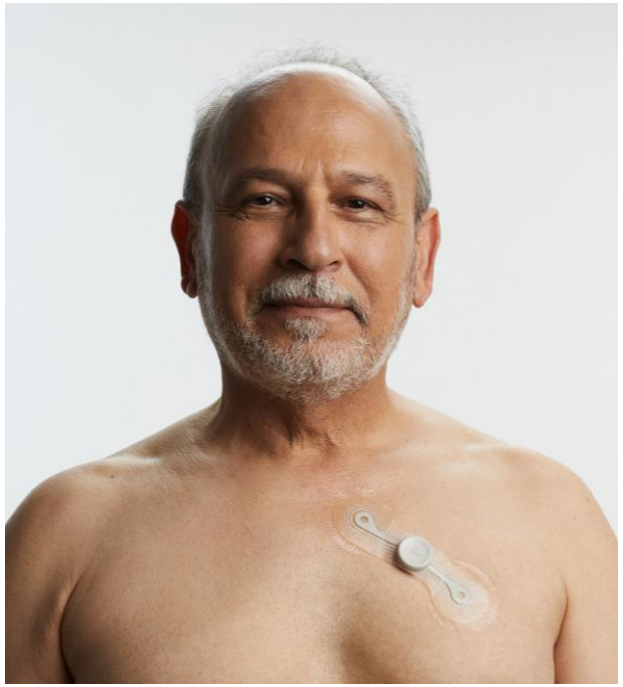
6+ Million
Patients served

>30%
Five-year revenue CAGR



25 - 30%
Penetration in core U.S. ambulatory cardiac monitoring market

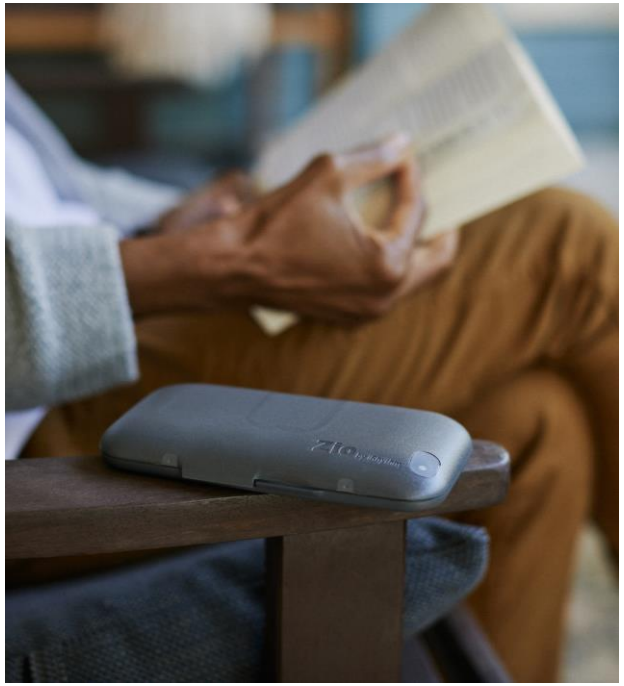
~1.5 Million
Patients served annually and growing





35+
Peer-reviewed publications

1.5 Billion
Hours of curated ECG data



69
Countries and states where we have employees

~2,000
Global employees

Data on file, November 2023.

The results stand out. The monitor doesn't.

Introducing the next-generation Zio monitor.

Designed with patients in mind, the new monitor is more breathable, features waterproof housing,[1,2] and is built on the industry-leading performance of Zio XT to deliver an astounding 99% patient compliance.[3]

72% Smaller[4-6]

62% Lighter[4,5]

23% Thinner[4,5]



1. Data on file. iRhythm Technologies, 2017, 2023. 2. The Zio monitor patch should not be submerged in water. During a bath, keep the device above water. 3. Data on file. iRhythm Technologies, 2022. 4. Data on file. iRhythm Technologies, 2023. 5. Compared to previous generation.

