iRHYTHM®

William Blair 44th Annual Growth Stock Conference

June 5, 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.

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The Zio platform enables us to address the challenges of tomorrow



1

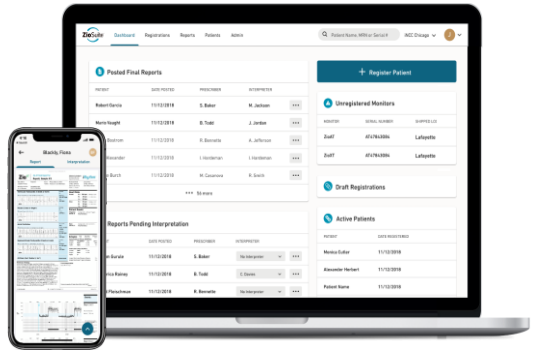
PATENTED WEARABLE BIOSENSORS

Single-use monitor that patients prefer

2

AI PLATFORM (34-LAYER DEEP NEURAL NET)

2nd Generation, FDA-cleared, deep-learned ECG detection algorithm



3

ACTIONABLE AND SCALABLE DIGITAL PLATFORM

High-quality digital report delivered via desktop, mobile or EHR

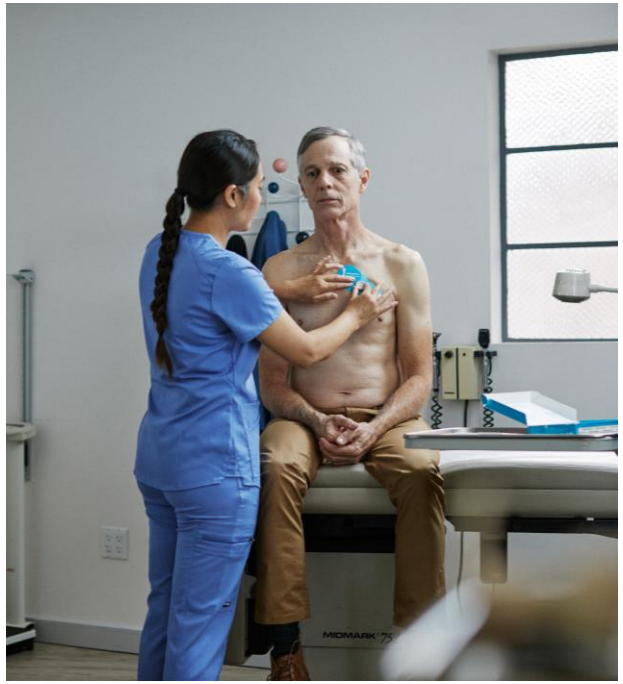
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~$578 - $588 million

Full Year 2024 revenue guidance

~3-4%

Full Year 2024 Adjusted EBITDA margin % guidance

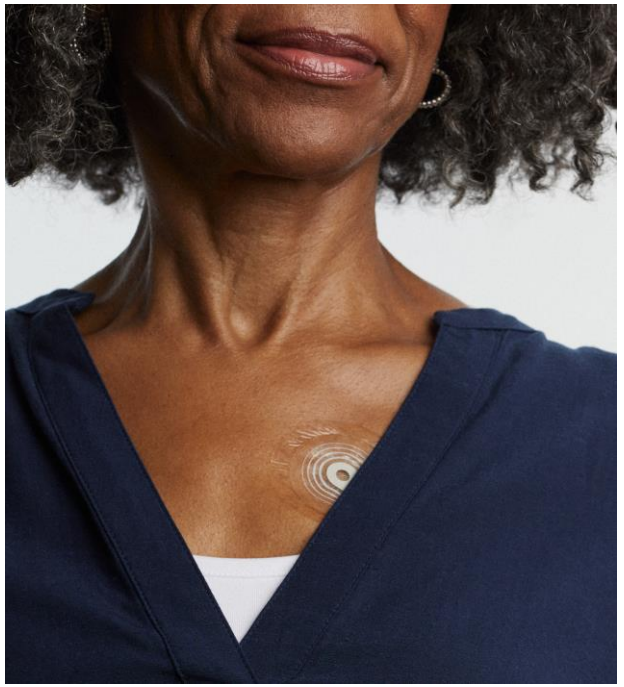


~25 - 30%

iRhythm penetration in core U.S. ambulatory cardiac monitoring market as of December 31, 2023

5+ million tests

Target market opportunity across prioritized EU and APAC countries*



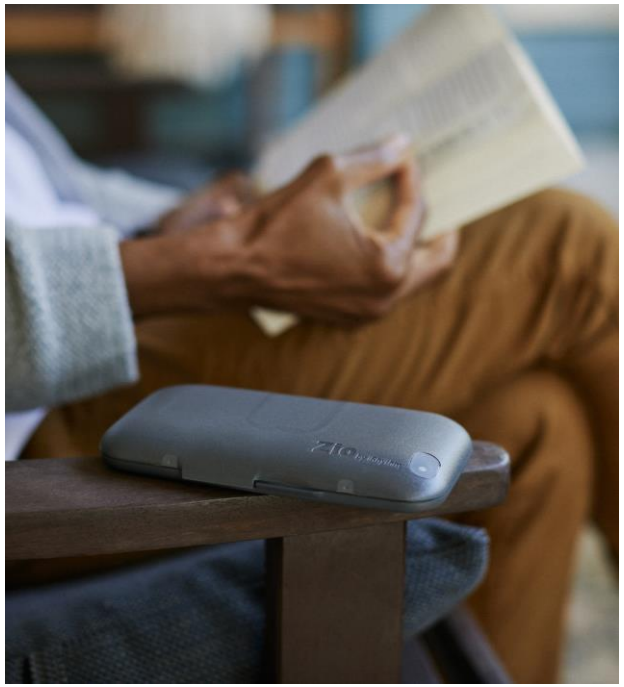


~2.0 million

Registrations per year

>8 million

Patient reports posted since company inception



100+

Original scientific research manuscripts

~2 billion

Hours of curated ECG data since company inception

Data on file. iRhythm Technologies, June 2024. *See sources in appendix for 'International opportunity represents $1+ billion TAM with 5+ million tests in prioritized countries across EMEA and Asia Pacific'

