
iRHYTHM®

iRhythm Technologies Fourth Quarter 2023 Results

February 22, 2024



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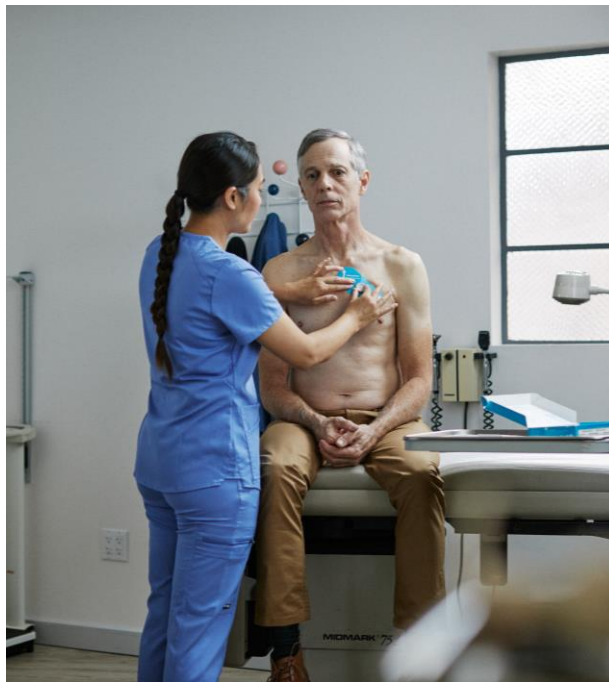
The accompanying presentation contains non-GAAP financial measures. The appendix reconciles the non-GAAP financial measures to the most directly comparable financial measure prepared in accordance with Generally Accepted Accounting Principles (GAAP). These non-GAAP financial measure include non-GAAP 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.

~\$575 - \$585
million

Estimated full year 2024
revenue

>22%

Registration growth in 4Q23
compared to 4Q22

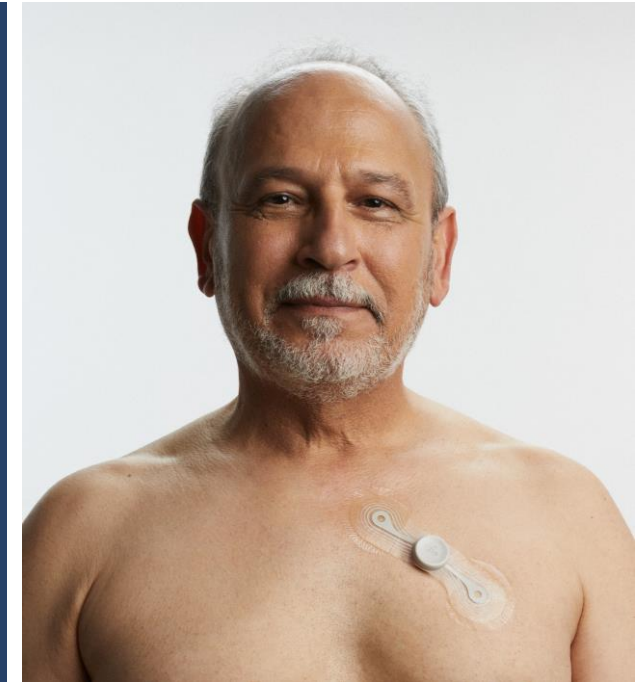


~25 - 30%

iRhythm penetration in core
U.S. ambulatory cardiac
monitoring market

5+ million

Target market opportunity
across prioritized EU and
APAC countries



Approaching
2 million
Registrations per year

~8 million

Patient reports posted since
company inception



100+
Original scientific research
manuscripts

1.8 billion
Hours of curated
ECG data

A transformational year for iRhythm

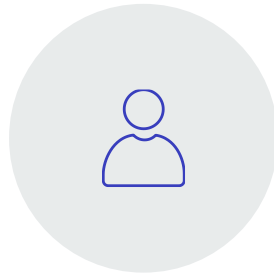
ACCELERATING MOMENTUM IN COMMERCIAL BUSINESS



Maintaining ~70% market share in long-term continuous monitoring

Successfully growing within the primary care physician market

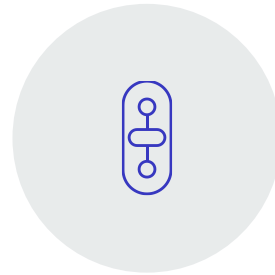
PROVIDING A WINNING CUSTOMER EXPERIENCE



98% patient compliance and 99% physician agreement with Zio Report

Released enhanced patient experience to simplify enrollment and improve patient case management

BRINGING INNOVATIVE PRODUCTS TO MARKET



Rolled out largest product launch in company history in 3Q23

Released refreshed patient mobile application

Received EU MDR approval

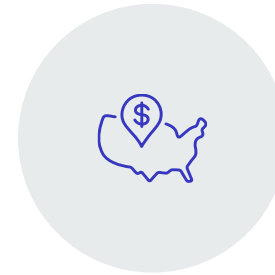
GENERATING PEER-REVIEWED CLINICAL EVIDENCE