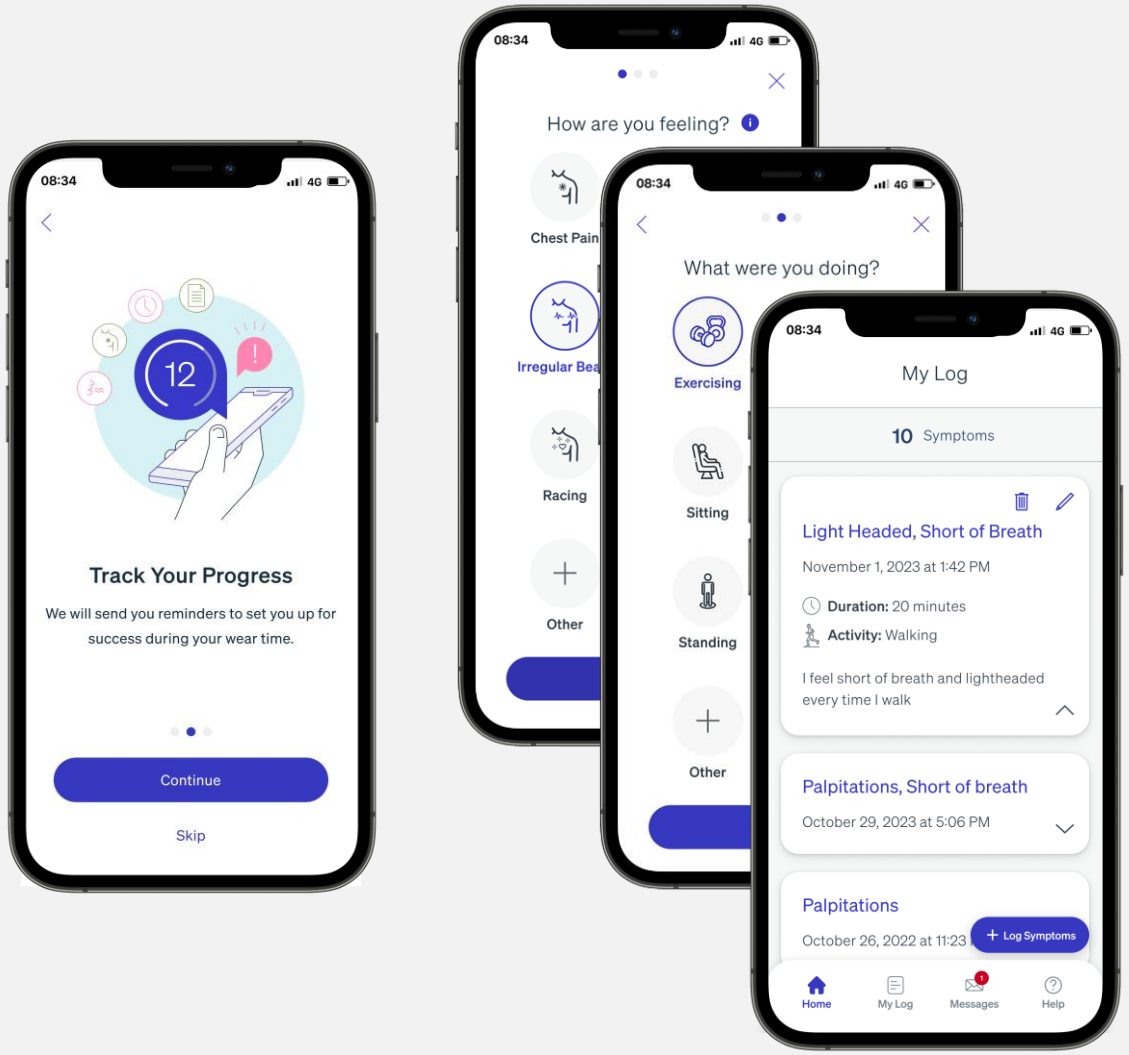
MyZio® patient app

Supporting the patient on their monitoring journey

Educational content and troubleshooting support at your fingertips

Timely reminders for key moments (e.g., to return the monitor)

Symptoms can occur anytime, anywhere. App symptom log is easily accessible on patient's mobile device.