Substantial and growing market potential in the United States

CORE U.S. MARKET

6.4M

Ambulatory cardiac monitoring tests annually in the U.S. today

EXPANSION OPPORTUNITY IN SYMPTOMATIC MARKET

15M+

Primary care patients with palpitations and cardiac disease suspected

EXPANSION OPPORTUNITY IN AT-RISK POPULATION

12M+

Individuals in the U.S. with high risk of undiagnosed arrhythmias

SIGNIFICANT CHANNEL, GEOGRAPHIC & INDICATION EXPANSION OPPORTUNITIES

MULTIPLE LEVERS FOR GROWTH & SUSTAINABLE VALUE CREATION

See appendix for sources

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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

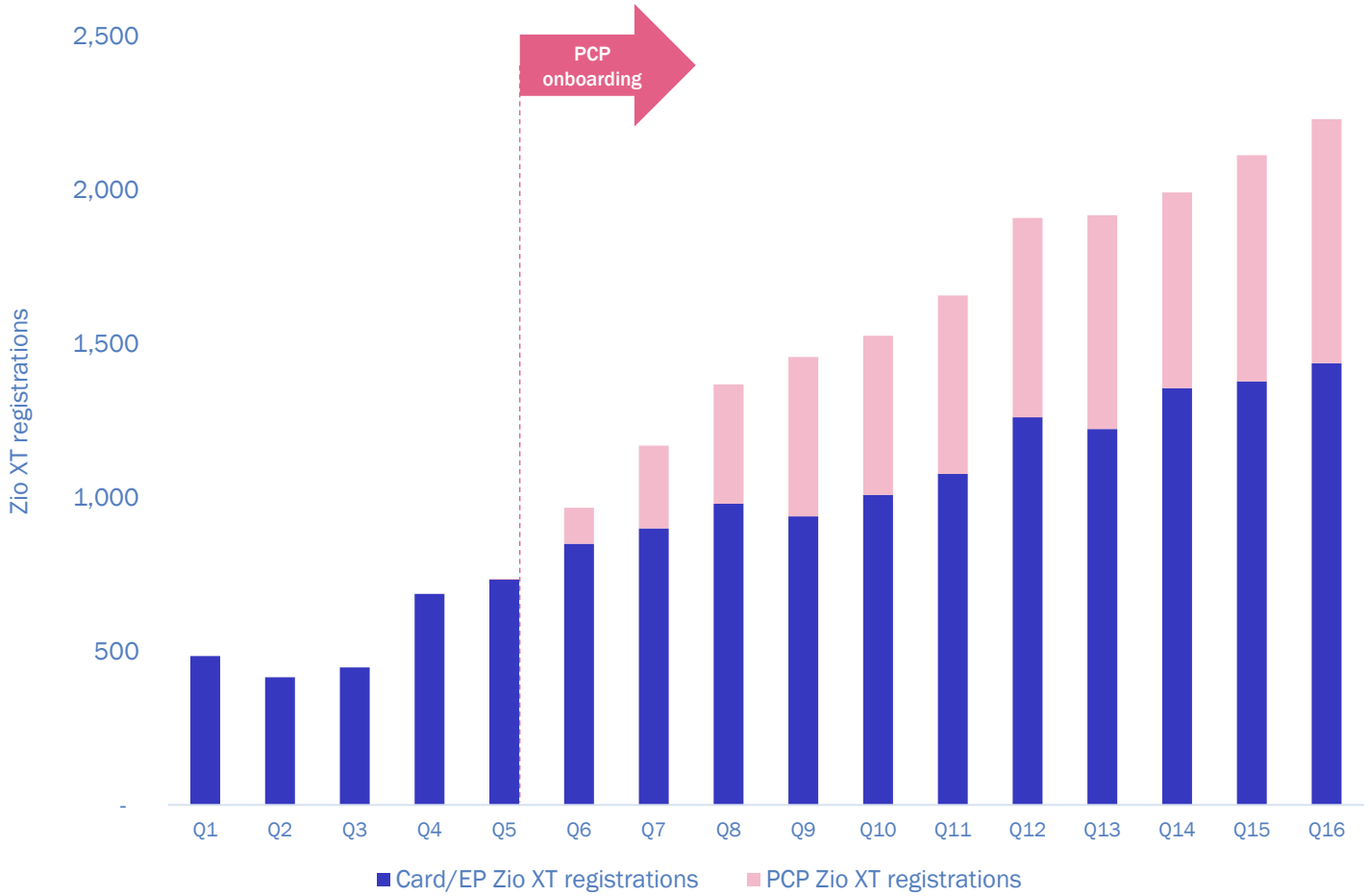
Registrations from PCPs and other physicians additive to those from cardiologists & EPs

Large national players beginning to proactively monitor for undiagnosed arrhythmias



iRHYTHM®

Registrations from PCPs additive to those from cardiologists & EPs



Data on file. iRhythm Technologies, June 2024.

KEY TAKEAWAYS

- Prescribing primary care physicians have potential to amplify volumes
- Zio enables workflow efficiency, addressing existing capacity constraints of specialist offices
- Nearly 50% of all accounts in '23 had at least one prescribing primary care physician
- Volume growth in '23 from cardiologists within IDN's that had a prescribing primary care physician was higher than those without

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Large national players proactively monitoring for undiagnosed arrhythmias

Established collaborations with several innovative national care networks

PHYSICIAN CARE CENTERS

one medical

signifyhealth

Oak St. Health

MDVIP



mSToPs TARGETING CRITERIA[1]

75+, or 55+ (men)[2] or 65+ (women)
with one or more of the following comorbidities:

