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

Form 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 001-37918

iRhythm Holdings, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**41-3421287**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
699 8th Street Suite 600 San Francisco, California	**94103**
(Address of Principal Executive Offices)	**(Zip Code)**

(415) 632-5700
(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, Par Value $0.001 Per Share	IRTC	The Nasdaq Global Select 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. 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 and post such files). 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 an 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	☐	Smaller reporting company	☐
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 ☐ No ☑

As of April 23, 2026, the number of outstanding shares of the registrant's common stock, par value $0.001 per share, was 32,862,408.

IRHYTHM HOLDINGS, INC.
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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements contained in this Quarterly Report on Form 10-Q other than statements of historical fact, including statements concerning our plans, objectives, and expectations for our business, operations, and financial performance and condition, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "anticipate," "assume," "believe," "contemplate," "continue," "could," "due," "estimate," "expect," "goal," "intend," "may," "objective," "plan," "predict," "potential," "positioned," "seek," "should," "target," "will," "would", and other similar expressions that are predictions of or indicate future events and future trends, or the negative of these terms or other comparable terminology. These forward-looking statements include, but are not limited to, statements about:

- the expected impact of global business, political, and macroeconomic conditions, including inflation, interest rate volatility, cybersecurity events, potential instability in the global banking system, volatile market conditions, the impact of tariffs, the impact of any significant political and regulatory developments, global events, including public health crises, and ongoing geopolitical conflicts, such as the wars in Ukraine and Iran and conflicts in the Middle East and Venezuela, on our business, operations, and financial results;
- the impact of supply chain disruptions on our operations and financial results;
- the impact of inflationary costs on our operations and financial results;
- plans to conduct further clinical studies, including any clinical trials initiated by third parties;
- our plans to modify our current systems and services, or identify and develop, or acquire, new products or services, to address additional indications;
- the expected growth of our business and our organization;
- our expectations regarding government and third-party payor coverage and reimbursement or other regulatory actions or decisions;
- our compliance with all applicable laws, rules, and regulations, including those of the U.S. Food and Drug Administration;
- our expectations regarding the size of our sales organization and expansion of our sales and marketing efforts, including in international geographies;
- our expectations regarding revenue, cost of revenue, cost of service per device, operating expenses, including research and development expense, sales and marketing expense, general and administrative expenses and gross margin;
- our ability to retain and recruit key personnel, including the continued development of a sales and marketing infrastructure;
- our ability to obtain and maintain intellectual property protection for our systems and services;
- the outcome of any litigation or investigations;
- our estimates of our expenses, ongoing losses, future revenue, capital requirements, and our needs for, or ability to obtain, additional financing;
- our financial performance; and
- developments and projections relating to our competitors or our industry.

We believe that it is important to communicate our future expectations to our investors. However, there may be events in the future that we are not able to accurately predict or control and that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. These forward-looking statements are based on management's current expectations, estimates, forecasts, and projections about our business and the industry in which we operate and management's beliefs and assumptions and are not guarantees of future performance or development and involve known and unknown risks, uncertainties, and other factors that are in some cases beyond our control. As a result, any or all of our forward-looking statements in this Quarterly Report on Form 10-Q may turn out to be inaccurate. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q. Potential investors are urged to consider these factors carefully in evaluating the forward-looking statements. These forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. We assume no obligation to update or revise these forward-looking statements for any reason after the date of this Quarterly Report on Form 10-Q to conform these statements to actual results or to changes in our expectations, even if new information becomes available in the future.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur.

You should read this Quarterly Report on Form 10-Q and the documents that we reference in this Quarterly Report on Form 10-Q and have filed with the Securities and Exchange Commission (the “SEC”) as exhibits to the Quarterly Report on Form 10-Q with the understanding that our actual future results, levels of activity, performance, and events and circumstances may be materially different from what we expect.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

IRHYTHM HOLDINGS, INC.
Condensed Consolidated Balance Sheets
(In thousands, except par value)

	March 31, 2026	December 31, 2025
(unaudited)		
Assets		
Current assets:		
Cash and cash equivalents	$ 240,146	$ 236,012
Marketable securities	309,474	347,751
Accounts receivable, net	80,863	75,706
Inventory	23,800	21,634
Prepaid expenses and other current assets	26,275	21,662
Total current assets	680,558	702,765
Property and equipment, net	156,704	151,599
Operating lease right-of-use assets	40,324	41,827
Restricted cash	8,358	8,358
Goodwill	862	862
Long-term strategic investments	72,860	69,913
Other assets	46,699	44,718
Total assets	$ 1,006,365	$ 1,020,042
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 8,559	$ 2,256
Accrued liabilities	102,342	128,747
Deferred revenue	4,056	4,201
Operating lease liabilities, current portion	16,793	16,686
Total current liabilities	131,750	151,890
Long-term senior convertible notes	650,313	649,504
Other noncurrent liabilities	907	908
Operating lease liabilities, noncurrent portion	62,185	64,994
Total liabilities	845,155	867,296
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Preferred stock, $0.001 par value – 5,000 shares authorized; none issued and outstanding at March 31, 2026 and December 31, 2025	—	—
Common stock, $0.001 par value – 100,000 shares authorized; 33,083 shares issued and 32,854 shares outstanding at March 31, 2026, respectively; and 32,526 shares issued and 32,297 shares outstanding at December 31, 2025, respectively	33	32
Additional paid-in capital	1,003,514	980,757
Accumulated other comprehensive income	42	403
Accumulated deficit	(817,379)	(803,446)
Treasury stock, at cost; 229 shares at March 31, 2026 and December 31, 2025	(25,000)	(25,000)
Total stockholders' equity	161,210	152,746
Total liabilities and stockholders' equity	$ 1,006,365	$ 1,020,042

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

IRHYTHM HOLDINGS, INC.
Condensed Consolidated Statements of Operations
(In thousands, except per share data)

	Three Months Ended March 31,	
	2026	2025
(unaudited)		
Revenue, net	$ 199,390	$ 158,677
Cost of revenue	58,037	49,461
Gross profit	141,353	109,216
Operating expenses:		
Research and development	21,358	21,519
Acquired in-process research and development	296	296
Selling, general and administrative	135,884	119,957
Total operating expenses	157,538	141,772
Loss from operations	(16,185)	(32,556)
Interest and other income, net:		
Interest income	4,879	4,919
Interest expense	(3,290)	(3,273)
Other income, net	1,163	875
Total interest and other income, net	2,752	2,521
Loss before income taxes	(13,433)	(30,035)
Income tax provision	500	665
Net loss	$ (13,933)	$ (30,700)
Net loss per common share, basic and diluted	$ (0.43)	$ (0.97)
Weighted-average shares, basic and diluted	32,507	31,590

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

IRHYTHM HOLDINGS, INC.
Condensed Consolidated Statements of Comprehensive Loss
(In thousands)

	Three Months Ended March 31,	
	2026	2025
(unaudited)		
Net loss	$ (13,933)	$ (30,700)
Other comprehensive income (loss):		
Net change in unrealized (loss) gain from marketable securities	(387)	10
Cumulative translation adjustment	26	(32)
Comprehensive loss	$ (14,294)	$ (30,722)

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

IRHYTHM HOLDINGS, INC.
Condensed Consolidated Statements of Cash Flows
(In thousands)

	Three Months Ended March 31,	
	2026	2025
(unaudited)		
Cash flows from operating activities		
Net loss	$ (13,933)	$ (30,700)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	5,042	5,210
Stock-based compensation	21,491	23,344
Amortization of premium and accretion of discounts, net	(730)	(619)
Amortization of operating lease right-of-use assets	1,503	1,393
Amortization of debt discount	809	794
Change in fair value of strategic investments	(1,447)	(843)
Provision for credit losses and contractual allowances	27,844	29,427
Acquired in-process research and development	296	296
Other	340	103
Changes in operating assets and liabilities:		
Accounts receivable	(33,000)	(30,125)
Inventory	(2,424)	(388)
Prepaid expenses and other current assets	(4,613)	(4,165)
Other assets	(1,981)	729
Accounts payable and accrued liabilities	(22,522)	(489)
Deferred revenue	(145)	350
Operating lease liabilities	(2,703)	(2,208)
Net cash used in operating activities	(26,173)	(7,891)
Cash flows from investing activities		
Purchases of property and equipment	(6,905)	(9,419)
Purchases of marketable securities	(94,030)	(34,320)
Maturities of marketable securities	132,650	5,600
Purchases of strategic investments	(1,500)	—
Net cash provided by (used in) investing activities	30,215	(38,139)
Cash flows from financing activities		
Proceeds from issuance of common stock in connection with employee equity incentive plans	149	1,729
Net cash provided by financing activities	149	1,729
Effect of exchange rate changes	(57)	(18)
Net increase (decrease) in cash, cash equivalents and restricted cash	4,134	(44,319)
Cash, cash equivalents and restricted cash, beginning of period	244,370	427,955
Cash, cash equivalents and restricted cash, end of period	$ 248,504	$ 383,636

IRHYTHM HOLDINGS, INC.
Condensed Consolidated Statements of Cash Flows (Continued)
(In thousands)

	Three Months Ended March 31,	
	2026	2025
Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents	$ 240,146	$ 375,278
Restricted cash	$ 8,358	$ 8,358
Total cash, cash equivalents and restricted cash	$ 248,504	$ 383,636
Supplemental disclosures of cash flow information:		
Interest paid	$ 4,959	$ 4,959
Cash taxes (refunded) paid	$ (90)	$ 390
Cash paid for operating lease liabilities	$ 4,133	$ 3,864
Non-cash investing and financing activities:		
Property and equipment costs included in accounts payable and accrued liabilities	$ 2,531	$ 132
Capitalized stock-based compensation in property and equipment	$ 1,118	$ 1,406

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

IRHYTHM HOLDINGS, INC.
Condensed Consolidated Statements of Stockholders' Equity
(In thousands)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Treasury Stock	Total Stockholders' Equity
	Shares	Amount					
(unaudited)							
Balances at December 31, 2025	**32,297**	**$ 32**	**$ 980,757**	**$ (803,446)**	**$ 403**	**$ (25,000)**	**$ 152,746**
Issuance of common stock in connection with employee equity incentive plans	557	1	148	—	—	—	149
Stock-based compensation	—	—	22,609	—	—	—	22,609
Net loss	—	—	—	(13,933)	—	—	(13,933)
Net change in unrealized loss on marketable securities	—	—	—	—	(387)	—	(387)
Cumulative translation adjustment	—	—	—	—	26	—	26
Balances at March 31, 2026	**32,854**	**$ 33**	**$ 1,003,514**	**$ (817,379)**	**$ 42**	**$ (25,000)**	**$ 161,210**