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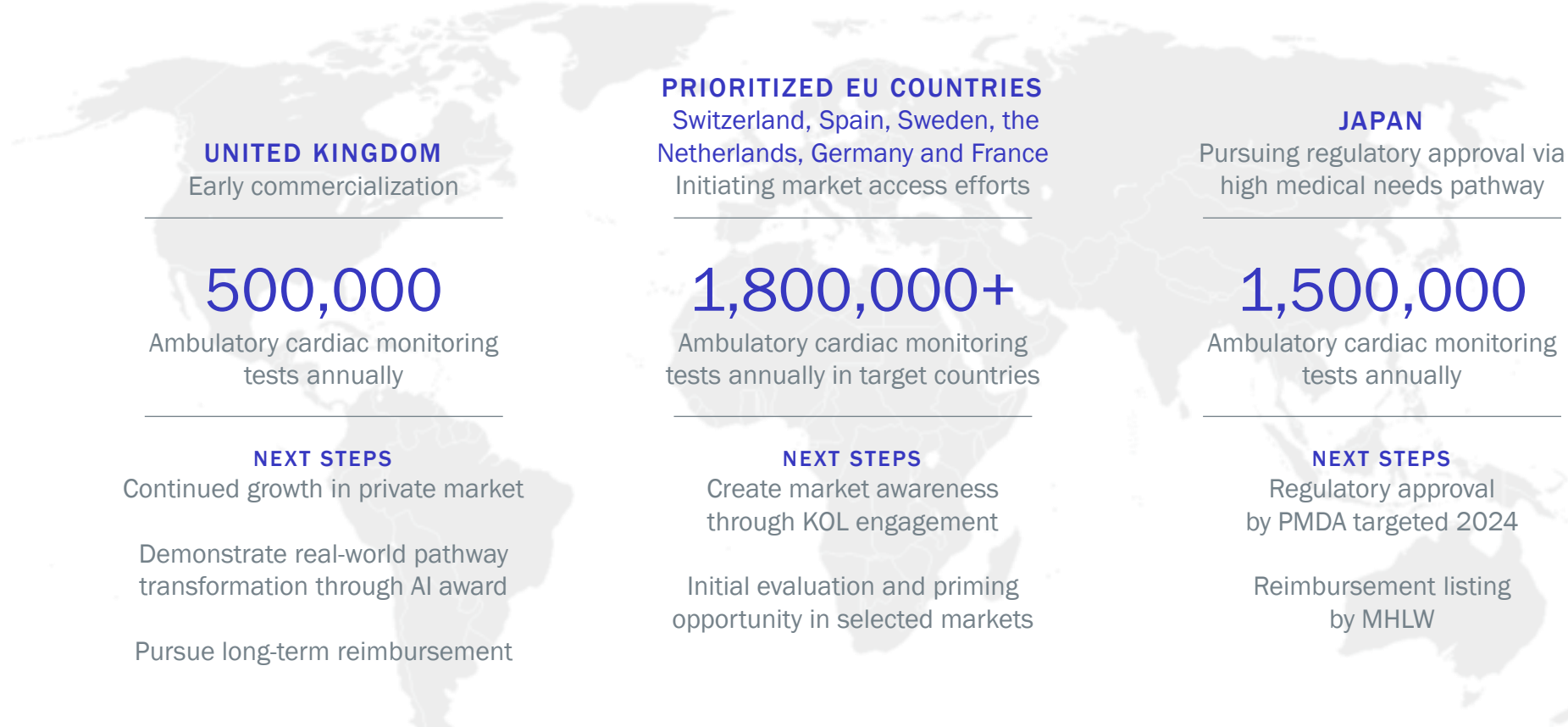
International opportunity represents $1+ billion with 5+ million TAM in prioritized countries across EMEA and Asia Pacific



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

1,800,000+

Ambulatory cardiac monitoring tests annually in target countries

NEXT STEPS

Create market awareness through KOL engagement

Initial evaluation and priming opportunity in selected 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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ADJACENT MARKETS

Active monitoring with Zio® XT detects more AFib than usual care[1]

2.6x

As published in the mSToPS clinical trial [1]