100+ original scientific research manuscripts

Published CAMELOT, mSToPs economic analysis, and Scripps collaboration

EXPANDING MARKET ACCESS COVERAGE



Broad access in the U.S. through commercial and government payers

93% of commercial lives eligible for coverage have access to Zio® XT with no prior authorization

OPERATING WITH DISCIPLINE AND EFFICIENCY



Opened global business services center in the Philippines

ENHANCING FINANCIAL SUSTAINABILITY

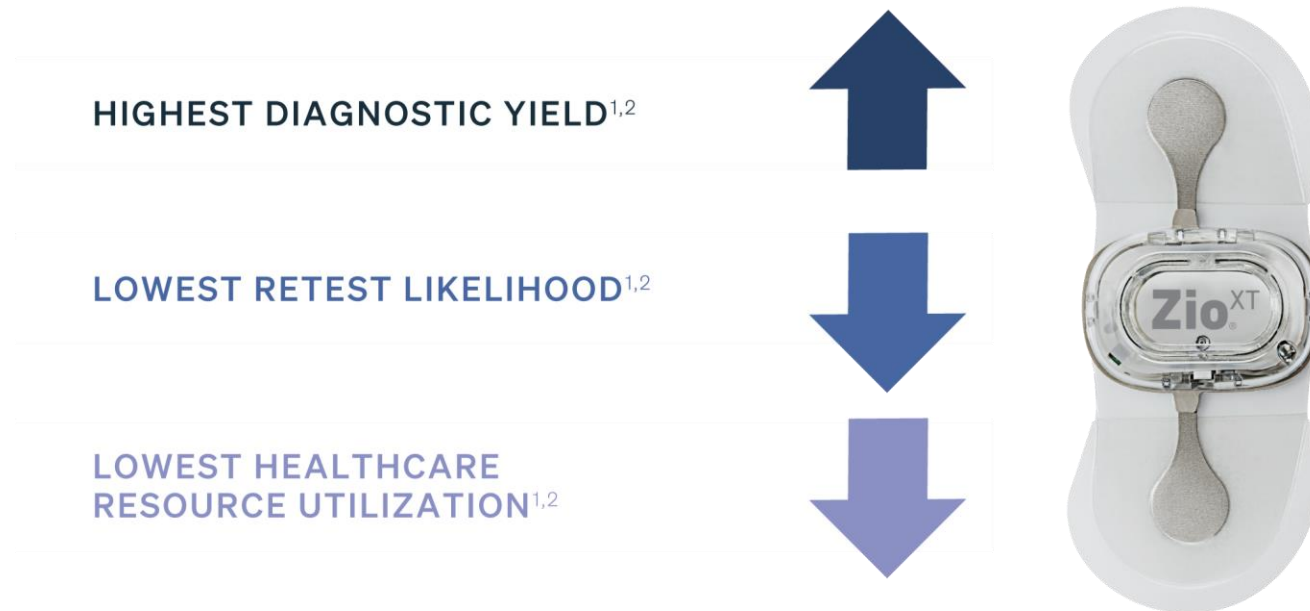


Anticipate reaching adjusted EBITDA profitability in FY24

Closed five-year, \$150 million term loan credit facility with Braidwell

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

Compared with all other monitoring services,
Zio XT was associated with:



1. Reynolds et al. American Heart Journal, 2023. <https://www.sciencedirect.com/science/article/pii/S0002870323003459?via%3Dihub>. 2. Specified arrhythmias defined by HCC 96.

Accelerating growth in PCP channels key to capturing U.S. opportunity

~21%

of 2023 US Zio XT and Zio monitor
registrations written by PCPs

PCPs in integrated delivery networks and large national
accounts driving penetration & TAM expansion