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Treasury Stock	Total Stockholders' Equity
	Shares	Amount					
(unaudited)							
Balances at December 31, 2024	**31,392**	**$ 31**	**$ 874,607**	**$ (758,895)**	**$ 165**	**$ (25,000)**	**$ 90,908**
Issuance of common stock in connection with employee equity incentive plans	523	1	1,728	—	—	—	1,729
Stock-based compensation	—	—	24,750	—	—	—	24,750
Net loss	—	—	—	(30,700)	—	—	(30,700)
Net change in unrealized gain on marketable securities	—	—	—	—	10	—	10
Cumulative translation adjustment	—	—	—	—	(32)	—	(32)
Balances at March 31, 2025	**31,915**	**$ 32**	**$ 901,085**	**$ (789,595)**	**$ 143**	**$ (25,000)**	**$ 86,665**

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

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

iRhythm Technologies, Inc. was incorporated in the state of Delaware in September 2006. On January 12, 2026, iRhythm Technologies, Inc. implemented a corporate holding company structure that resulted in the formation of a new parent holding company (the “Holding Company Transaction”) pursuant to an Agreement and Plan of Merger and Reorganization (the “Merger Agreement”) dated as of January 12, 2026, by and among iRhythm Technologies, Inc., iRhythm Holdings, Inc., a Delaware corporation ("the Company”), and LTCM Merger Sub, Inc., a Delaware corporation and a then- direct, wholly owned subsidiary of the Company (“Merger Sub”). Pursuant to the terms of the Merger Agreement, Merger Sub merged with and into iRhythm Technologies, Inc, with iRhythm Technologies, Inc. continuing as the surviving corporation and a wholly owned subsidiary of the Company (the “Merger”). Following the Merger, the Company became the successor issuer and registrant to iRhythm Technologies, Inc., and had, on a consolidated basis, the same assets, business operations, executive officers and directors that existed prior to the Merger. The Merger was accounted for as a reorganization of entities under common control. Accordingly, the condensed consolidated financial statements of the Company reflect the Merger as if it had occurred at the beginning of the earliest period presented.

The Company is a leading digital healthcare company that creates trusted solutions that detect, predict, and prevent disease. The Company's principal business is the design, development, and commercialization of device-based technology to provide ambulatory cardiac monitoring ("ACM") services that it believes allow clinicians to diagnose certain arrhythmias quicker and with greater efficiency than other services that rely on traditional technology.

Since first receiving clearance from the U.S. Food and Drug Administration (“FDA”) for the Company's technology in 2009, the Company has supported physician and patient use of its technology and provided ACM services from its Medicare-enrolled independent diagnostic testing facilities (“IDTFs”) and with its qualified technicians. The Company has provided the Zio ACM services, including long-term continuous monitoring (“LTCM”) services (the “Zio LTCM Service”), short-term continuous monitoring services, and mobile cardiac telemetry (“MCT”) monitoring services (collectively, the “iRhythm Services”), using a proprietary system that combines an FDA-cleared and CE-marked wire-free, patch-based, 14-day wearable biosensor that continuously records ECG data, with a proprietary FDA-cleared, CE-marked, Japan Pharmaceutical and Medical Device Agency ("PMDA") approved cloud-based data analytic software to help physicians monitor patients and diagnose arrhythmias (collectively, the “iRhythm ACM System”). Zio LTCM Service and MCT monitoring services (the “Zio MCT Service”) are medical procedures typically ordered by physicians for patients not suspected of having life-threatening arrhythmias, but who are suspected of having infrequent, difficult-to-detect, or asymptomatic arrhythmias.

The Company is headquartered in San Francisco, California, which also serves as a clinical center. The Company has additional clinical centers in Deerfield, Illinois, Houston, Texas, and Manila, Philippines, a manufacturing facility in Cypress, California and corporate office spaces in Solana Beach, California and London, United Kingdom.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements include the accounts of the Company and its wholly owned subsidiaries, and have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (the “SEC”) regarding interim financial reporting. As permitted under those rules, the condensed consolidated financial statements and related disclosures as of December 31, 2025, have been derived from the audited consolidated financial statements but do not include all of the information required by U.S GAAP for complete consolidated financial statements. These unaudited condensed consolidated financial statements have been prepared on the same basis as the Company’s annual consolidated financial statements and, in the opinion of management, reflect all adjustments (consisting only of normal recurring adjustments) that are necessary for the fair statement of the Company’s unaudited condensed consolidated financial information. The results of operations for the three months ended March 31, 2026, are not necessarily indicative of the results to be expected for the year ending December 31, 2026, or for any other interim period or for any other future year.

The accompanying unaudited condensed consolidated financial statements and related financial information should be read in conjunction with the audited financial statements and the related notes thereto for the year ended December 31, 2025, included in the Company's Annual Report on Form 10-K, filed with the SEC on February 19, 2026 (the "Annual Report").

Risks and Uncertainties

Macroeconomic Factors and Supply Chain Constraints

The Company's operations and performance may vary based on worldwide economic and political conditions, which have been adversely impacted by continued global economic uncertainty, political instability, and military hostilities in multiple geographies including ongoing geopolitical conflicts, such as the wars in Ukraine and Iran and conflicts in the Middle East and Venezuela, domestic and global inflationary trends, interest rate volatility, uncertainty with respect to the federal debt ceiling and budget and potential government shutdowns related thereto, potential instability in the global banking system, global supply shortages or disruptions, commodity price increases, tariffs on imports, and a tightening labor market. A severe or prolonged economic downturn or period of global political instability could drive hospitals and other healthcare professionals to tighten budgets and curtail spending, which could in turn negatively impact rates at which physicians prescribe the Company's iRhythm Services. In addition, higher unemployment rates or reductions in employer-provided benefits plans could result in fewer commercially insured patients, resulting in a reduction in the Company's margins and impairing the ability of uninsured patients to make timely payments. A weak or declining economy, or uncertainty surrounding tariffs, could also strain the Company's suppliers, possibly resulting in supply delays and disruptions. There is also a risk that one or more of the Company's current service providers, suppliers, or other partners may not survive such difficult economic times, which could directly affect the Company's ability to attain its goals on schedule and on budget. If the current equity and credit markets deteriorate, it may make any necessary debt or equity financing more difficult, more costly, and more dilutive. The Company cannot predict the timing, strength, or duration of an economic downturn, instability, or recovery, whether worldwide, in the United States, or within its industry.

The Company's hybrid work arrangements and decision to pursue a sublease for its leased San Francisco headquarters have previously resulted in impairments of its right-of-use ("ROU") asset and related leasehold improvements and furniture and fixtures. As the Company continues to evaluate its global real estate footprint, the Company may incur additional impairment charges related to real property lease agreements.

The Company is continuously reviewing its liquidity and anticipated capital requirements. The Company believes it has adequate liquidity over the next 12 months to operate its business and to meet its cash requirements. The Company is in compliance with its convertible debt requirements.

Reimbursement

The Company receives revenue for the iRhythm Services primarily from third-party payors, which include commercial payors and government agencies, such as the Centers for Medicare & Medicaid Services ("CMS"). Third-party payors require the Company to identify the service for which it is seeking reimbursement by using a Current Procedural Terminology ("CPT") code set maintained by the American Medical Association. These CPT codes are subject to periodic change and update, which will impact the reimbursement rates for the Company's iRhythm Services.

Based on relative value units, CMS annually updates the reimbursement rates for diagnostic tests performed by IDTFs via the Medicare Physician Fee Schedule. CMS establishes national payment rates for the CPT codes the Company uses to report iRhythm Services performed by the Company. Because remote cardiac monitoring technology, including the iRhythm ACM System, is rapidly evolving, there is a continuing risk that relative value units assigned, and reimbursement rates set, by CMS may not adequately reflect the value and expense of this technology and associated monitoring services, and CMS may reduce these rates in the future, which would adversely affect the Company's financial results.

Third-party payors globally are increasingly challenging the utilization and overall cost for medical products and services. The containment of healthcare costs has become a priority of governments on a global basis. Third-party payors may decline to cover and reimburse claims or portions of claims.

Use of Estimates

The preparation of the unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. On an ongoing basis, management evaluates its estimates, including those related to revenue recognition, contractual allowances, provision for credit losses, the useful lives of property and equipment, the recoverability of long-lived assets, including the estimated usage of the printed circuit board assemblies ("PCBAs"), the incremental borrowing rate for operating leases, fair value of strategic loan investments, accounting for income taxes, impairment of ROU assets, contingent consideration liabilities, and various inputs used in estimating stock-based compensation. Actual results may differ from those estimates.

Significant Accounting Policies

During the three months ended March 31, 2026, there were no changes to the Company's significant accounting policies as described in the Annual Report.

Concentrations of Risk

Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents, investments and accounts receivable. Cash balances are deposited in financial institutions which, at times, may be in excess of federally insured limits. Cash equivalents are invested in highly rated money market funds. The Company invests in a variety of financial instruments, such as, but not limited to, U.S. government securities, corporate notes, commercial paper and, by policy, limits the amount of credit exposure with any one financial institution or commercial issuer. The Company has not experienced any material losses on its deposits of cash and cash equivalents or investments.

Concentrations of credit risk with respect to accounts receivable are limited due to the large number of customers comprising the Company's customer base and their dispersion across many geographies. The Company does not require collateral.

The Company records a provision for credit losses based on the assessment of the collectability of customer accounts, considering factors such as historical experience, credit quality, the age of the accounts receivable balances, and current economic conditions that may affect a customer's ability to pay.

The following table summarizes customers' accounts receivable concentration representing 10% or more of the Company's accounts receivable, net:

	Payor Type	March 31, 2026	December 31, 2025
CMS	Centers for Medicare & Medicaid Services	20 %	14 %
Customer A	Healthcare institutions	12 %	15 %
Customer B	Contracted third-party payors	13 %	12 %

Supply Risk

The Company relies on single-source vendors to supply some of its disposable housings, instruments and other materials used to manufacture the Zio patches and the adhesive that binds the Zio patch to a patient's body. These components and materials are critical, and there could be a considerable delay in finding alternative sources of supply if these vendors become unavailable.

Recently adopted accounting pronouncements

In July 2025, the FASB issued ASU 2025-05, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which provides a practical expedient to measure credit losses on current accounts receivable and current contract assets. The practical expedient assumes that current conditions as of the balance sheet will persist through the reasonable and supportable forecast period of eligible assets. The ASU is effective for the year ended December 31, 2026. The Company adopted this ASU on a prospective basis. Adoption of the ASU did not have a material impact on the Company's consolidated financial statements.