Sponsor

Scripps Research Translational Institute

Collaborators

janssen aetna iRHYTHM

know your rhythm BY ZIO®

Active monitoring for AFib relative to usual care

ED visits[2]	↓ 19%
Hospitalizations[2]	↓ 24%
Roughly 50% combined lower cardiac event rate (stroke, MI, systemic embolism, death) [3]	↓ 50%

1 Steinbhul, et al. *Effect of a Home-Based Wearable Continuous ECG Monitoring Patch on Detection of Undiagnosed Atrial Fibrillation. The mSToPS Randomized Clinical Trial.* JAMA, 2018

2 Waalen, et al. *Healthcare resource utilization following ECG sensor patch screening for atrial fibrillation*. Heart Rhythm 02, 2020.

3 Steinhubl, et al. *Three year clinical outcomes in a nationwide, observational, siteless clinical trial of atrial fibrillation screening—mHealth Screening to Prevent Strokes (mSToPS)*. PLOS ONE, 2021.

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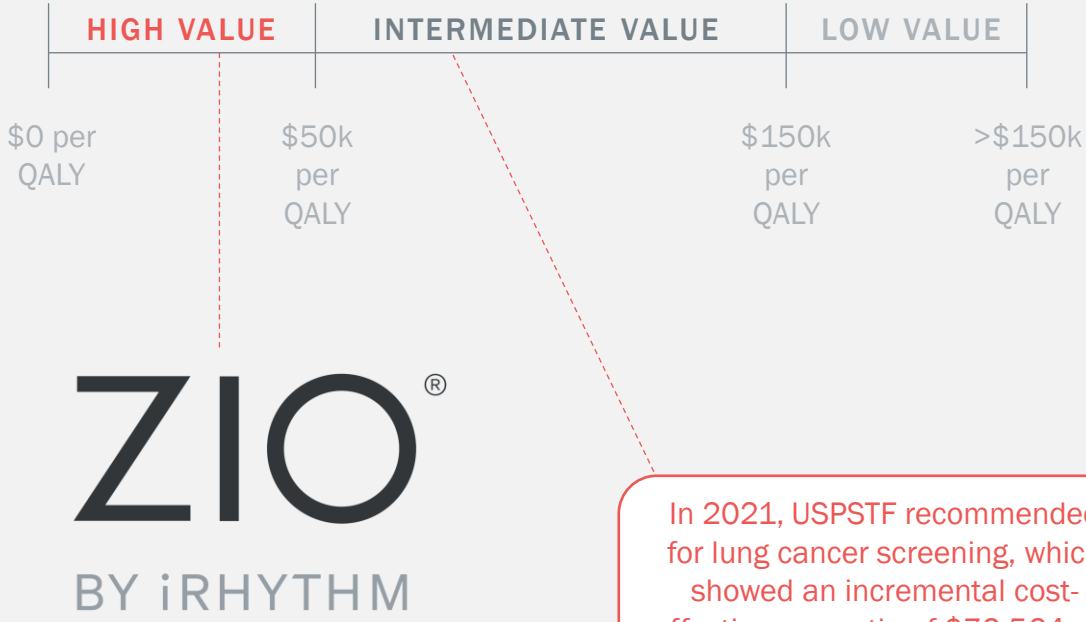
ADJACENT MARKETS

Zio® XT provides high value from health economic perspective

Zio® XT demonstrated gain in quality-adjusted life expectancy while providing excellent value to healthcare systems by enabling early diagnosis

Incremental cost-effectiveness ratio considered significantly below accepted willingness-to-pay thresholds[1,2]

ICER fixed cost effectiveness thresholds for diagnostic interventions



In 2021, USPSTF recommended for lung cancer screening, which showed an incremental cost-effectiveness ratio of $72,564 per quality-adjusted life year gained[3]

1. Reynolds, Matthew R. et al. Cost-Effectiveness of AF Screening With 2-Week Patch Monitors: The mSToPS Study. *Circulation: Cardiovascular Quality and Outcomes*. 2023;0:e009751.
2. Anderson, Jeffrey L et al. ACC/AHA statement on cost/value methodology in clinical practice guidelines and performance measures: a report of the American College of Cardiology/American Heart Association Task Force on Performance Measures and Task Force on Practice Guidelines. *Circulation* vol. 129,22 (2014): 2329-45.
3. Toumazis, Iakovos et al. "Cost-effectiveness Evaluation of the 2021 US Preventive Services Task Force Recommendation for Lung Cancer Screening." *JAMA oncology* vol. 7,12 (2021): 1833-1842. doi:10.1001/jamaoncol.2021.4942