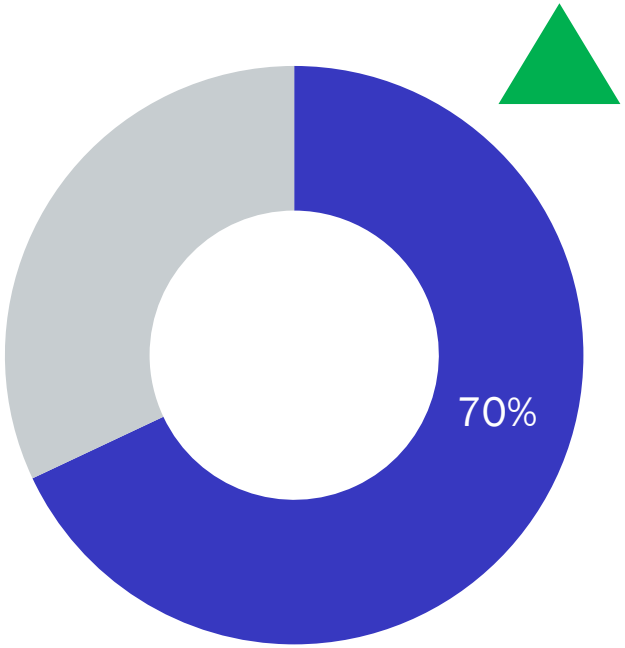
Stroke
Heart Failure
Hypertension
Diabetes
Obesity
Sleep apnea
Prior myocardial infarction
Chronic obstructive pulmonary disorder

1. Steinhubl SR, 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 Jul 10;320(2):146-155.
2. The mSToPs clinical trial targeting criteria identified 34.5% of the population to be at risk based on age and age plus comorbidity; however, that included men aged 55-65 with one or more specified comorbidities. As we are targeting Medicare Advantage participants, we exclude men between 55-64 which results in a targeted population down to 25% of the over-65 Medicare-eligible population.

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

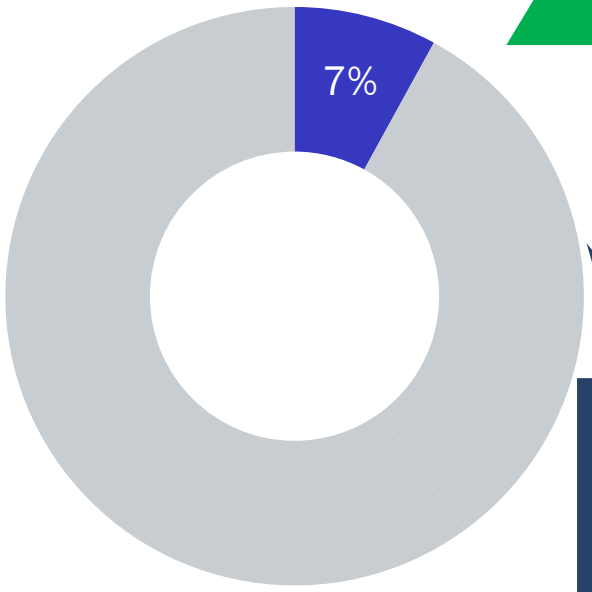
2023 LTCM MARKET SHARE IN THE U.S. (OF 2.5 MILLION ANNUAL TESTS)



Total LTCM market grew an estimated 17% during 2023

iRhythm current share

2023 MCT MARKET SHARE IN THE U.S. (OF 900,000 ANNUAL TESTS)



Total MCT market grew an estimated 7% during 2023

Every 10% gain in market share represents up to $80-100M in incremental revenue[1]

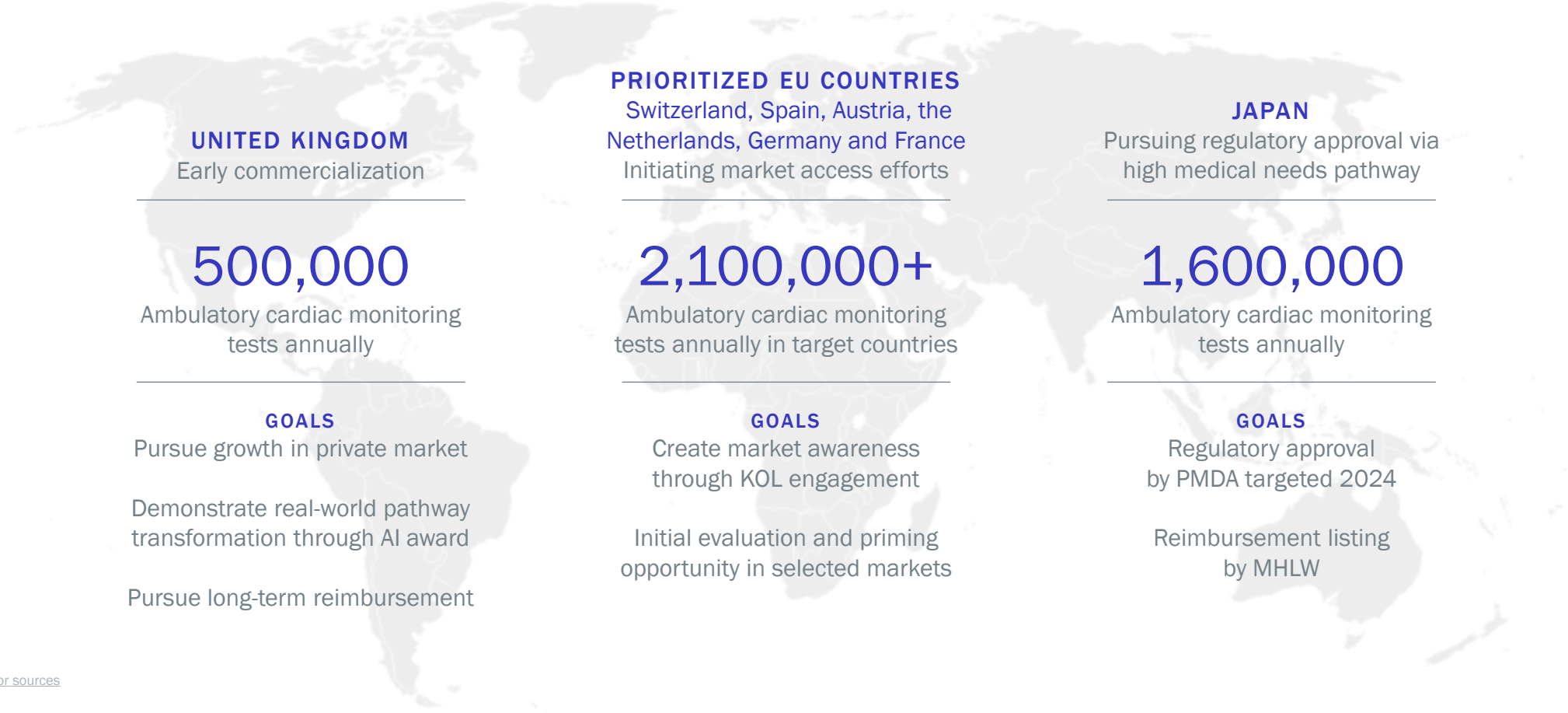
iRhythm current share

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.