Recently issued accounting pronouncements not yet adopted

In November 2024, the FASB issued ASU 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures*, which requires disclosure about the types of costs and expenses included in certain expense captions presented on the income statement. The new disclosure requirements are effective for the Company's annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact that the adoption of this new standard may have on the Company's related disclosures.

In September 2025, the FASB issued ASU 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software,* to modernize the accounting for software costs. The new guidance amends the existing standard that refers to various stages of a software development project to align better with the current software development methods, such as agile programming. The ASU is effective for annual reporting periods beginning after December 15, 2027, and interim periods within those annual reporting periods, with early adoption permitted. The ASU may be applied on either a prospective or a retrospective basis. The Company is currently evaluating the impact that the adoption of this new standard may have on the Company's consolidated financial statements and related disclosures.

In December 2025, the FASB issued ASU 2025-11 *Interim Reporting (Topic 270)* related to interim disclosure requirements. The amendments in this update clarify current interim disclosure requirements and provide a comprehensive list of required interim disclosures. The update also incorporates a disclosure principle that requires entities to disclose material events that occur after the end of the last annual reporting period. This update is effective for interim periods within annual periods beginning after December 15, 2027, though early adoption is permitted. The Company is currently evaluating the impact that the adoption of this new standard may have on the Company's consolidated financial statements and related disclosures.

3. BUSINESS SEGMENT AND REVENUE

Reportable Segments

Operating segments are defined as components of an enterprise where separate financial information is evaluated regularly by the chief operating decision maker ("CODM"). The Company has one reportable and one operating segment, its global ambulatory cardiac monitoring business. The Company's Chief Executive Officer, who is the Company's CODM, reviews financial information presented on a consolidated basis for purposes of making operating decisions, allocating resources, and assessing financial performance.

The key measure of the Company's segment profit or loss is consolidated net loss, which is reported on the Company's unaudited condensed consolidated statements of operations. Consolidated net loss is used to measure actual results versus expectations. The measure of segment assets is reported on the unaudited condensed consolidated balance sheets as total assets.

Significant segment expenses within loss from operations, as well as within net loss, include cost of revenue, research and development, acquired in-process research and development ("IPR&D"), and selling, general and administrative expenses which are each separately presented on the Company's unaudited condensed consolidated statements of operations. Other segment items within net loss include interest and other income, net, and income tax provision.

Disaggregation of Revenue

The Company disaggregates revenue from contracts with customers by payor type. The Company believes these categories aggregate the payor types by nature, amount, timing and uncertainty of its revenue streams. Disaggregated revenue by payor type and major service line for the three months ended March 31, 2026, and 2025 were as follows (in thousands, except percentages):

	Three Months Ended March 31,			
	2026		2025	
	Amount	% of Revenue	Amount	% of Revenue
Contracted third-party payors	$ 106,804	53%	$ 83,802	53%
Centers for Medicare & Medicaid Services	51,389	26%	38,112	24%
Healthcare institutions	30,154	15%	26,673	17%
Non-contracted third-party payors	11,043	6%	10,090	6%
Total	$ 199,390		$ 158,677	

Revenue generated from the United States comprised substantially all of the Company's revenue. No other country or customer, with the exception of CMS, comprised 10% or greater of the Company's revenue during the three months ended March 31, 2026 and 2025.

Accounts Receivable, Provision for Credit Losses and Contractual Allowances

Accounts receivable includes amounts due to the Company from healthcare institutions, third-party payors, and government payors and their related patients, as a result of the Company's normal business activities. Accounts receivable is reported on the unaudited condensed consolidated balance sheets net of an estimated provision for credit losses and contractual allowances.

The Company establishes a provision for credit losses for estimated uncollectible receivables based on its assessment of the collectability of customer accounts and recognizes the provision as a component of selling, general and administrative expenses. The Company records a provision for contractual allowances, as a reduction of revenue, based on the estimated differences between contracted amounts and expected collection rates for services performed. Such provisions are based on the Company's historical experience and expected future claims denials. The Company updates the estimate for this provision each reporting period.

The Company regularly reviews the allowances by considering factors such as historical experience, credit quality, the age of the accounts receivable balances, reasonable and supportable forecasts, and current economic conditions that may affect a customer’s ability to pay.

The following table presents the changes in the allowance for credit losses (in thousands):

	Three Months Ended March 31, 2026	Year Ended December 31, 2025	Three Months Ended March 31, 2025
Balance, beginning of period	$ 14,635	$ 16,248	$ 16,248
Add: Provision for credit losses	10,436	30,835	8,883
Less: Write-offs	(6,947)	(32,448)	(14,202)
Balance, end of period	$ 18,124	$ 14,635	$ 10,929

The following table presents the changes in the contractual allowance (in thousands):

	Three Months Ended March 31, 2026	Year Ended December 31, 2025	Three Months Ended March 31, 2025
Balance, beginning of period	$ 48,926	$ 50,961	$ 50,961
Add: Provision for contractual adjustments	17,408	68,831	20,544
Less: Contractual adjustments	(21,613)	(70,866)	(21,005)
Balance, end of period	$ 44,721	$ 48,926	$ 50,500

Contract Liabilities

ASC 606, *Revenue from Contracts with Customers,* requires an entity to present a revenue contract as a contract liability when the Company has an obligation to transfer goods or services to a customer for which the Company has received consideration from the customer, or an amount of consideration from the customer is due and unconditional (whichever is earlier).

Certain of the Company's customers pay the Company directly for the Zio LTCM Service upon patient registration or shipment of devices. Such advance payments are recognized as deferred revenue and are recorded as revenue when Zio reports are delivered to the healthcare provider. During the three months ended March 31, 2026 and 2025, $3.9 million and $2.7 million related to the contract liability balance at the beginning of 2026 and 2025 was recognized as revenue, respectively. The deferred revenue liability was $4.1 million and $4.2 million as of March 31, 2026, and December 31, 2025, respectively.

Contract Costs

Under ASC 340, *Other Assets and Deferred Costs* ("ASC 340"), the incremental costs of obtaining a contract with a customer are recognized as an asset. Incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Company maintains short-term sales incentive compensation programs. As a practical expedient, ASC 340 permits the Company to immediately expense contract acquisition costs, because the asset that would have resulted from capitalizing these costs will be amortized in one year or less.

4. CASH EQUIVALENTS AND MARKETABLE SECURITIES

The fair value of cash equivalents and marketable securities as of March 31, 2026, and December 31, 2025, were as follows (in thousands):

	March 31, 2026			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Money market funds	$ 135,285	$ —	$ —	$ 135,285
U.S. government securities	320,061	26	(129)	319,958
Total cash equivalents and marketable securities	$ 455,346	$ 26	$ (129)	$ 455,243
Classified as:				
Cash equivalents				$ 145,769
Marketable securities available for sale				309,474
Total cash equivalents and marketable securities				$ 455,243

	December 31, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Money market funds	$ 142,423	$ —	$ —	$ 142,423
U.S. government securities	347,467	285	(1)	347,751
Total cash equivalents and marketable securities	$ 489,890	$ 285	$ (1)	$ 490,174
Classified as:				
Cash equivalents				$ 142,423
Marketable securities available for sale				347,751
Total cash equivalents and marketable securities				$ 490,174

5. FAIR VALUE MEASUREMENTS

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The Company discloses and recognizes the fair value of its assets and liabilities using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level 3 measurements). The guidance establishes three levels of the fair value hierarchy as follows:

Level 1—Inputs are unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2—Inputs (other than quoted market prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.

Level 3—Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires management to make judgments and consider factors specific to the asset or liability. The U.S. government securities are classified as Level 2 as they were valued based upon quoted market prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant inputs are observable in the market or can be corroborated by observable market data for substantially the full term of the assets.

The Company had no transfers between levels of the fair value hierarchy of its assets measured at fair value.

The following tables present the fair value of the Company's financial assets determined using the inputs defined above (in thousands):

	March 31, 2026			
	Level 1	Level 2	Level 3	Total
Assets				
Money market funds	$ 135,285	$ —	$ —	$ 135,285
U.S. government securities	—	319,958	—	319,958
Strategic investments	—	—	72,860	72,860
Total	$ 135,285	$ 319,958	$ 72,860	$ 528,103
Liabilities				
Contingent consideration	—	—	20,703	20,703
Total	$ —	$ —	$ 20,703	$ 20,703

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Assets				
Money market funds	$ 142,423	$ —	$ —	$ 142,423
U.S. government securities	—	347,751	—	347,751
Strategic investments	—	—	69,913	69,913
Total	$ 142,423	$ 347,751	$ 69,913	$ 560,087
Liabilities				
Contingent consideration	—	—	20,407	20,407
Total	$ —	$ —	$ 20,407	$ 20,407

Fair Value of Strategic Investments

The Company holds strategic investments upon which it measures the fair value on a recurring basis. The carrying value of these investments are $72.9 million and $69.9 million as of March 31, 2026, and December 31, 2025, respectively.

The Company's strategic investments are with privately held companies, and as such, limited information is available. On a quarterly basis, the Company monitors information that becomes available and adjusts the carrying values of these investments if there are identified events or changes in circumstances that have a significant effect on their fair values. The strategic investments are categorized as Level 3 investments within the fair value hierarchy due to the uncertainty of the fair value measurement with respect to the use of significant unobservable inputs and included within long-term strategic investments in the Company's unaudited condensed consolidated balance sheets.

During the year ended December 31, 2024, the Company made an aggregate of $55.0 million in strategic loan investments in BioIntelliSense, Inc. ("BioIS"), a privately-held company. The loan investments have maturity dates ranging from April 2029 through August 2029. The loan investments can convert into preferred shares of BioIS based upon certain qualifying financing events.

The aggregate fair value of the BioIS strategic loan investments is $64.6 million and $63.7 million as of March 31, 2026, and December 31, 2025, respectively. In accordance with ASC 820, *Fair Value Measurement*, the Company elected to apply the fair value option to these strategic loan investments, with changes in fair value reported within other income, net in the Company's unaudited condensed consolidated statements of operations at each reporting period. During the three months ended March 31, 2026, and the year ended December 31, 2025, the Company increased the fair value of the strategic loan investments by $0.8 million and $7.3 million, respectively. The fair value of the loan investments in BioIS is determined by using a probability-weighted expected return model ("PWERM") and a discounted cash flow valuation model with scenarios that correspond to the contractual settlement events. The determination of fair value involves significant assumptions such as discount rates, volatility rates, and expected years. These unobservable inputs represent a Level 3 measurement, as they are supported by little or no market activity and reflect the Company's own assumptions in measuring fair value.