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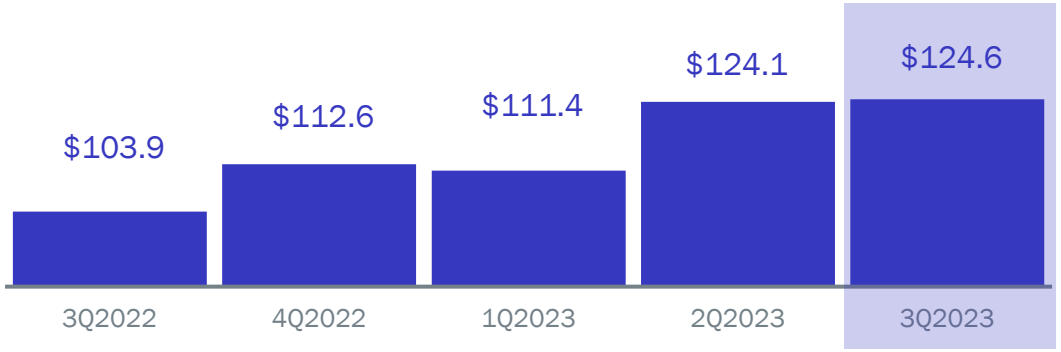
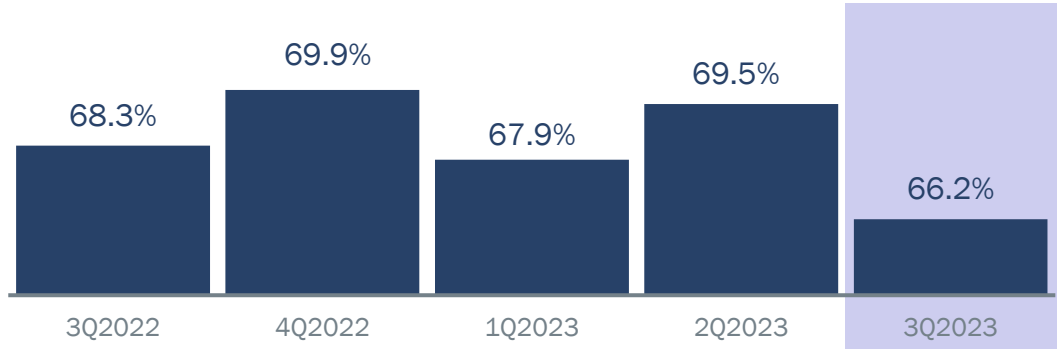
Third quarter 2023 financial performance

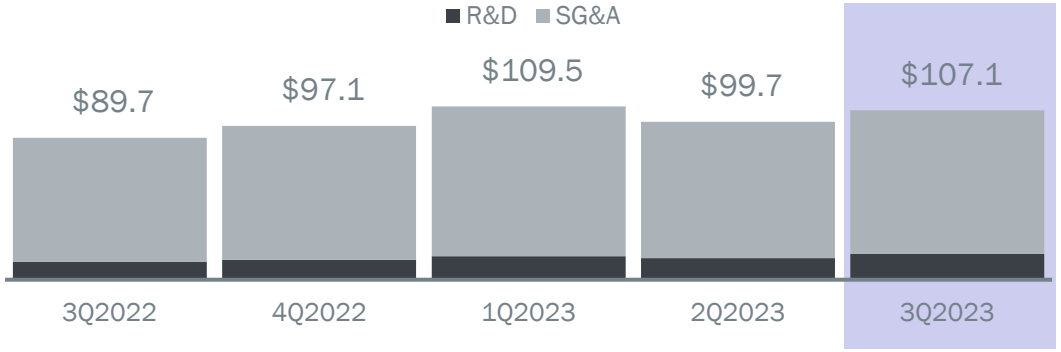
GLOBAL NET REVENUE (USD, MILLIONS)