1. Assumes mobile cardiac telemetry ASP of $1,000.

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



UNITED KINGDOM

Early commercialization

500,000

Ambulatory cardiac monitoring tests annually

GOALS

Pursue growth in private market

Demonstrate real-world pathway transformation through AI award

Pursue long-term reimbursement

PRIORITIZED EU COUNTRIES

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

Initiating market access efforts

2,100,000+

Ambulatory cardiac monitoring tests annually in target countries

GOALS

Create market awareness through KOL engagement

Initial evaluation and priming opportunity in selected markets

JAPAN

Pursuing regulatory approval via high medical needs pathway

1,600,000

Ambulatory cardiac monitoring tests annually

GOALS

Regulatory approval by PMDA targeted 2024

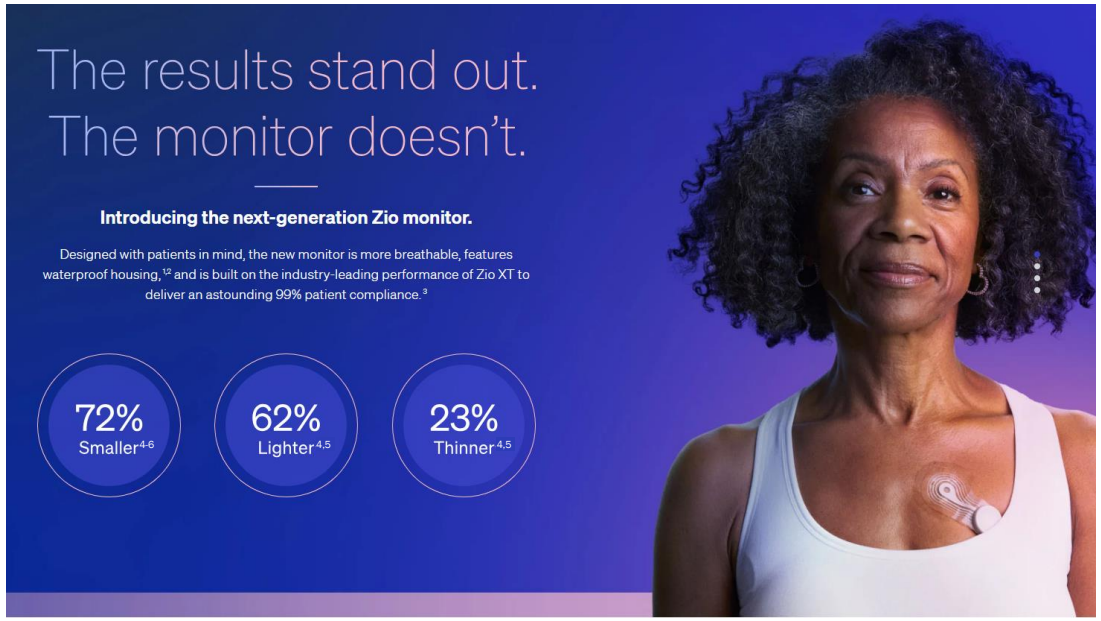
Reimbursement listing by MHLW

See appendix for sources

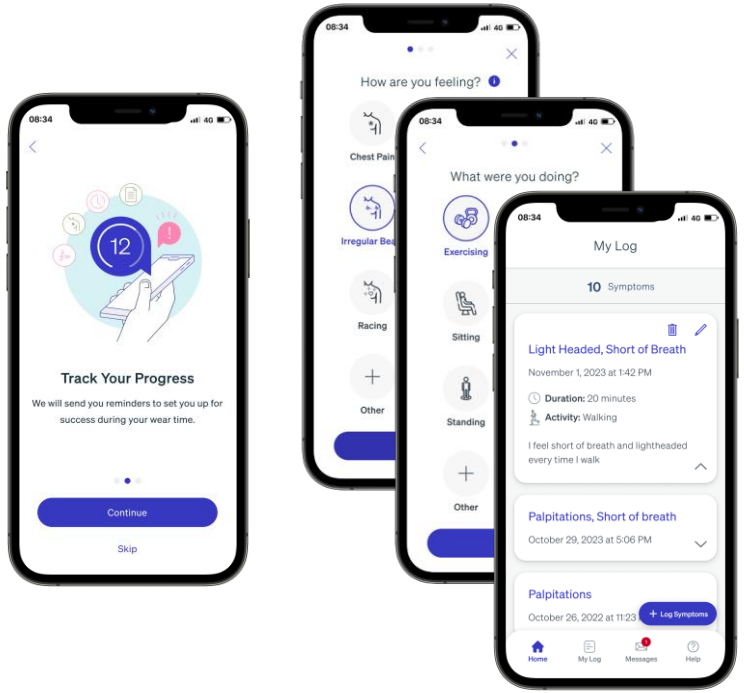
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Continued innovation a key to our continued competitive advantage

ZIO MONITOR LAUNCH THE LARGEST IN COMPANY HISTORY



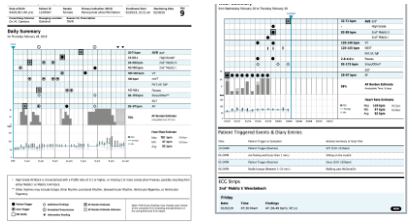
MYZIO APP SUPPORTS PATIENTS ON MONITORING JOURNEY



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. 6. Volume reflected in the device housing.