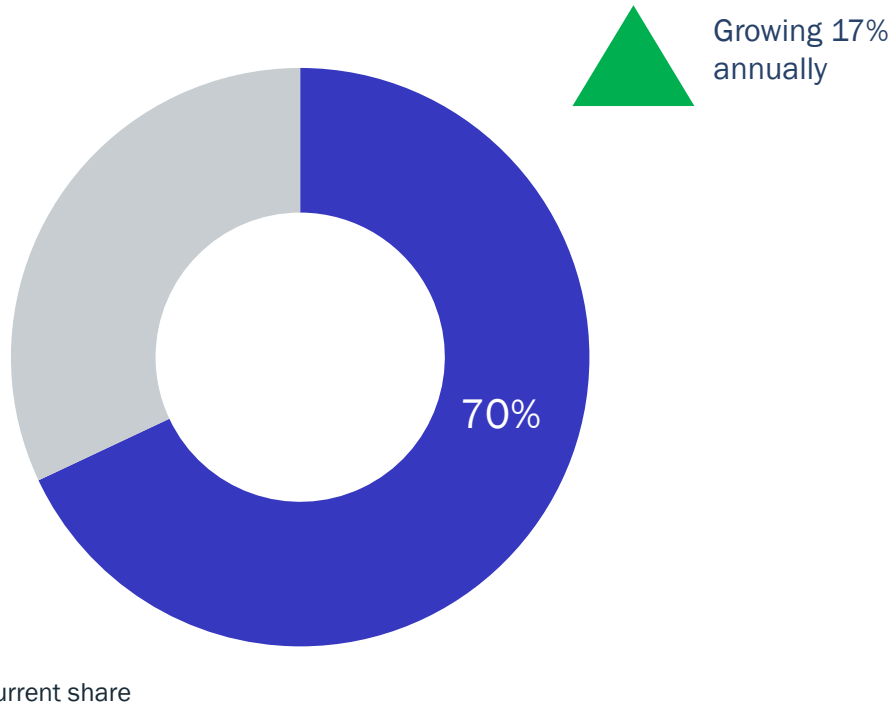
Registrations from PCPs and other physicians additive to
those from cardiologists & EPs

Large national PCP players beginning to proactively
monitor for arrhythmias aligned with mSToPs criteria

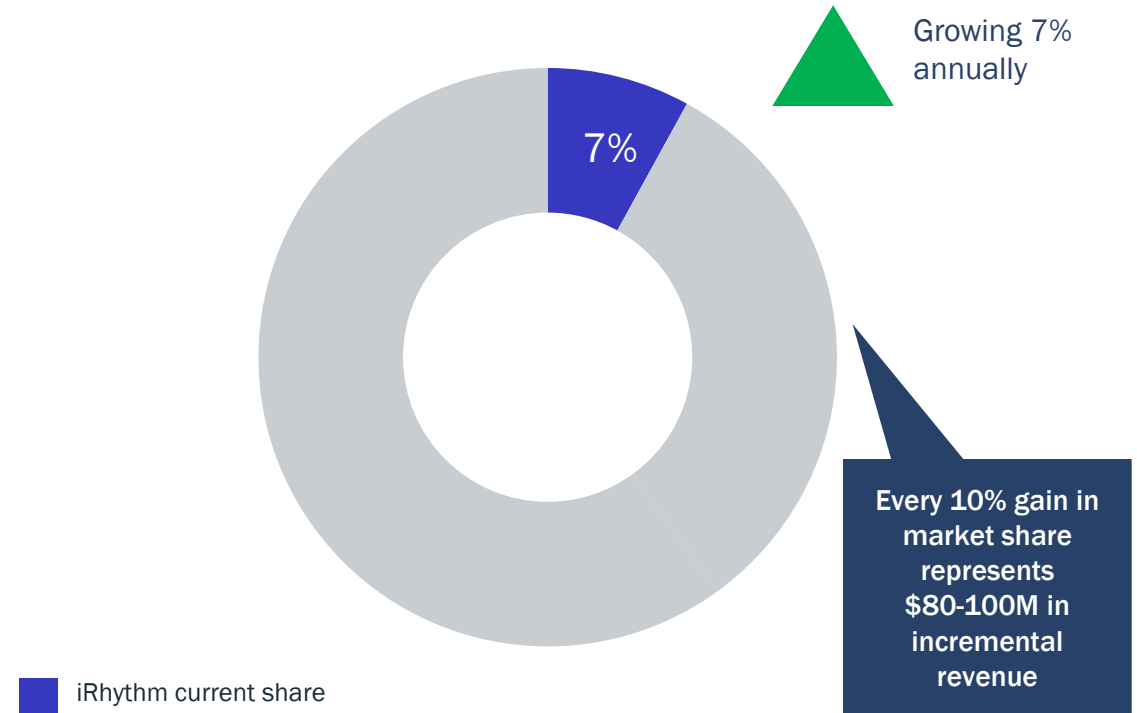


Leadership in long-term continuous monitoring with substantial room for upside in mobile cardiac telemetry market

**LTCM MARKET SHARE
(OF 2.5 MILLION ANNUAL TESTS)**



**MCT MARKET SHARE
(OF 900,000 ANNUAL TESTS)**



LTCM = long-term continuous monitoring; MCT = mobile cardiac telemetry. Estimates based off combination of Internal Data, 2021 Medicare Public-Use Files, IQVIA data, Definitive Healthcare data, Komodo Health data, and other publicly-available information.