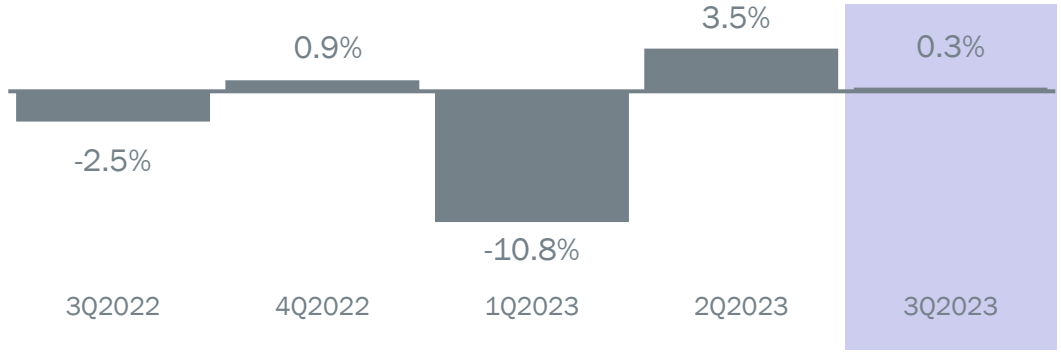
GROSS PROFIT MARGIN



ADJUSTED OPERATING EXPENSES (USD, MILLIONS)



ADJUSTED EBITDA MARGIN



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

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2023 annual revenue and profitability guidance

	NET REVENUE	GROSS MARGIN	ADJUSTED OPERATING EXPENSES	ADJUSTED EBITDA MARGIN
PRIOR	$485 - $490 million	69 - 70% of revenues	$417 - $427 million	0 – 0.5% of revenues
UPDATED	$487.5 - $490 million	68 - 69% of revenues	$425 - $429 million	0% - 0.5% of revenues

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

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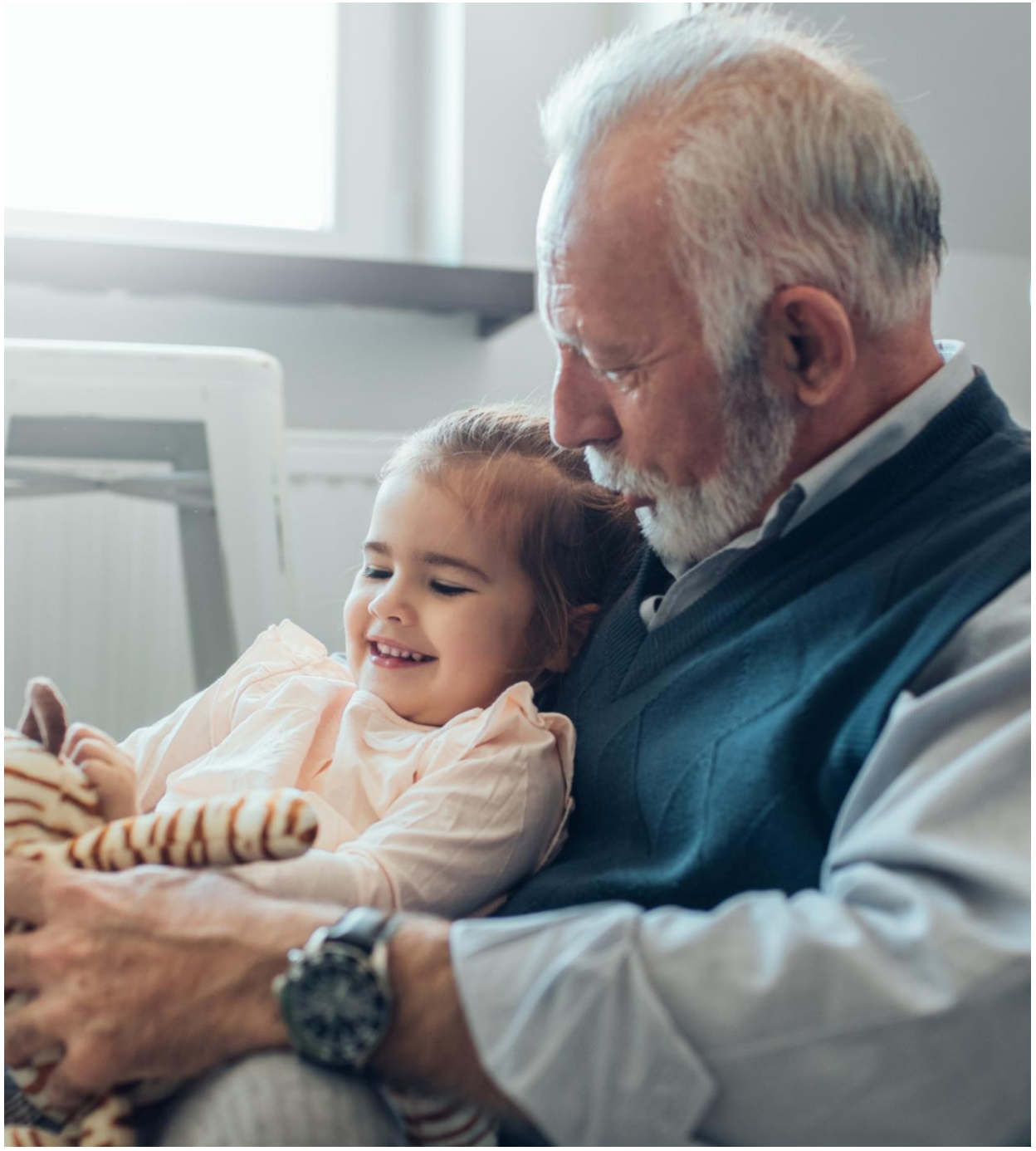