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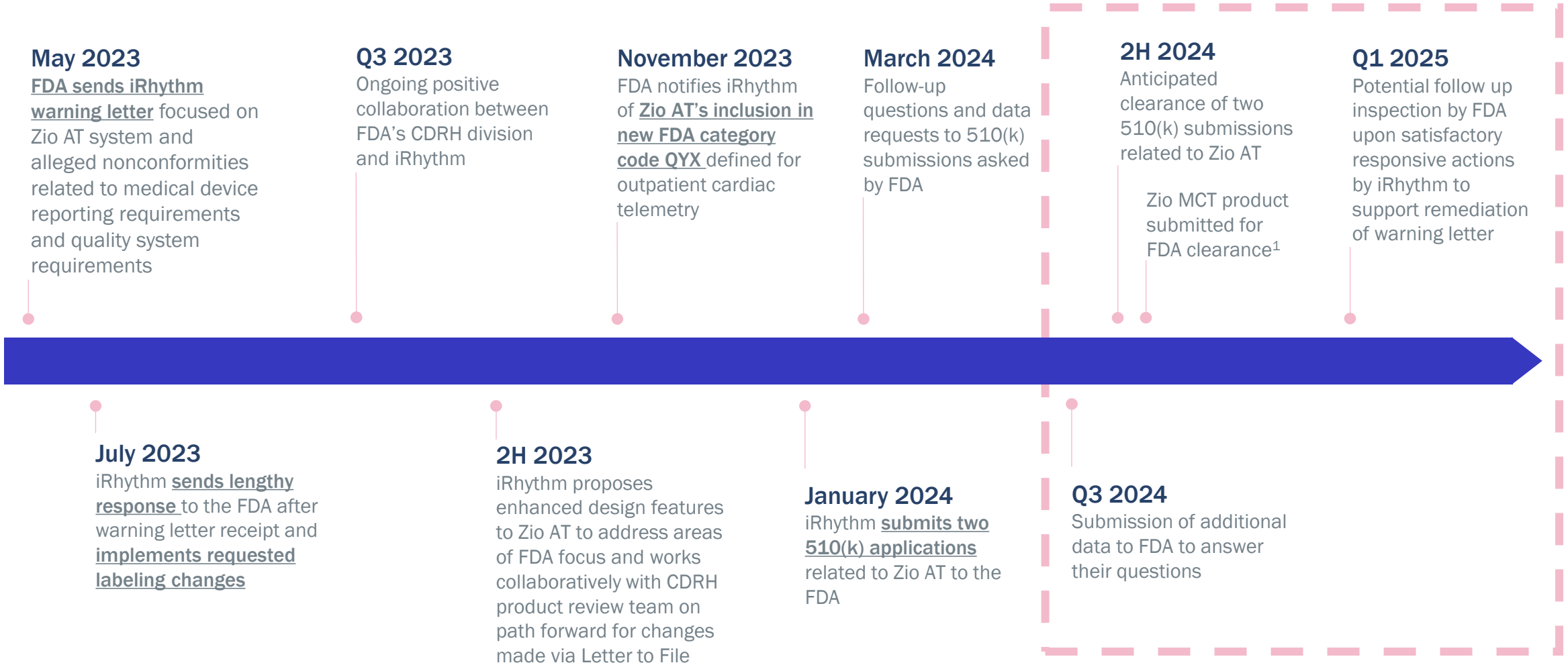
Next generation MCT expected to strengthen competitive positioning

	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		→	
FLEXIBLE, LONGER DURATION • 21+ days of monitoring for patients who need it	14+ days	→	21+ days

All comparisons made to Zio AT. Data on file. iRhythm Technologies, 2023.

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Anticipated timeline to FDA warning letter resolution



1. MCT submission not associated with warning letter resolution due to anticipated filing submission expected to be via 510(k) pathway

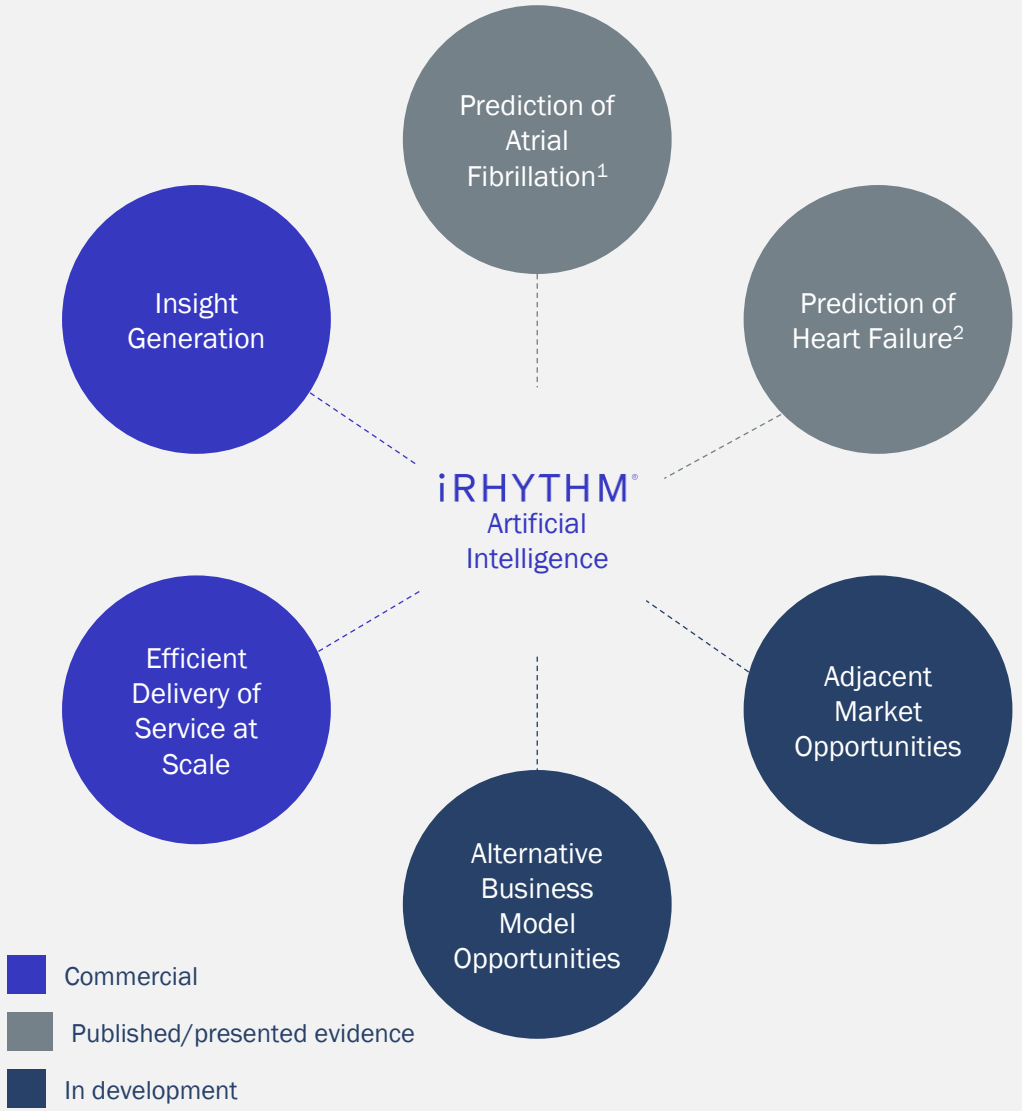
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Artificial intelligence and deep learning underpins core capabilities