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

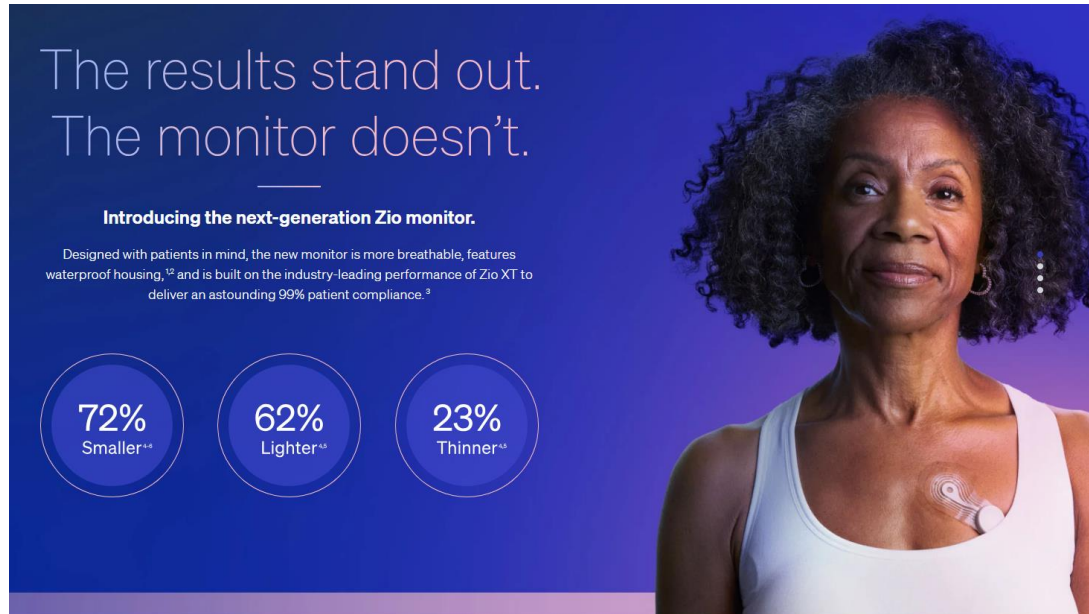
Regulatory approval by PMDA targeted 2024

Reimbursement listing by MHLW

[See appendix for sources](#)

Continued innovation a key to our continued competitive advantage

ZIO MONITOR LAUNCH THE LARGEST IN COMPANY HISTORY



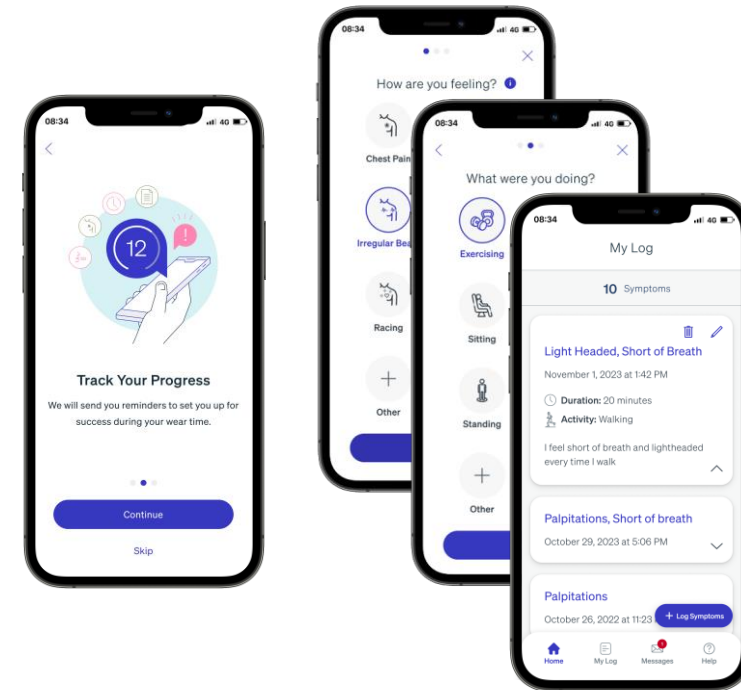
The results stand out.
The monitor doesn't.

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^{4,5}
- 62% Lighter^{4,5}
- 23% Thinner^{4,5}

MYZIO APP SUPPORTS PATIENTS ON MONITORING JOURNEY



iRhythm, Zio, Zio XT, Zio AT, MyZio, and ZioSuite are trademarks of iRhythm Technologies, Inc. © 2023. 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.

Next generation Zio AT will strengthen competitive positioning in MCT

Zio AT



Zio MCT

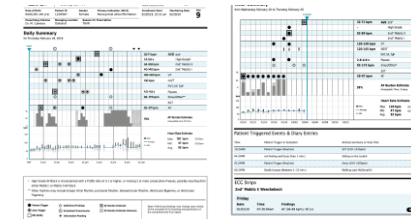


IMPROVED FORM FACTOR

- Better adhesion and battery
- Same platform as Zio monitor

ENHANCED ARRHYTHMIA DETECTION & BETTER REPORTING

- Advanced software for enhanced detection parameters
- Improved final wear report with additional insights