In June 2025, BioIS achieved the first of two regulatory milestones. As of March 31, 2026, BioIS and the Company are in the process of completing all required contractual conditions in order to cancel $10.0 million in strategic loan investments plus accrued and unpaid interest. Refer to Note 7, Commitments and Contingencies for further discussion.

The following table sets forth the recurring Level 3 fair value measurements of the loan investment including the significant unobservable inputs:

	March 31, 2026	December 31, 2025
Discount rate	10.8 %	10.8 %
Equity volatility	85.0 %	85.0 %
Expected years (range)	2026-2029	2026-2029

During the year ended December 31, 2025, the Company made an initial $2.3 million strategic loan investment in a separate privately-held company. During the three months ended March 31, 2026, the Company made an additional equity investment of $1.5 million in that same privately-held company. Upon completion of the equity investment, the Company's strategic loan investment converted into an additional equity investment in the privately-held company. During the three months ended March 31, 2026, the Company increased the fair value of its initial investment by $0.6 million. The change in fair value is recorded within other income, net in the Company's unaudited condensed consolidated statements of operations. The fair value of the strategic equity investment was $4.5 million and $2.4 million as of March 31, 2026 and December 31, 2025, respectively.

During the year ended December 31, 2024, the Company made a $2.0 million strategic loan investment in a separate privately-held company. During the year ended December 31, 2025, the Company recorded a full reserve against this strategic loan investment. The fair value of the strategic loan investment is nil as of March 31, 2026, and December 31, 2025. The change in fair value was recorded within other income, net in the Company's consolidated statement of operations for the year ended December 31, 2025.

During the year ended December 31, 2023, the Company made a $3.0 million strategic equity investment in a separate privately-held company. During the year ended December 31, 2025, the Company increased the fair value of the strategic equity investment by $0.3 million. The carrying value of the strategic equity investment is $3.8 million as of March 31, 2026, and December 31, 2025. The change in fair value is recorded within other income, net in the Company's unaudited condensed consolidated statements of operations.

The following table sets forth the changes in the estimated fair value of the Company's strategic investments measured on a recurring basis (in thousands):

	Three Months Ended March 31, 2026	Year Ended December 31, 2025	Three Months Ended March 31, 2025
Balance, beginning of period	$ 69,913	$ 61,902	$ 61,902
Additions during the period	1,500	2,300	—
Changes in estimated fair value	1,447	5,711	843
Balance, end of period	$ 72,860	$ 69,913	$ 62,745

Contingent Consideration Liabilities

The Company established contingent consideration liabilities in conjunction with the development milestones associated with the acquisition of certain technology from BioIS. The fair value of contingent consideration liabilities is determined using PWERM, with scenarios that correspond to the contractual settlement events. There are significant inputs of such model that are not observable in the market, such as probability of achievement of stated milestones and expected term. The unobservable inputs represent a Level 3 measurement. Fair value adjustments to contingent consideration liabilities are assessed quarterly and recorded through operating expenses within acquired in-process research and development in the unaudited condensed consolidated statements of operations. Refer to Note 7, Commitments and Contingencies, for further details relating to the BioIS contingent consideration liabilities.

The following table sets forth the recurring Level 3 fair value measurements of contingent consideration liabilities associated with the development agreement milestones including the significant unobservable inputs:

	March 31, 2026	December 31, 2025
Probability of achievement (range)	79.0% - 100.0%	79.0% - 100.0%
Expected years	2026	2026

Contingent consideration liabilities for BioIS at the inception of acquisition of the licensed technology were $17.0 million. Contingent consideration liabilities were $20.7 million and $20.4 million as of March 31, 2026, and December 31, 2025, respectively, and were included in accrued liabilities in the Company's unaudited condensed consolidated balance sheet.

The following table sets forth the changes in the estimated fair value of the Company’s contingent consideration liabilities measured on a recurring basis (Level 3) (in thousands):

	Three Months Ended March 31, 2026	Year Ended December 31, 2025
Balance, beginning of period	$ 20,407	$ 17,371
Additions during the period	—	—
Changes in estimated fair value	296	3,036
Balance at end of period	$ 20,703	$ 20,407

Fair Value of Senior Convertible Notes

The fair value, based on a quoted market price (Level 1), of the Company’s senior convertible notes due 2029 (the “2029 Notes”) is as follows (in thousands):

	March 31, 2026	December 31, 2025
Senior Convertible Notes due 2029	$ 728,116	$ 924,097

6. BALANCE SHEET COMPONENTS

Inventory

Inventory consisted of the following (in thousands):

	March 31, 2026	December 31, 2025
Raw materials and work-in-progress	$ 12,070	$ 10,645
Finished goods	11,730	10,989
Total	$ 23,800	$ 21,634

Long-term Strategic Investments

Long-term strategic investments consisted of the following (in thousands):

	March 31, 2026	December 31, 2025
Strategic loan investments	$ 64,510	$ 66,064
Strategic equity investments	8,350	3,849
Total	$ 72,860	$ 69,913

Other Assets

Other assets consisted of the following (in thousands):

	March 31, 2026	December 31, 2025
PCBAs	$ 41,069	$ 39,026
Cloud computing arrangements	3,715	3,998
Other	1,915	1,694
Total	$ 46,699	$ 44,718

The Company reuses PCBAs in each wearable Zio monitor, Zio XT, and Zio AT, as well as the wireless gateway used in conjunction with Zio AT. As PCBAs are used in a wearable Zio monitor, Zio XT, or Zio AT, a portion of the cost of the PCBA is recorded as a cost of revenue. Charges to cost of revenue were $5.5 million and $3.9 million for the three months ended March 31, 2026 and 2025, respectively. During the three months ended March 31, 2026, PCBAs increased by $2.0 million primarily driven by additional purchases for Zio monitor and Zio AT to support the growth in commercial volumes.

The Company recorded $0.8 million and $0.6 million amortization expense during the three months ended March 31, 2026 and 2025 respectively, related to capitalized implementation costs in the Company's cloud computing arrangements.

Property and Equipment, Net

Property and equipment, net consisted of the following (in thousands):

	Useful life	March 31, 2026	December 31, 2025
Laboratory and manufacturing equipment	2 to 7	$ 17,779	$ 17,623
Computer equipment and software	3	4,233	4,232
Furniture and fixtures	2 to 5	4,180	4,180
Leasehold improvements	3 to 12	28,966	28,975
Internal-use software in service	3 to 7	90,240	91,763
Internal-use software in development	—	100,368	88,950
Construction in progress	—	7,172	7,068
Total property and equipment, gross		252,938	242,791
Less: Accumulated depreciation and amortization		(96,234)	(91,192)
Total property and equipment, net		$ 156,704	$ 151,599

Depreciation and amortization expense for the three months ended March 31, 2026 and 2025 was $5.0 million and $5.2 million, respectively, of which amortization related to internal-use software, was $3.3 million and $3.8 million for the three months ended March 31, 2026 and 2025, respectively.

During the three months ended March 31, 2026, internal-use software, both in service and in development, increased by $9.9 million. This increase related to enhancements in the Company’s core technology, products and services and artificial intelligence, as well as investment in future technology.

Accrued Liabilities

Accrued liabilities consisted of the following (in thousands):

	March 31, 2026	December 31, 2025
Accrued payroll and related expenses	$ 31,065	$ 67,809
Accrued vacation	8,762	7,906
Accrued expenses	26,111	20,464
Claims payable	315	1,542
Accrued employee share purchase plan contributions	2,780	662
Accrued income and other taxes	2,221	1,817
Accrued professional services fees	10,385	8,140
Contingent consideration liabilities	20,703	20,407
Total accrued liabilities	$ 102,342	$ 128,747

7. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases office, manufacturing, and clinical centers under non-cancelable operating leases which expire on various dates through 2033. These leases generally contain scheduled rent increases or escalation clauses and renewal options. Operating lease ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The operating lease ROU assets also include any lease payments made to the lessor at or before the commencement date as well as variable lease payments which are based on a consumer price index. The Company is also subject to variable lease payments related to janitorial services and electricity which are not included in the operating lease ROU asset as they are based on actual usage. The Company recognizes operating lease expenses, generally on a straight-line basis over the lease period.

During the three months ended March 31, 2026, there were no material changes to the leases from those described in Note 8, Commitments and Contingencies, included in the Annual Report.

Contractual obligations under operating lease liabilities were as follows (in thousands):

Year Ended December 31:	
2026 (remainder of the year)	$ 12,562
2027	17,109
2028	17,026
2029	17,122
2030	17,613
Thereafter	15,220
Total lease payments	96,652
Less: Imputed interest	(17,674)
Total lease liabilities	$ 78,978

Self-Insured Health Plan

As of January 1, 2025, the Company transitioned from a fully-insured program to a self-insurance program to cover U.S. employees and their dependent health benefits. As part of the program, the Company also has stop-loss coverage from a third party which limits the exposure to large claims. The Company records a liability associated with these benefits by utilizing a third-party actuarial specialist, that includes both an estimate of claims filed and incurred but not yet reported based upon historical claims experience. The Company's accrued health benefits liability is $2.6 million as of March 31, 2026 and December 31, 2025, which is included within accrued liabilities on the Company's unaudited condensed consolidated balance sheets.

Legal Proceedings

The Company is subject to various litigation, regulatory investigations, and other legal proceedings that arise in the ordinary course of its business. The Company is also subject to regulatory oversight by numerous regulatory and other governmental agencies, including at the federal and state levels and internationally. Such litigation, investigations and other legal proceedings could have an adverse impact on the Company's reputation, business, and financial condition and divert the attention of its management from the operation of its business. These matters are subject to many uncertainties and outcomes that are not predictable.

The Company reviews its lawsuits, regulatory investigations, and other legal proceedings on an ongoing basis and provides disclosure and recognizes loss contingencies in accordance with the loss contingencies accounting guidance. In accordance with such guidance, the Company establishes accruals for such matters when potential losses become probable and can be reasonably estimated. If the Company determines that a loss is reasonably possible and the loss or range of loss can be estimated, the Company discloses the possible loss in its consolidated financial statements.