AI capabilities yields significant clinical value to Zio, differentiates Zio versus competition and permits efficient scaling

ECG data plus other vital signs and patient data opens opportunities for additional expansion

Evolving from diagnosis to diagnosis, prediction, & insights generation



1. Gadaleta, M., Harrington, P., Barnhill, E. et al. Prediction of atrial fibrillation from at-home single-lead ECG signals without arrhythmias. npj Digit. Med. 6, 229 (2023). 2. Schwennesen et al. Abstract 12649: Harnessing Ambulatory Monitoring Data to Improve Prediction of Heart Failure. Circulation. 2023;148:A12649.

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Home sleep testing pilot with existing iRhythm customers intended to validate commercial opportunity and physician desire to prescribe

SLEEP APNEA

Prevalence of sleep disorders[1]: 40.1 million

Up to 80% of AFib patients have sleep apnea

Large prevalence of undiagnosed sleep apnea with poor convenient diagnostic pathway at PCP

IRHYTHM UNIQUELY POSITIONED TO DISRUPT THIS FRAGMENTED MARKET

Established commercial relationships with cardiologists, EPs, and PCPs

Robust EMR integration with additional account onboarding expected via Epic Aura partnership

Market-leading ECG data repository that could streamline diagnosis for physician specialties

CURRENT PILOT



POTENTIAL FUTURE STATE

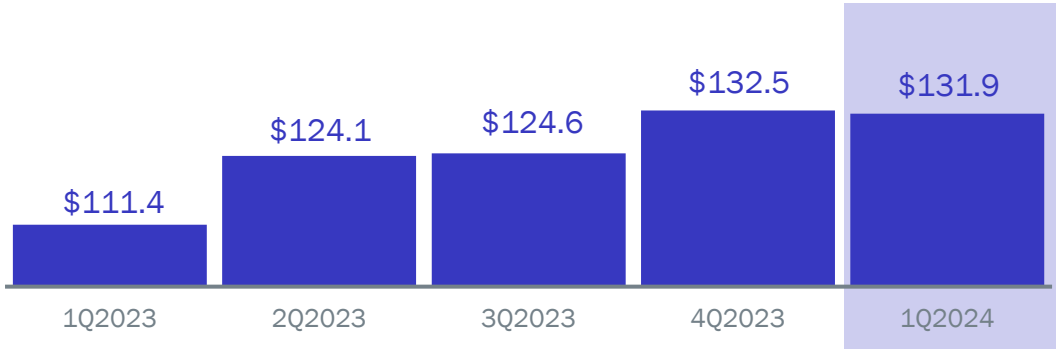


1. Estimated 2022 prevalence in the United States. See appendix for sources.

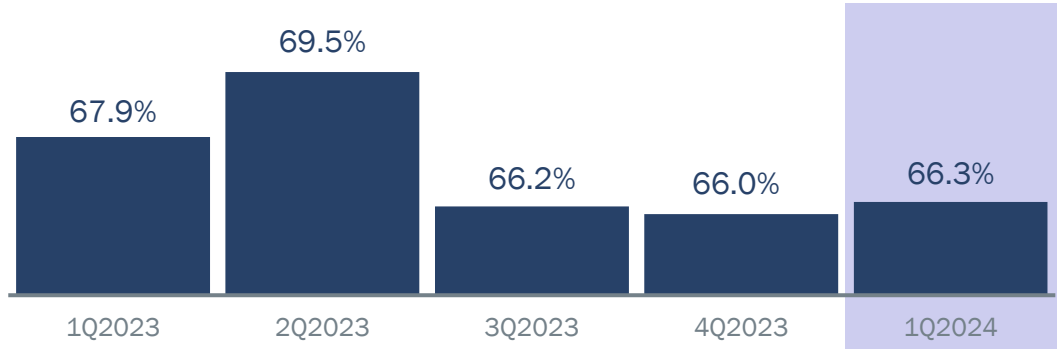
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First quarter 2024 financial performance