14+ days

21+ days

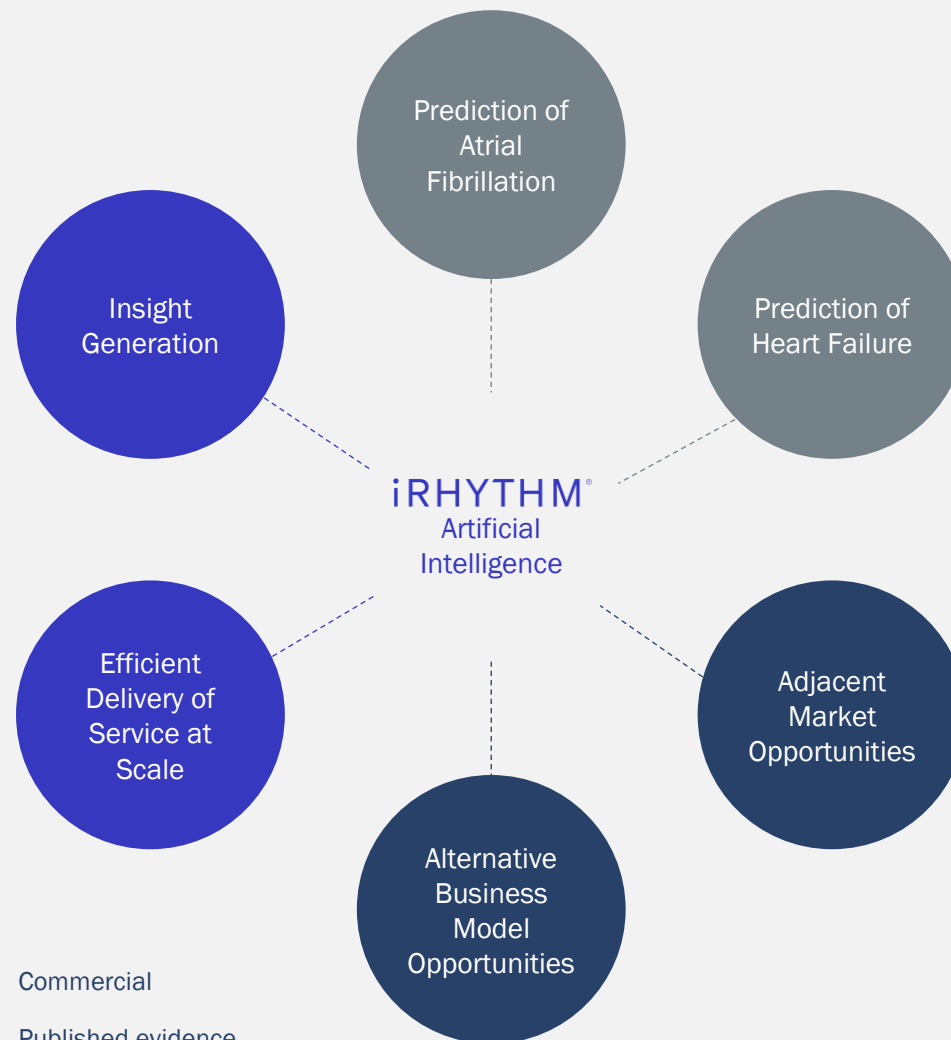
Artificial intelligence and deep learning underpins core capabilities






Curated heartbeat data and other data linkages opens opportunities for additional expansion

Evolving from diagnosis to diagnosis, prediction, & insights generation

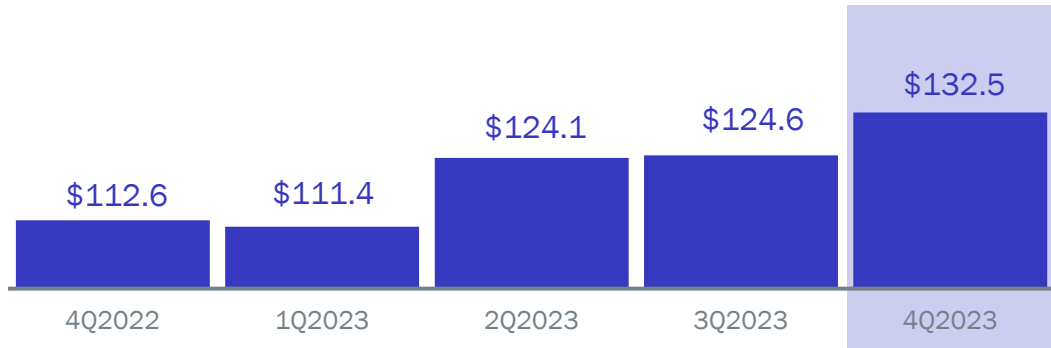
AI continues to add significant clinical value to Zio and further differentiates Zio versus competition