On February 6, 2024, a putative class action lawsuit was filed in the United States District Court for the Northern District of California alleging that the Company's wholly-owned subsidiary, iRhythm Technologies, and the Company's and iRhythm Technologies' current Chief Executive Officer, Quentin Blackford, iRhythm Technologies' former Chief Financial Officer, Brice Bobzien, and its former Chief Financial Officer and former Chief Operating Officer, Douglas Devine, violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Rule 10b-5 promulgated thereunder, and seeking unspecified damages purportedly sustained by the class. On July 19, 2024, an amended complaint was filed, naming iRhythm Technologies, Mr. Blackford, Mr. Bobzien, Mr. Devine, the Company's and iRhythm Technologies' Chief Commercial and Product Officer Chad Patterson, iRhythm Technologies' former Chief Technology Officer Mark Day, and the Company's and iRhythm Technologies' Chief Medical Officer, Chief Scientific Officer, and Executive Vice President of Advanced Technologies, Mintu Turakhia, as defendants. On October 7, 2024, a second amended complaint was filed against the defendants to include events from U.S. Food and Drug Administration ("FDA") inspections, but otherwise included the same claims under the Exchange Act. On December 10, 2024, the defendants filed a motion to dismiss. On June 3, 2025, the Court granted in part the defendants' motion to dismiss, including the dismissal of all individual defendants except for Mr. Blackford. On November 3, 2025, the plaintiff filed a motion to certify the case as a class action, which the defendants later opposed by motion. Discovery is ongoing. In April 2026, the Company participated in mediation discussions with the plaintiff.

The Company's board members and certain of iRhythm Technologies' current and former executives were named as defendants in three complaints filed as stockholder derivative actions in the United States District Court for the District of Delaware, the United States District Court for the Northern District of California, and the Delaware Court of Chancery. iRhythm Technologies is named as a nominal defendant in the complaints. The cases make similar allegations to those in the securities class action complaint described above and the two federal derivative cases were stayed pending the resolution of the securities class action. The parties are negotiating a similar stay of the state derivative case.

The Company believes the above securities class action and derivative lawsuits to be without merit and plans to continue to defend iRhythm Technologies vigorously. Based on the nature of the proceedings in these cases, the outcome of these matters remains uncertain and the Company cannot estimate the potential impact, if any, on its business or financial statements at this time.

On March 26, 2021, iRhythm Technologies received a grand jury subpoena from the U.S. Attorney's Office for the Northern District of California requesting information related to communications with FDA and its products and services. On September 13, 2021, iRhythm Technologies received a second subpoena requesting additional information. On April 4, 2023, iRhythm Technologies received a Subpoena Duces Tecum from the Consumer Protection Branch, Civil Division of the U.S. Department of Justice (the "DOJ"), requesting production of various documents regarding iRhythm Technologies' products and services. The Company is cooperating fully on these matters.

On July 1, 2024, the DOJ filed with the United States District Court for the Northern District of California a Petition for Order to Show Cause and Application for Enforcement against iRhythm Technologies with respect to the production of certain documentary materials which iRhythm Technologies asserts are protected by legal privileges. On May 30, 2025, following a hearing on the issue, the District Court ordered iRhythm Technologies to disclose certain of the documents, finding that iRhythm Technologies had waived its asserted legal privileges. iRhythm Technologies has appealed the District Court's order to the Ninth Circuit Court of Appeals. On July 17, 2025, the Ninth Circuit Court of Appeals stayed the District Court's production order until the appeal is resolved. Briefing on the merits was completed on February 19, 2026 but oral argument has yet to be set. The Company intends to continue to defend iRhythm Technologies' privilege assertions over the documents at issue. Regardless of the outcome of the appeal or the potential disclosure of the documents at issue, it is not clear what, if any, action the DOJ may take following resolution of the dispute over legal privileges.

On December 12, 2025, iRhythm Technologies received a civil investigative demand from DOJ's Civil Division's Commercial Litigation Branch seeking information and documents related to Zio AT and iRhythm Technologies' associated claims for reimbursement. The Company has cooperated, and is continuing to cooperate, fully in connection with these matters.

On February 20, 2024, Welch Allyn, Inc. ("Welch Allyn"), a subsidiary of Hill-Rom Holdings, Inc. now part of Baxter International, Inc., filed a complaint against iRhythm Technologies in the United States District Court for the District of Delaware, which was amended on April 24, 2024, alleging that its Zio devices infringe certain of Welch Allyn's patents and that its infringement was willful. Thereafter, iRhythm Technologies successfully petitioned the District Court to dismiss the willful infringement claims without prejudice. On February 14, 2025, Welch Allyn filed a second amended complaint adding additional patent claims. On March 21, 2025, iRhythm Technologies filed a response to the allegations found in the second amended complaint, denying all allegations of patent infringement and asserting defenses including patent invalidity. On October 14, 2025, Welch Allyn filed a third amended complaint adding back claims for willful infringement. On October 28, 2025, iRhythm Technologies filed a motion to dismiss the willful infringement claims, and that motion remains pending. On December 23, 2024, iRhythm Technologies filed a petition with the United States Patent and Trademark Office ("USPTO") seeking Inter Partes Review ("IPR") of the Welch Allyn patents asserted in the original complaint. The IPR petitions became subject to a new consideration for "discretionary denial" of IPRs first announced by the USPTO after iRhythm Technologies filed its petitions. Under this new basis, iRhythm Technologies' IPRs were denied institution. iRhythm Technologies filed a Petition for Director review, seeking to vacate the denial in July 2025, but the Petition was denied. iRhythm Technologies subsequently filed for Ex Parte Reexamination on four of the six Welch Allyn patents being asserted, and the USPTO instituted re-examination of those four patents on January 20, 2026. Welch Allyn petitioned the Director of the Patent Office to terminate the reexamination requests. iRhythm Technologies has opposed the petitions and they remain pending. The parties agreed to jointly seek a stay of this action pending the conclusion of the reexaminations of the patents asserted in this action, which was granted February 23, 2026. Subsequently, iRhythm Technologies has filed Ex Parte Reexaminations on the remaining two patents being asserted by Welch Allyn. Welch Allyn seeks money damages and attorneys' fees. The Company believes this lawsuit is without merit and plans to defend iRhythm Technologies vigorously. Based on the nature of the proceedings in this case, the outcome of this matter remains uncertain and the Company cannot estimate the potential impact, if any, on its business or financial statements at this time.

On December 10, 2024, Bardy Diagnostics, Inc. (“BardyDx”), a subsidiary of Hill-Rom Holdings, Inc. now part of Baxter International, Inc., filed a lawsuit against iRhythm Technologies in the United States District Court for the District of Delaware, alleging that the Zio monitor infringes one of BardyDx's patents. On December 26, 2024, BardyDx filed an amended complaint alleging that the Zio monitor infringes two of BardyDx's patents. On June 11, 2025, BardyDx filed a second amended complaint alleging that the Zio monitor infringes four of BardyDx’s patents. iRhythm Technologies filed responses to the allegations found in the complaint and the amended complaints, denying all allegations of patent infringement, asserting defenses including patent invalidity, and asserting patent infringement counterclaims, which allege that BardyDx’s Carnation Ambulatory Monitor patch infringes five of iRhythm Technologies' patents. BardyDx filed an answer to iRhythm Technologies' counterclaims and filed counterclaims for declaratory judgment for non-infringement and invalidity of the patents asserted by iRhythm Technologies. On September 5, 2025, iRhythm Technologies filed a motion for leave to amend its counterclaims to allege infringement of two additional patents. On January 22, 2026, BardyDx filed a motion to amend its pleadings to assert inequitable conduct with respect to two patents of iRhythm Technologies. On February 17, 2026, the Court granted both motions. Both parties seek money damages and attorneys’ fees for the alleged infringement of their patents. The Company believes BardyDx’s allegations of patent infringement are without merit and plans to defend iRhythm Technologies vigorously. Based on the nature of the proceedings in this case, the outcome of this matter remains uncertain and the Company cannot estimate the potential impact, if any, on its business or financial statements at this time.

Technology License Agreement

On August 30, 2024, the Company entered into a Technology License Agreement (as amended, the “License Agreement”) with BioIS, pursuant to which (i) the Company will receive a perpetual fully paid up license to certain of BioIS’ intellectual property, technology and products for research, development and commercialization of potential next generation products and services in certain fields of use, including (x) an exclusive license to develop and commercialize pulse oximetry, accelerometry, and trending non-invasive blood pressure technologies for use within the Company's ambulatory cardiac monitoring products and services, and (y) a limited, non-exclusive license to develop and commercialize products and services for use in unattended, home-based diagnostic testing and assessment of central and obstructive sleep apnea, and (ii) the Company and BioIS agreed to negotiate in good faith a supply agreement for pulse oximetry hardware.

Under the terms of the License Agreement, during the third quarter of 2024 the Company paid BioIS an upfront fee of $15.0 million in cash consideration in acceptance of the initial transfer of certain licensed technologies and data following the execution of the License Agreement. In connection with the License Agreement, the Company also purchased an aggregate of $40.0 million of convertible promissory notes from BioIS (the “Convertible Notes”), of which $20.0 million of the convertible promissory notes (“Milestone Notes”) were designated for satisfaction of the Company's regulatory milestone payment obligations. The Milestone Notes, plus accrued and unpaid interest, if any, shall be cancelled, if outstanding, upon the achievement of the regulatory milestones up through December 31, 2026.

In June 2025, BioIS achieved the first of two regulatory milestones. As of March 31, 2026, BioIS and the Company are in the process of completing all required contractual conditions in order to cancel $10.0 million in Milestone Notes plus accrued and unpaid interest. During the three months ended March 31, 2026 and 2025, the Company recorded a charge of $0.3 million for acquired IPR&D in the Company's unaudited condensed consolidated statements of operations.

Development Agreement

On September 3, 2019, the Company entered into a Development Collaboration Agreement with Verily Life Sciences LLC, an Alphabet company (“VLS”) and Verily Ireland Limited (“VIL” and together with VLS, “Verily”) (such Development Collaboration Agreement, as amended by Amendment No. 1 dated April 26, 2021 and Amendment No. 2 dated January 24, 2022, the “Development Agreement”). The Development Agreement involved joint development and production of intellectual property between the Company and Verily.

In August 2025, the Company and Verily mutually terminated the Development Agreement, subject to the Company's continued rights to a license to certain intellectual property associated with a mobile app developed under the Development Agreement. During the year ended 2025, the Company recorded an impairment charge of $2.5 million associated with capitalized internal-use software in development relating to the Zio Watch with the Company's clinically integrated ZEUS system.