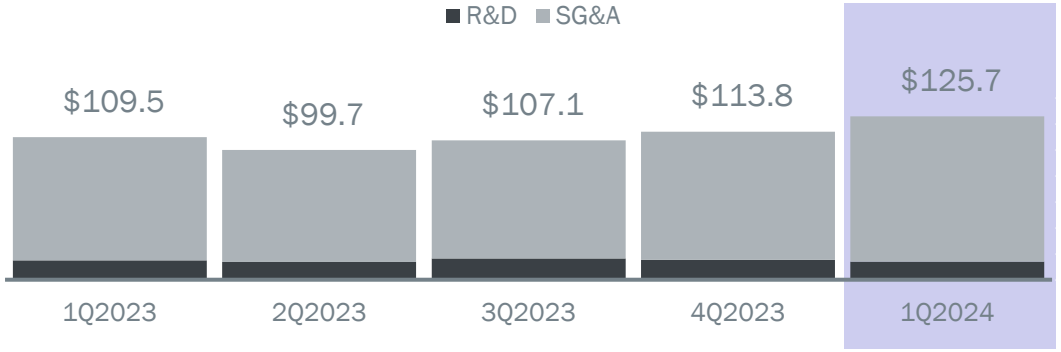
GLOBAL NET REVENUE (USD, MILLIONS)



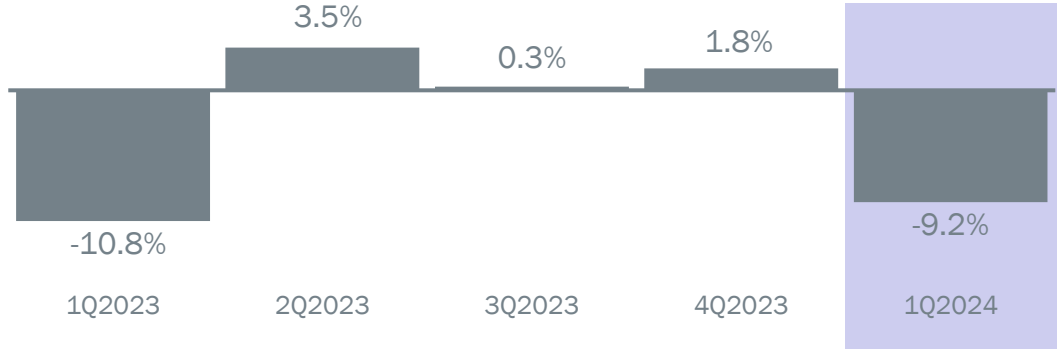
GROSS PROFIT MARGIN



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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2024 annual revenue and profitability guidance

	NET REVENUE (USD, MILLIONS)	GROSS MARGIN	ADJUSTED EBITDA MARGIN
PRIOR	~$575 – $585 million	~ 68 % – 69% of revenues	~ 3%– 4% of revenues
UPDATED	~$578 – $588 million	~ 68 % – 69% of revenues	~ 3%– 4% 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 impairment and restructuring costs, business transformation costs, and stock-based compensation expense.

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Near-term catalysts of top-line revenue growth & operational/profitability enhancements

U.S. CORE COMMERCIAL BUSINESS

- Further expansion into PCP channel
- Alternate use cases (e.g., PFA) to expand monitoring
- Launching EPIC Aura partnership
- 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
- Launch of home sleep testing pilot
- Addition of wellness insights into existing platform

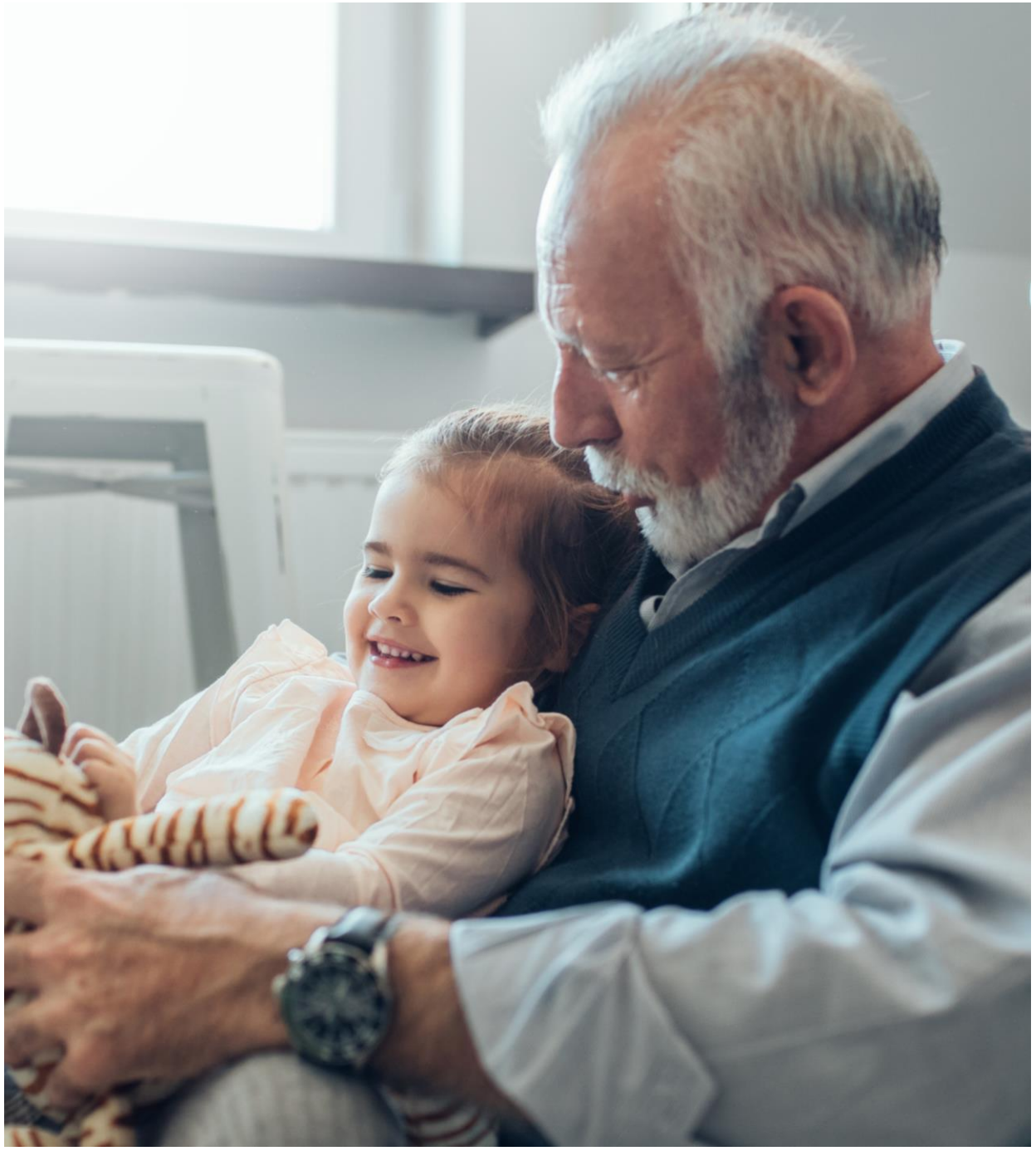
RESOLUTION OF FDA WARNING LETTER

ENHANCED MCT PRODUCT ON FILE WITH FDA

MANUFACTURING AUTOMATION IN PLACE

CAMELOT 2 PUBLICATION

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Addressing the future focus of healthcare