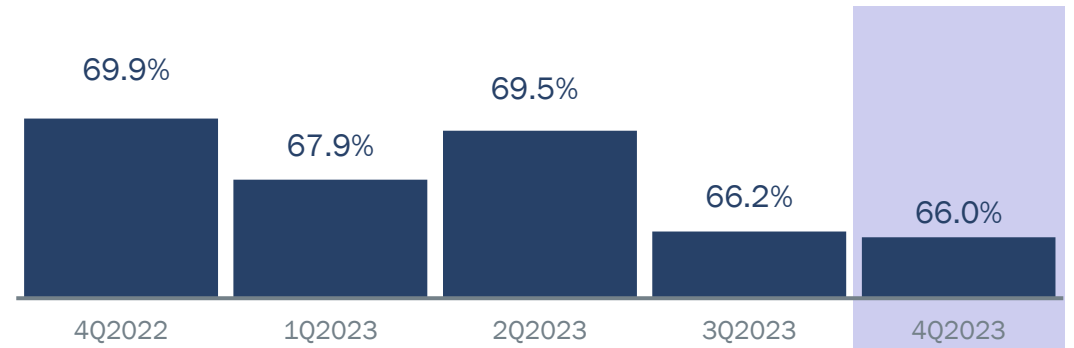
-  Commercial
-  Published evidence
-  In development

Fourth quarter 2023 financial performance

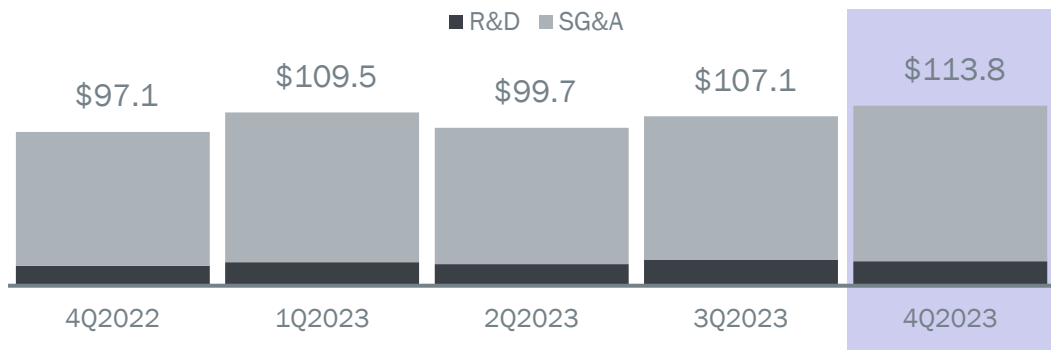
**GLOBAL NET REVENUE
(USD, MILLIONS)**



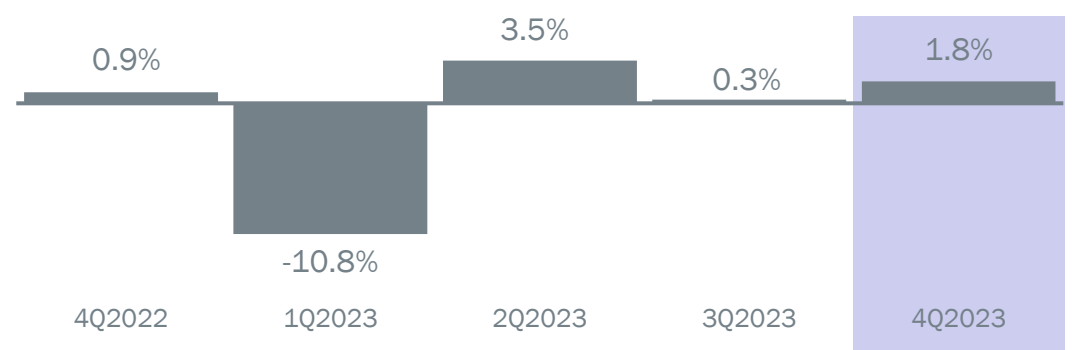
GROSS PROFIT MARGIN



**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.

2024 annual revenue and profitability guidance

**NET REVENUE
(USD, MILLIONS)**



GROSS MARGIN



**ADJUSTED EBITDA
MARGIN**



Significant growth in core business with leverage to drive long-term market expansion opportunities

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 impairment and restructuring costs, business transformation costs, and stock-based compensation expense.

Near-term opportunities can drive significant topline growth

U.S. CORE COMMERCIAL BUSINESS

- Further expansion into PCP channel
- Alternate use cases (e.g., PFA) to expand monitoring
- MCT market expansion with continued innovation