Indemnifications

In the ordinary course of business, the Company enters into agreements pursuant to which it agrees to indemnify customers, vendors, lessors, business partners, and other parties with respect to certain matters, including losses arising out of the breach of such agreements, services to be provided by the Company, or from intellectual property infringement claims made by third parties. Pursuant to such agreements, the Company may indemnify, hold harmless and defend an indemnified party for losses suffered or incurred by the indemnified party. Some of the provisions will limit losses to those arising from third-party actions. In some cases, the indemnification will continue after the termination of the agreement. The maximum potential amount of future payments the Company could be required to make under these provisions is not determinable. The Company has also entered into indemnification agreements with its directors and officers that may require the Company to indemnify its directors and officers against liabilities that may arise by reason of their status or service as directors or officers to the fullest extent permitted by applicable law. The Company currently has directors' and officers' insurance. The Company has not incurred material costs to defend lawsuits or settle claims related to these indemnification provisions, and believes that the estimated fair value of these indemnification obligations is not material and it has not accrued any amounts for these obligations.

8. DEBT

1.50% Senior Convertible Notes due 2029

The carrying amounts of the Company's 2029 Notes were as follows (in thousands):

	March 31, 2026	December 31, 2025
Principal amount	$ 661,250	$ 661,250
Unamortized debt issuance costs	(10,937)	(11,746)
Carrying amount of senior convertible notes due 2029	$ 650,313	$ 649,504

The following table summarizes the components of interest expense and the effective interest rate for the 2029 Notes for the periods shown (in thousands, except percentages):

	Three Months Ended March 31,	
	2026	2025
Contractual coupon interest	$ 2,480	$ 2,480
Amortized debt issuance costs	809	793
Total interest expense recognized on senior convertible notes due 2029	$ 3,289	$ 3,273
Effective interest rate	2.0 %	2.0 %

On March 7, 2024, the Company completed an offering of $661.3 million aggregate principal amount of unsecured senior convertible notes with a stated interest rate of 1.50% and a maturity date of September 1, 2029. The proceeds include the full exercise of the option granted by the Company to the initial purchasers of the 2029 Notes to purchase up to an additional $86.3 million aggregate principal amount of notes. Interest on the 2029 Notes is payable semi-annually in arrears on March 1 and September 1 of each year, beginning on September 1, 2024. The net proceeds from the offering, after deducting initial purchasers' discounts and costs directly related to the offering, were approximately $643.8 million. The initial conversion rate of the 2029 Notes is 6.7927 shares per $1,000 principal amount of notes, which is equivalent to a conversion price of approximately $147.22 per share, subject to adjustments. The 2029 Notes may be settled in cash, stock, or a combination thereof, solely at the Company's discretion.

The Company used net proceeds from the offering to purchase capped calls, as well as repayment of the Company's outstanding debt. In addition, the Company also used net proceeds from the offering to repurchase shares of the Company's common stock.

No principal payments are due on the 2029 Notes prior to maturity. Other than restrictions relating to certain fundamental changes and consolidations, mergers or asset sales and customary anti-dilution adjustments, the indenture relating to the 2029 Notes (the "Indenture") includes customary terms and covenants, including certain events of default after which the 2029 Notes may be due and payable immediately. The Company uses the if-converted method for assumed conversion of the 2029 Notes to compute the weighted-average shares of common stock outstanding for diluted earnings per share, when applicable.

Conversion Rights at the Option of the Holders

Holders of the 2029 Notes who convert their notes in connection with a make-whole fundamental change (as defined in the Indenture) or convert their 2029 Notes called (or deemed called) for redemption in connection with any optional redemption are, under certain circumstances, entitled to an increase in the conversion rate. Additionally, in the event of a fundamental change (as defined in the Indenture), holders of the 2029 Notes may require the Company to repurchase for cash all or a portion of their notes at a price equal to 100% of the principal amount of notes, plus any accrued and unpaid interest to, but excluding, the repurchase date.

Holders of the 2029 Notes may convert all or a portion of their notes prior to the close of business on the business day immediately preceding June 1, 2029, in multiples of $1,000 principal amount, only under the following circumstances:

(1) during any calendar quarter commencing after the calendar quarter ending on June 30, 2024 (and only during such calendar quarter), if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price of the 2029 Notes on each applicable trading day;

(2) during the five business day period after any five consecutive trading day period (the "measurement period") in which the trading price (as defined in the Indenture) per $1,000 principal amount of the 2029 Notes for each trading day of that measurement period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate of the 2029 Notes on such trading day;

(3) if the Company calls any or all 2029 Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date, but only with respect to the 2029 Notes called (or deemed called) for redemption; or

(4) upon the occurrence of specified corporate events as specified in the Indenture.

On or after June 1, 2029, until 5:00 p.m., New York City time, on the second scheduled trading day immediately preceding September 1, 2029, holders of the notes may convert the 2029 Notes, in multiples of $1,000 principal amount, at their option regardless of the foregoing circumstances.

On January 12, 2026, the Company implemented the Holding Company Transaction. The Holding Company Transaction constituted a Merger Event as defined under the Indenture. The Holding Company Transaction did not constitute a Fundamental Change or a Make-Whole Fundamental Change as defined under the Indenture. As a result of the Holding Company Transaction, holders of the 2029 Notes had the right to exchange their 2029 Notes at any time up through March 4, 2026, the 35th trading day following the effective date of the Holding Company Transaction.

On January 12, 2026, in connection with the Holding Company Transaction, the Company entered into a supplemental indenture to the Indenture (the "First Supplemental Indenture") in order to (a) provide that (i) the right to convert each $1,000 principal amount of 2029 Notes into shares of iRhythm Technologies common stock was changed to a right to convert such principal amount of 2029 Notes into shares of the Company's common stock; (ii) iRhythm Technologies shall continue to have the right to determine the form of consideration to be paid or delivered, as the case may be, upon conversion of the 2029 Notes; (iii) any amount payable in cash upon conversion of the 2029 Notes in accordance with the Indenture shall continue to be payable in cash; (iv) any shares of common stock of iRhythm Technologies that iRhythm Technologies would have been required to deliver upon conversion shall instead be deliverable in shares of the Company's common stock; and (v) the Daily VWAP (as defined in the Indenture) shall be calculated based on the value of a share of the Company's common stock; and (b) provide for the full and unconditional guarantee by the Company of the obligations of iRhythm Technologies under the 2029 Notes and the Indenture.

Conversion Rights at the Company's Option

The Company may not redeem the 2029 Notes prior to September 5, 2027. On or after September 5, 2027 and prior to June 1, 2029, the Company may redeem at its option for cash all or any portion of the 2029 Notes, at the redemption price, if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides the redemption notice. The redemption price will be equal to 100% of the principal amount of the 2029 Notes, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

2029 Capped Call Transactions

On March 4, 2024, in connection with the offering of the 2029 Notes, the Company entered into privately negotiated capped call transactions (the “2029 Capped Calls”) with certain financial institutions. The 2029 Capped Calls will cover, subject to anti-dilution adjustments substantially similar to those applicable to the 2029 Notes, the number of shares of the Company's common stock that will initially underlie the 2029 Notes. The 2029 Capped Calls are expected generally to reduce potential dilution to the Company's common stock upon conversion of the 2029 Notes and/or offset any cash payments that the Company could be required to make in excess of the principal amount of converted 2029 Notes, as the case may be, with such reduction and/or offset subject to a cap. The 2029 Capped Calls have an initial cap price of $218.10 per share, subject to adjustments, which represents a premium of 100% over the closing price of the Company's common stock of $109.05 per share on The Nasdaq Global Select Market on March 4, 2024. The Company completed the purchase of the 2029 Capped Calls on March 7, 2024, for the amount of $72.4 million. The cost to purchase the 2029 Capped Calls was recorded as a reduction to additional paid-in capital in the Company's consolidated balance sheets, as the 2029 Capped Calls met the criteria for classification within stockholders’ equity.

9. INCOME TAXES

The Company recorded a tax provision related to its U.S. state taxes and foreign operations during the three months ended March 31, 2026 and 2025. Due to the uncertainties surrounding the realization of the U.S. deferred tax assets through future taxable income, the Company has provided a full valuation allowance and, therefore, no benefit has been recognized for the U.S. net operating loss carryforwards and other deferred tax assets.

10. STOCK-BASED COMPENSATION

The following table summarizes the total stock-based compensation expense included in the unaudited condensed consolidated statements of operations for the three months ended March 31, 2026 and 2025 (in thousands):

	Three Months Ended March 31,	
	2026	2025
Cost of revenue	$ 516	$ 783
Research and development	3,290	4,185
Selling, general and administrative	17,685	18,376
Total stock-based compensation expense	$ 21,491	$ 23,344

Restricted Stock Units, Performance and Market-Based Restricted Stock Units

As of March 31, 2026, there were a total of 1.4 million awards outstanding and total unamortized compensation cost of $127.2 million, net of estimated forfeitures, related to restricted stock units (“RSUs”), which the Company expects to recognize over a weighted average period of 1.9 years.

As of March 31, 2026, there were a total of 0.9 million awards outstanding and total unamortized compensation cost of $42.9 million, net of estimated forfeitures, related to performance and market-based RSUs (“PRSUs”), which the Company expects to recognize over a weighted average remaining period of 1.7 years. The number of PRSUs reported as outstanding assumes the maximum number of PRSUs issuable in the key executive grant agreements. The actual number of PRSUs awarded will be based on company performance criteria.

Performance and Market-Based RSUs

The Company grants PRSUs to its key executives. PRSUs can be earned in accordance with the performance equity program for each respective grant.

In February 2026, the Company granted market-based PRSUs to senior executive officers with a grant date fair value of $17.6 million. The earned amount of PRSUs will be based on the cumulative annual growth rate (“CAGR”) of annual unit volume calculated between fiscal year 2028 and fiscal year 2025 and measured against performance thresholds, as well as a relative comparison of the S&P Healthcare Equipment Select Industry Index to the Company's Total Shareholder Return (“TSR”). Each PRSU award has a maximum cap of 200% on the payout irrespective of above-median TSR performance, and maximum unit volume CAGR performance level. The grant date fair value of the TSR was determined by using the Monte Carlo valuation model based on the expected term of 2.9 years, interest risk free rate of 3.45%, implied volatility of 49.68% and no dividend yield. The vesting of these February 2026 awards are subject to the recipient senior executive officer's continued employment up through the certification date by the Board of Directors, no later than March 15, 2029.

Options

As of March 31, 2026, the Company had a total of 0.1 million options outstanding. As of March 31, 2026, the options were fully vested.

Employee Stock Purchase Plan

As of March 31, 2026, the Company had $0.8 million of unrecognized compensation expense that will be recognized over a weighted average period of 0.3 years.