Expanding existing markets while extending into adjacent markets

Anticipated revenue growth from large underpenetrated markets on a global scale

Expect to deliver 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.

	THREE MONTHS ENDED MARCH 31,	
(USD, THOUSANDS)	**2024**	**2023**
Net loss	$ (45,667)	$ (39,109)
Interest expense	2,860	950
Interest income	(3,057)	(1,434)
Income tax provision	32	87
Depreciation and amortization	5,131	3,576
Stock-based compensation	20,991	18,251
Business transformation costs	—	5,686
Loss on extinguishment of debt	7,589	—
Adjusted EBITDA	**$ (12,121)**	**$ (11,993)**

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Reconciliation of quarterly adjusted EBITDA margin

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.

	THREE MONTHS ENDED				
(USD, THOUSANDS)	**MARCH 31, 2024**	**DECEMBER 31, 2023**	**SEPTEMBER 31, 2023**	**JUNE 30, 2023**	**MARCH 31, 2023**
Net loss	$ (45,667)	$ (38,699)	$ (27,116)	$ (18,482)	$ (39,109)
Interest expense	2,860	941	927	832	950
Interest income	(3,057)	(1,734)	(1,717)	(1,468)	(1,434)
Income tax provision	32	255	195	213	87
Depreciation and amortization	5,131	4,914	4,067	3,791	3,576
Stock-based compensation	20,991	23,846	21,008	14,099	18,251
Impairment and restructuring charges	—	11,078	—	—	—
Business transformation costs	—	1,772	2,999	5,409	5,686
Loss on extinguishment of debt	7,589	—	—	—	—
Adjusted EBITDA	**$ (12,121)**	$ **2,373**	$ **363**	$ **4,394**	**$ (11,993)**
Revenue	$ 131,929	$ 132,511	$ 124,604	$ 124,130	$ 111,436
Adjusted EBITDA margin	**-9.2%**	**1.8%**	**0.3%**	**3.5%**	**-10.8%**

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Reconciliation of GAAP to non-GAAP financial information

ADJUSTED NET LOSS RECONCILIATION	THREE MONTHS ENDED MARCH 31, 2024	2023
Net loss, as reported	$ (45,667)	$ (39,109)
Business transformation costs	—	5,686
Loss on extinguishment of debt	7,589	—
Adjusted net loss	**$ (38,078)**	**$ (33,423)**

ADJUSTED NET LOSS PER SHARE RECONCILIATION	THREE MONTHS ENDED MARCH 31, 2024	2023
Net loss per share, as reported	$ (1.47)	$ (1.29)
Business transformation costs per share	—	0.19
Loss on extinguishment of debt per share	0.24	—
Adjusted net loss per share	**$ (1.23)**	**$ (1.10)**
Weight-average shares, basic and diluted	31,033	30,297

ADJUSTED OPERATING EXPENSE RECONCILIATION	THREE MONTHS ENDED MARCH 31, 2024	2023
Operating expenses, as reported	$ 125,654	$ 115,185
Business transformation costs	—	(5,686)
Adjusted operating expenses	**$ 125,654**	**$ 109,499**

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Sources

SLIDE	SOURCES
Substantial and growing market potential in the United States	*US Core ACM Market Sizing* • iRhythm 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. *Expansion opportunity in symptomatic market* • U.S. Census Bureau. “U.S. Census Bureau Profile.” https://data.census.gov/profile/United_States?g=010XX00US. Accessed February 29, 2024. • CDC ambulatory care use and physician office visits. Accessed at: https://www.cdc.gov/nchs/fastats/physician-visits.htm. • Wexler RK, Pleister A, Raman SV. Palpitations: Evaluation in the Primary Care Setting. *Am Fam Physician*. 2017 Dec 15;96(12):784-789. • Weber BE, Kapoor WN. Evaluation and outcomes of patients with palpitations. *The American Journal of Medicine*. 1996;14(6):138-148. *Expansion opportunity in at-risk population* • Steinhubl at al. Effect of a Home-Based Wearable Continuous ECG Monitoring Patch on Detection of Undiagnosed Atrial Fibrillation: The mSToPS Randomized Clinical Trial. *JAMA*. 2018 Jul 10;320(2):146-155. doi: 10.1001/jama.2018.8102. PMID: 29998336; PMCID: PMC6583518. • U.S. Census Bureau. "Age and Sex." American Community Survey, ACS 1-Year Estimates Subject Tables, Table S0101, 2022, https://data.census.gov/table/ACSST1Y2022.S0101?q=Age and Sex. Accessed on February 29, 2024. • 4 out of 5 Medicare Advantage survey respondents indicated they would be more satisfied and likely to stay with their current plan if an early AFib detection program were offered to them at no cost. Market survey of 200 respondents currently enrolled in a Medicare Advantage plan. Data on file. iRhythm Technologies, 2022. • Nancy Ochieng, Jeannie Fuglesten Biniek, Meredith Freed, Anthony Damico, and Tricia Neuman. 2023. “Medicare Advantage in 2023: Enrollment Update and Key Trends.” Published August 09, 2023. Accessed February 29, 2024. https://www.kff.org/medicare/issue-brief/medicare-advantage-in-2023-enrollment-update-and-key-trends/#

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Sources

SLIDE	SOURCES
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