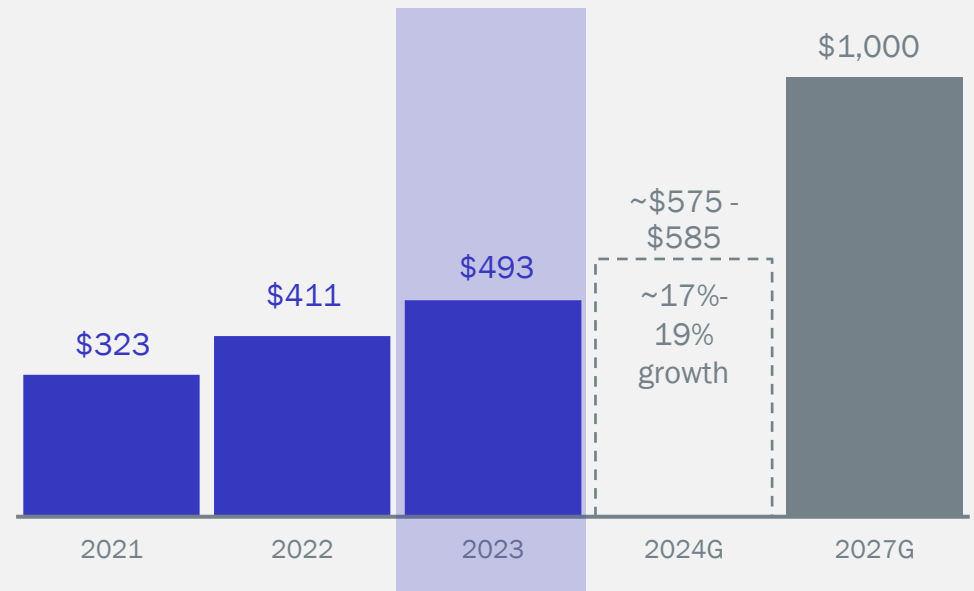
INTERNATIONAL EXPANSION

- Entry into Japan, the second largest global ACM market
- Continued penetration in the UK and national reimbursement
- Opening of additional European countries

ADJACENT MARKET OPPORTUNITIES

- Movement into proactive monitoring programs
- Implementation of Know Your Rhythm
- Addition of wellness insights into existing platform

Global net revenue
(USD millions)



Levers for adjusted EBITDA margin expansion being driven by global scale and operational efficiencies

GROSS MARGIN LEVERAGE OPPORTUNITIES

UNIT COST REDUCTIONS

- Moving to a reduced product footprint and a unified hardware platform with Zio monitor commercial introduction
- Manufacturing and packaging automation will reduce labor costs while substantially increasing capacity
- Reduced unit costs also achieved through global scale, supply chain excellence, and expanded logistics network

SERVICE COST EFFICIENCIES

- Application of AI to improve clinical technician workflows and streamline report generation will increase productivity and reduce cost to produce report
- Globalization creating efficiency gains within clinical operations and customer care services

OPERATING EFFICIENCY OPPORTUNITIES

RESEARCH & DEVELOPMENT

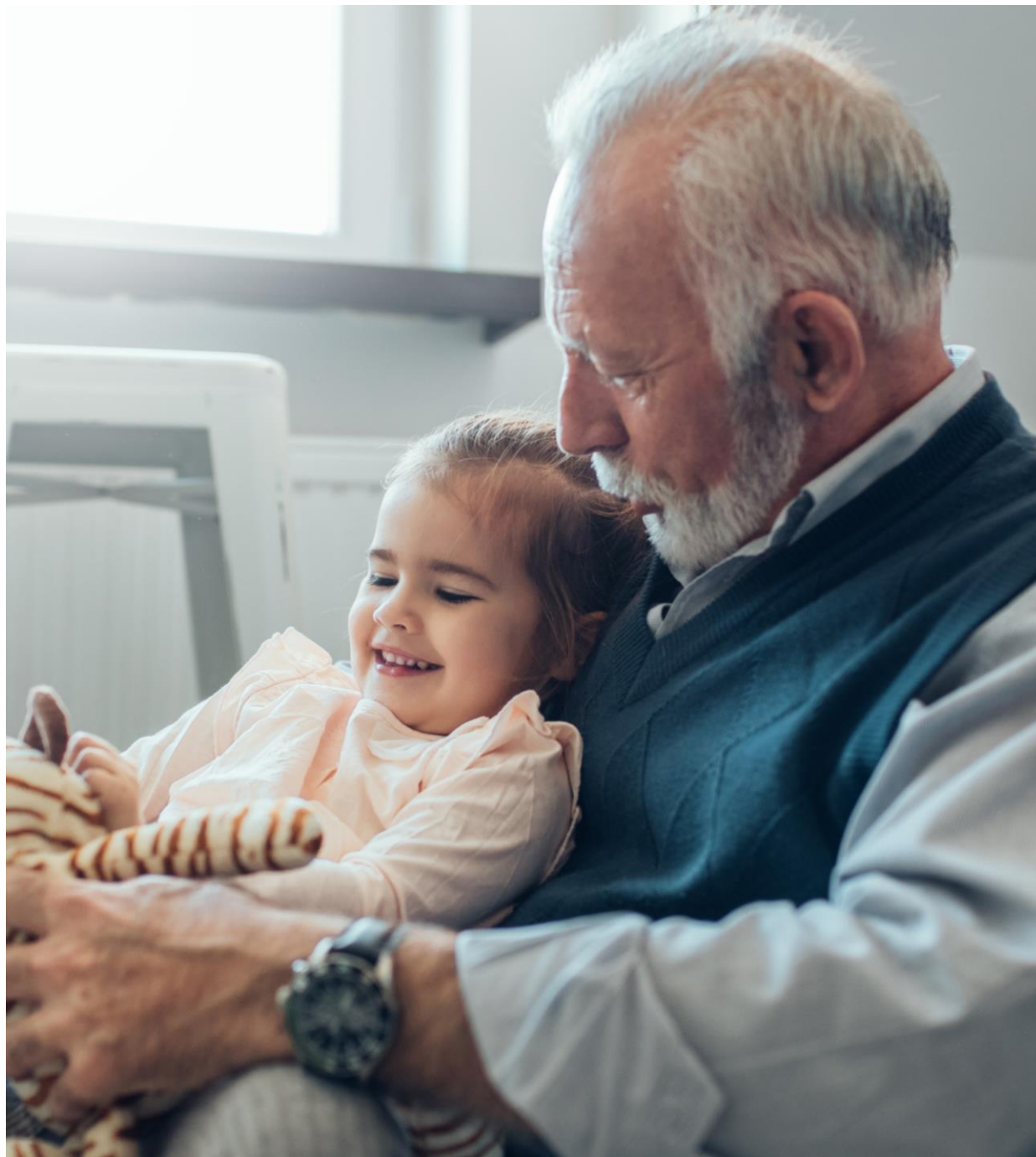
- Anticipate R&D remains ~12% of revenue long-term
- Disciplined portfolio prioritization will allow for adjacent market research & development investments