11. NET LOSS PER COMMON SHARE

As the Company had net losses for the three months ended March 31, 2026 and 2025, all potential common shares were determined to be anti-dilutive. The following table sets forth the computation of the basic and diluted net loss per share during the three months ended March 31, 2026 and 2025 (in thousands, except per share data):

	Three Months Ended March 31,	
	2026	2025
Numerator:		
Net loss	$ (13,933)	$ (30,700)
Denominator:		
Weighted-average shares used to compute net loss per common share, basic and diluted	32,507	31,590
Net loss per common share, basic and diluted	$ (0.43)	$ (0.97)

The following outstanding shares of potentially dilutive securities have been excluded from diluted net loss per common share for the three months ended March 31, 2026 and 2025 because their inclusion would be anti-dilutive (in thousands):

	Three Months Ended March 31,	
	2026	2025
Options to purchase common stock	89	236
RSUs and PRSUs[1]	2,292	2,477
Senior convertible notes	4,492	4,492
Total	6,873	7,205

[1] PRSUs are based on the maximum number of PRSUs in the key executive grant agreements. The actual number of PRSUs granted will be based on Company performance criteria and relative TSR, as discussed in Note 10, Stock-Based Compensation.

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

You should read the following discussion and analysis of our financial condition and results of operations together with the unaudited condensed consolidated financial statements and related notes included elsewhere in Item 1 of Part I of this Quarterly Report on Form 10-Q. This discussion and other parts of this Quarterly Report on Form 10-Q contain forward-looking statements that involve risks and uncertainties, such as statements of our plans, objectives, expectations and intentions. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the section of this Quarterly Report on Form 10-Q entitled "Risk Factors."

We are a leading digital healthcare company that creates trusted solutions that detect, predict, and prevent disease. Our principal business is the design, development, and commercialization of device-based technology to provide ambulatory cardiac monitoring services that we believe allow clinicians to diagnose certain arrhythmias quicker and with greater efficiency than other services that rely on traditional technology.

Each iRhythm ACM System combines a wire-free, patch-based, 14-day wearable biosensor (FDA-cleared, CE-marked and/or Japan PMDA-approved, as applicable) that continuously records ECG data with a proprietary, cloud-based data analytic software (FDA-cleared, CE-marked, and Japan PMDA-approved) to help physicians monitor patients and diagnose arrhythmias.

Since first receiving clearance from FDA for our technology in 2009, we have supported physician and patient use of this technology and provided ACM services from our Medicare-enrolled IDTFs and with our qualified technicians. We have provided our iRhythm Services using our iRhythm ACM System. Since receiving FDA clearance, we have provided the iRhythm Services via more than twelve million patient reports and have collected over 3 billion hours of curated heartbeat data.

We receive revenue for our iRhythm Services primarily from third-party payors, which include contracted third-party payors and CMS. The remainder of our revenue comes from healthcare institutions, which are typically hospitals or private physician practices, who purchase the iRhythm Services from us directly. We rely on third-party billing partners to submit patient claims and collect from commercial payors, certain government agencies, and patients.

The following are iRhythm Services shown as a percentage of revenue:

	Three Months Ended March 31,	
	2026	2025
Contracted third-party payors	53%	53%
Centers for Medicare & Medicaid Services	26%	24%
Healthcare institutions	15%	17%
Non-contracted third-party payors	6%	6%

Key Business Metric

Non-GAAP Financial Measure

Adjusted EBITDA is a key measure we use to assess our financial performance and it is also used for internal planning and forecasting purposes. We believe Adjusted EBITDA is helpful to investors, analysts, and other interested parties because it can assist in providing a more consistent and comparable overview of our operational performance across our historical financial periods. In addition, this measure is frequently used by analysts, investors, and other interested parties to evaluate and assess performance.

We define Adjusted EBITDA for a particular period as net loss before income tax provision, depreciation and amortization, interest expense, and interest income and as further adjusted for stock-based compensation expense, changes in fair value of strategic investments, impairment charges, business transformation costs, certain intellectual property litigation expenses and settlements, and loss on extinguishment of debt. Business transformation costs include costs associated with professional services, employee termination and relocation, third-party merger and acquisition, integration, and other costs to augment and restructure the organization, inclusive of both outsourced and offshore resources.

Adjusted EBITDA is a non-GAAP financial measure and is presented for supplemental informational purposes only and should not be considered as an alternative or substitute to financial information presented in accordance with GAAP. This measure has certain limitations in that it does not include the impact of certain expenses that are reflected in our unaudited condensed consolidated statements of operations that are necessary to run our business. We may identify additional charges and gains to exclude from Adjusted EBITDA that are significant in nature which may impact period to period comparability and do not represent the ongoing results of the business. Other companies, including other companies in our industry, may not use this measure or may calculate this measure differently than as presented in this Quarterly Report on Form 10-Q, limiting its usefulness as a comparative measure.

The following table presents a reconciliation of Net loss, the most directly comparable financial measure calculated in accordance with GAAP, to Adjusted EBITDA (in thousands):

	Three Months Ended March 31,	
	2026	2025
Net loss[1]	$ (13,933)	$ (30,700)
Interest expense	3,290	3,273
Interest income	(4,879)	(4,919)
Changes in fair value of strategic investments	(1,447)	(843)
Income tax provision	500	665
Depreciation and amortization	5,042	5,210
Stock-based compensation	21,491	23,344
Business transformation costs	346	503
Intellectual property litigation expenses	3,689	832
Adjusted EBITDA	$ 14,099	$ (2,635)

[1] Net loss for the three months ended March 31, 2026 and 2025, includes $0.3 million of acquired in-process research and development expense.

Macroeconomic Factors

Our future results of operations and liquidity could be materially adversely affected by macroeconomic factors contributing to delays in payments of outstanding receivables, supply chain disruptions or shortages, commodity price increases, tariffs on imports, and inflationary pressure, uncertain or reduced demand, a tightening labor market, and the impact of any initiatives or programs that we may undertake to address financial and operational challenges faced by our customers.

The current macroeconomic environment is impacting our customers, both financially and operationally. Hospitals are experiencing staffing shortages and supply chain issues that could affect their ability to provide patient care. Additionally, hospitals are facing significant financial pressure as supply chain constraints and inflation drive up operating costs, interest rate volatility make access to credit more expensive, and unrealized losses decrease available cash reserves. As a consequence of the financial pressures and decreased profitability, some hospitals have indicated that they are lowering their capital investment plans and tightening their operational budgets. Private and government payors around the world are increasingly challenging the utilization and overall cost charged for medical products and services. The containment of healthcare costs has become a priority of governments on a global basis. Private and government payors may decline to cover and reimburse for claims or portions of claims. Climate-related events, including the increasing frequency of extreme weather events, natural disasters, or other catastrophic events may cause damage or disruption to our domestic or global customers or our operations, which could have an adverse effect on our business, operating results, and financial condition.

We have adapted our iRhythm Services to meet the immediate needs of physicians, customers, and patients and significantly increased the utilization of our home enrollment service, which allows patients to receive and wear the single-use Zio patch without going to a healthcare facility.

Our hybrid work arrangements and decision to pursue a sublease have previously resulted in an impairment of our right-of-use asset and related leasehold improvements and furniture and fixtures. As we continue to evaluate our global real estate footprint, we may incur additional impairment charges related to real property lease agreements.

Revenue, net

The majority of our revenue is derived from provision of our iRhythm Services to customers in the United States. We earn revenue from the provision of our iRhythm Services primarily from contracted third-party payors, CMS, and healthcare institutions. A small percentage of our revenue is from non-contracted third-party payors.

We recognize revenue on an accrual basis based on estimates of the amount that will ultimately be realized, which considers the amount submitted for payment and the amount received. These estimates require significant judgment by management. In determining the amount to accrue for the iRhythm Services (including a delivered report), we consider factors such as claim payment history from both payors and patient, available reimbursement, including whether there is a contract between us and the payor or healthcare institution and historical amount received for the service, and any current developments or changes that could impact reimbursement and healthcare institution payments.

We have historically experienced reduced revenue during the third quarter, as well as during the year-end holiday season. We believe this is the result of physicians and patients taking vacations and patients electing to delay our monitoring services during the summer months or holidays. Revenue may be impacted by the outcome of adjudications with contracted and non-contracted payors, as well as changes in CMS reimbursement rates that are updated annually.

Cost of Revenue

Cost of revenue includes direct labor, material costs, tariffs, equipment and infrastructure expenses, amortization of internal-use software, allocated overhead, royalties, and shipping and handling. Direct labor includes payroll-related costs including stock-based compensation involved in manufacturing, clinical data curation, and customer service. Material costs include both the disposable materials costs of the Zio patches and amortization of the PCBAs. Each Zio XT and Zio monitor includes a PCBA, and each Zio AT includes a PCBA and gateway board, the cost of which is amortized over the expected useful life of the board. We expect cost of revenue to increase in absolute dollars as our revenue increases due to increased direct labor, direct materials, and variable spending, as well as amortization of internal-use software, partially offset by economies of scale in relation to fixed costs such as overhead and facilities costs.

Our gross margin has been and will continue to be affected by a variety of factors, including increased contracting with third-party payors and institutional providers. We have in the past been able to increase our pricing as third-party payors become more familiar with the benefits of the iRhythm Services and move to contracted pricing arrangements. We expect increases to the cost of revenues due to increases to materials and electronics components pricing, labor rates, shipping rates, amortization of capitalized internal-use software, along with increases in the general level of inflation and tariffs on imports (which may complicate and increase costs associated with our supply chain). We expect to partially offset these increases by reduced costs from obtaining volume purchase discounts for our material costs, implementing scan-time algorithms and process improvements, automating manufacturing assembly and packaging, and through software-driven and other workflow enhancements to reduce labor costs. We experienced an improvement in our gross margin from 2023 to 2025, and continue to focus on improving annual gross margins in the future, while navigating through the macroeconomic and supply chain headwinds discussed above that we expect to face.

Research and Development Expenses

We expense research and development costs as they are incurred. Research and development expenses include payroll-related costs, including stock-based compensation, consulting services, clinical studies, laboratory supplies, milestone payments and allocated facility overhead costs. We expect our research and development costs to increase in absolute dollars as we hire additional personnel to develop new product and service offerings, product enhancements, and clinical evidence.

Acquired In-Process Research and Development Expenses

Our in-process research and development (“IPR&D”) acquired in an asset acquisition for use in research and development activities with no alternative future use is expensed in the unaudited condensed consolidated statements of operations.