Addressing the future focus of healthcare

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 SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
ADJUSTED EBITDA RECONCILIATION	**2023**	**2022**	**2023**	**2022**
Net loss	$ (27,116)	$ (21,451)	$ (84,707)	$ (95,957)
Interest expense	927	614	2,709	3,125
Interest income	(1,717)	(599)	(4,619)	(927)
Income tax provision	195	116	495	196
Depreciation and amortization	4,067	3,436	11,434	9,930
Stock-based compensation	21,008	12,945	53,358	41,946
Impairment and restructuring charges	—	—	—	26,608
Business transformation costs	2,999	2,315	14,094	2,748
Adjusted EBITDA	**$ 363**	**$ (2,624)**	**$ (7,236)**	**$ (12,331)**

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Reconciliation of GAAP to Non-GAAP financial information

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
ADJUSTED NET LOSS RECONCILIATION	**2023**	**2022**	**2023**	**2022**
Net loss, as reported	$ (27,116)	$ (21,451)	$ (84,707)	$ (95,957)
Impairment and restructuring charges	—	—	—	26,608
Business transformation costs	2,999	2,315	14,094	2,748
Adjusted net loss	**$ (24,117)**	**$ (19,136)**	**$ (70,613)**	**$ (66,601)**

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
ADJUSTED NET LOSS PER SHARE RECONCILIATION	**2023**	**2022**	**2023**	**2022**
Net loss per share, as reported	$ (0.89)	$ (0.71)	$ (2.78)	$ (3.22)
Impairment and restructuring charges per share	—	—	—	0.89
Business transformation costs per share	0.10	0.08	0.46	0.09
Adjusted net loss per share	**$ (0.79)**	**$ (0.63)**	**$ (2.32)**	**$ (2.24)**
Weight-average shares, basic and diluted	30,607	30,055	30,470	29,837

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
ADJUSTED OPERATING EXPENSE RECONCILIATION	**2023**	**2022**	**2023**	**2022**
Operating expense, as reported	$ 110,077	$ 92,007	$ 330,359	$ 296,011
Impairment and restructuring charges	—	—	—	(26,608)
Business transformation costs	(2,999)	(2,315)	(14,094)	(2,748)
Adjusted operating expense	**$ 107,078**	**$ 89,692**	**$ 316,265**	**$ 266,655**

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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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