SALES & MARKETING

- Net efficiency gains over the long-range planning horizon allow for reinvestments to support revenue growth
- Planning for incremental investments in marketing and EHR

GENERAL & ADMINISTRATIVE

- Expect long-term G&A will be ~30% of revenue
- Globalization, continuous process improvement, digital transformation, and scale will all drive significant efficiencies



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 business 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.

ADJUSTED EBITDA RECONCILIATION	THREE MONTHS ENDED DECEMBER 31,		YEAR ENDED DECEMBER 31,	
	2023	2022	2023	2022
Net loss	\$ (38,699)	\$ (20,198)	\$ (123,406)	\$ (116,155)
Income tax provision	255	73	750	269
Depreciation and amortization	4,914	3,475	16,348	13,405
Interest expense	941	1,013	3,650	4,138
Interest income	(1,734)	(1,422)	(6,353)	(2,350)
Stock-based compensation	23,846	15,793	77,204	57,740
Impairment and restructuring charges	11,078	—	11,078	26,608
Business transformation costs	1,772	2,335	15,866	5,082
Adjusted EBITDA	\$ 2,373	\$ 1,069	\$ (4,863)	\$ (11,263)

Reconciliation of GAAP to Non-GAAP financial information

ADJUSTED NET LOSS RECONCILIATION	THREE MONTHS ENDED DECEMBER 31,		YEAR ENDED DECEMBER 31,	
	2023	2022	2023	2022
Net loss, as reported	\$ (38,699)	\$ (20,198)	\$ (123,406)	\$ (116,155)
Impairment and restructuring charges	11,078	—	11,078	26,608
Business transformation costs	1,772	2,335	15,866	5,082
Adjusted net loss	\$ (25,849)	\$ (17,863)	\$ (96,462)	\$ (84,465)

ADJUSTED NET LOSS PER SHARE RECONCILIATION	THREE MONTHS ENDED DECEMBER 31,		YEAR ENDED DECEMBER 31,	
	2023	2022	2023	2022
Net loss per share, as reported	\$ (1.26)	\$ (0.67)	\$ (4.04)	\$ (3.88)
Impairment and restructuring charges per share	0.36	—	0.36	0.89
Business transformation costs per share	0.06	0.08	0.52	0.17
Adjusted net loss per share	\$ (0.84)	\$ (0.59)	\$ (3.16)	\$ (2.82)
Weight-average shares, basic and diluted	30,702	30,151	30,528	29,916

ADJUSTED OPERATING EXPENSE RECONCILIATION	THREE MONTHS ENDED DECEMBER 31,		YEAR ENDED DECEMBER 31,	
	2023	2022	2023	2022
Operating expenses, as reported	\$ 126,608	\$ 99,405	\$ 456,967	\$ 395,416
Impairment and restructuring charges	(11,078)	—	(11,078)	(26,608)
Business transformation costs	(1,772)	(2,335)	(15,866)	(5,082)
Adjusted operating expenses	\$ 113,758	\$ 97,070	\$ 430,023	\$ 363,726

Sources

SLIDE

Cardiac arrhythmia burden in the U.S. is immense

Substantial and growing market potential in the U.S.

SOURCES

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Sources

SLIDE

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

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