Selling, General and Administrative Expenses

Our sales and marketing expenses consist of payroll-related costs, including stock-based compensation, sales commissions, travel expenses, consulting, public relations costs, direct marketing, tradeshow and promotional expenses, and allocated facility overhead costs.

Our general and administrative expenses consist primarily of payroll-related costs for executive, finance, legal and administrative personnel, including stock-based compensation. Other significant expenses include professional fees for legal and accounting services, consulting fees, recruiting fees, bad debt expense, third-party patient claims processing fees, business transformation, and travel expenses.

Interest Income

Interest income consists of interest income received on our cash and cash equivalents and marketable securities.

Interest Expense

Interest expense is attributable to borrowings under our 2029 Notes. See Note 8, Debt, in the notes to our unaudited condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for further information on our debt.

Other Income, Net

Other income, net consists primarily of changes in fair value of our strategic loan and equity investments, as well as realized and unrealized foreign currency exchange gains or losses.

Results of Operations

Comparison of the Three Months Ended March 31, 2026 and 2025

	Three Months Ended March 31,			
	2026	2025	$ Change	% Change
	(in thousands, except percentages) *			
Revenue, net	$ 199,390	$ 158,677	$ 40,713	26 %
Cost of revenue	58,037	49,461	8,576	17 %
Gross profit	141,353	109,216	32,137	29 %
Operating expenses:				
Research and development	21,358	21,519	(161)	(1)%
Acquired in-process research and development	296	296	—	— %
Selling, general and administrative	135,884	119,957	15,927	13 %
Total operating expenses	157,538	141,772	15,766	11 %
Loss from operations	(16,185)	(32,556)	16,371	(50)%
Interest and other income, net:				
Interest income	4,879	4,919	(40)	(1)%
Interest expense	(3,290)	(3,273)	(17)	1 %
Other income, net	1,163	875	288	33 %
Total interest and other income, net	2,752	2,521	231	9 %
Loss before income taxes	(13,433)	(30,035)	16,602	(55)%
Income tax provision	500	665	(165)	(25)%
Net loss	$ (13,933)	$ (30,700)	$ 16,767	(55)%

* Certain numbers expressed may not sum due to rounding.

Revenue, net

Revenue, net increased by $40.7 million, or 26%, to $199.4 million during the three months ended March 31, 2026, as compared to $158.7 million during the three months ended March 31, 2025. The increase in revenue was primarily attributable to an increase in volume of iRhythm Services resulting from increased demand. In particular, during the three months ended March 31, 2026, total revenue volume for both Zio monitor and Zio AT grew, compared to the prior year, resulting from existing and new account growth within our third-party payors, CMS, and healthcare institutions customer groups. We have experienced higher volumes from larger healthcare enterprise accounts which utilize both Zio monitor and Zio AT.

Overall average selling price increased modestly during the three months ended March 31, 2026, as compared to the prior year period. The increase is in part attributable to lower estimated contractual allowance reserves recognized during the three months ended March 31, 2026, as compared to the prior year period. In the first quarter of 2026, we experienced contractual allowance reserve improvements resulting from improved market access, contracting execution, and collection performance. During the first quarter of 2025, we recognized higher contractual allowance reserves, resulting from billing disruptions due to the Change Healthcare cybersecurity incident in the first quarter of 2024, as well as higher payor claim denials. Additionally, during the first quarter of 2026, we also experienced annual reimbursement increases across certain payor categories, including CMS.

Cost of Revenue

Cost of revenue increased by $8.6 million, or 17%, to $58.0 million during the three months ended March 31, 2026, as compared to $49.5 million during the three months ended March 31, 2025. The increase was primarily due to increases in material component costs (inclusive of tariffs), amortization costs related to Zio monitor and Zio AT PCBA, material scrap costs, headcount-related costs, and freight costs associated with the increase in volume of iRhythm Services. Offsetting the increase in cost of revenue for the three months ended March 31, 2026 were lower per unit costs related to our operating efficiencies.

Research and Development Expenses

Research and development expenses decreased by $0.2 million, or 1%, to $21.4 million during the three months ended March 31, 2026, as compared to $21.5 million during the three months ended March 31, 2025. Research and development expenses remained at consistent levels supporting ongoing FDA remediation and sustaining activities, product development consulting, and further development, enhancement, and functionality of our current and future product offerings.

Acquired In-Process Research and Development Expenses

Acquired IPR&D expenses remained flat during the three months ended March 31, 2026, as compared to the three months ended March 31, 2025. See Note 5, Fair Value Measurements, and Note 7, Commitments and Contingencies, in the notes to our unaudited condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for further details.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by $15.9 million, or 13%, to $135.9 million during the three months ended March 31, 2026, as compared to $120.0 million during the three months ended March 31, 2025. For the three months ended March 31, 2026, the increase in selling, general, and administrative expenses were primarily attributable to increases in legal and professional fees for litigation matters, provisions for credit losses, and claims processing fees. Offsetting the increase were lower headcount-related costs (including stock-based compensation). Intellectual property litigation costs relating to our ongoing litigation with Welch-Allyn and BardyDx, wholly-owned subsidiaries of Baxter, during the three months ended March 31, 2026 were $3.7 million, as compared to $0.8 million for the three months ended March 31, 2025. Business transformation costs for the three months ended March 31, 2026 were $0.3 million as compared to $0.5 million for the three months ended March 31, 2025.

Interest Income

Interest income remained flat during the three months ended March 31, 2026, as compared to the three months ended March 31, 2025.

Interest Expense

Interest expense remained flat during the three months ended March 31, 2026, as compared to the three months ended March 31, 2025. The interest expense is primarily attributable to the $661.3 million 2029 Notes borrowed in March 2024.

Other Income, Net

Other income, net increased by $0.3 million to $1.2 million during the three months ended March 31, 2026, as compared to other income, net of $0.9 million during the three months ended March 31, 2025. The increase in other income, net was primarily attributable to increases in the fair value of our strategic loan and equity investments.

Income Tax Provision

Income tax provision decreased by $0.2 million, or 25%, to $0.5 million during the three months ended March 31, 2026, as compared to an income tax provision of $0.7 million during the three months ended March 31, 2025. The income tax provision for each three-month period primarily relates to state and foreign taxes.

On July 4, 2025, legislation referred to as the One Big Beautiful Bill Act ("OBBBA") was signed into law. The OBBBA makes certain provisions of the Tax Cuts and Jobs Act of 2017 permanent and makes changes to some U.S. corporate tax provisions, many of which have different effective dates. Key corporate tax provisions of the OBBBA include the restoration of 100% bonus depreciation, the introduction of new Section 174A permitting immediate expensing of domestic research and experimental expenditures, modifications to Section 163(j) interest expense limitations, and the expansion of Section 162(m) aggregation requirements. We continue to evaluate the impact of the OBBBA, but do not expect the OBBBA to have a material impact on our effective tax rate.

Liquidity and Capital Resources

Overview

As of March 31, 2026, we had cash and cash equivalents of $240.1 million, marketable securities of $309.5 million, and accounts receivable, net of $80.9 million. We continuously review our liquidity and anticipated capital requirements in light of the significant uncertainty created by the current macroeconomic environment, including inflation, interest rate volatility, and potential instability in the global banking system. We intend to continue to make investments to support our business, which may require us to engage in equity or debt financings to secure additional funds.

We believe that our current cash, cash equivalents, and marketable securities balances, together with income to be derived from the sales of our iRhythm Services, will be sufficient to meet our liquidity requirements for at least the next 12 months.

On September 3, 2019, we entered into a Development Collaboration Agreement with Verily Life Sciences LLC, an Alphabet company ("VLS") and Verily Ireland Limited ("VIL" and together with VLS, "Verily") (such Development Collaboration Agreement, as amended by Amendment No. 1 dated April 26, 2021 and Amendment No. 2 dated January 24, 2022, the "Development Agreement"). The Development Agreement involved joint development and production of intellectual property between us and Verily.

In August 2025, we and Verily mutually terminated the Development Agreement, subject to our continued rights to a license to certain intellectual property associated with a mobile app developed under the Development Agreement. During the year ended 2025, we recorded an impairment charge of $2.5 million associated with capitalized internal-use software in development relating to the Zio Watch with our clinically integrated ZEUS system.

On August 30, 2024, we entered into a Technology License Agreement (as amended, the "License Agreement") with BioIS, pursuant to which (i) we will receive a perpetual fully paid up license to certain of BioIS' intellectual property, technology and products for research, development and commercialization of potential next generation products and services in certain fields of use, including (x) an exclusive license to develop and commercialize pulse oximetry, accelerometry, and trending non-invasive blood pressure technologies for use within our ambulatory cardiac monitoring products and services, and (y) a limited, non-exclusive license to develop and commercialize products and services for use in unattended, home-based diagnostic testing and assessment of central and obstructive sleep apnea, and (ii) iRhythm and BioIS agreed to negotiate in good faith a supply agreement for pulse oximetry hardware.

Under the terms of the License Agreement, during the third quarter of 2024 we paid BioIS an upfront fee of $15.0 million in cash consideration. In connection with the License Agreement, we also purchased an aggregate of $40.0 million of convertible promissory notes from BioIS of which $20.0 million of the convertible promissory notes ("Milestone Notes") were designated for satisfaction of our regulatory milestone payment obligations. The Milestone Notes, plus accrued and unpaid interest, if any, will be cancelled, if outstanding, upon the achievement of the regulatory milestones up through December 31, 2026. In June 2025, BioIS achieved the first of two regulatory milestones. As of March 31, 2026, we are in the process of completing all required contractual conditions in order to cancel $10.0 million in Milestone Notes plus accrued and unpaid interest.

The following table summarizes our cash flows for the periods indicated (in thousands):

	Three Months Ended March 31,	
	2026	2025
Net cash used in operating activities	$ (26,173)	$ (7,891)
Net cash provided by (used in) investing activities	30,215	(38,139)
Net cash provided by financing activities	149	1,729

Operating Activities

During the three months ended March 31, 2026, cash used in operating activities was $26.2 million, as compared to cash used in operating activities of $7.9 million during the three months ended March 31, 2025. Cash used in operating activities increased by $18.3 million, primarily attributable to a higher level of payments associated with our accrued payroll and related expenses as a result of annual bonuses paid during the first quarter of each year under our annual bonus plan. Additional increases in cash used in operating activities were associated with timing of purchases of inventory and PCBAs. These increases in cash used in operating activities were offset by reductions in our net loss driven by our revenue growth.

Investing Activities

During the three months ended March 31, 2026, cash provided by investing activities was $30.2 million, an increase of $68.4 million, as compared to cash used in investing activities of $38.1 million during the three months ended March 31, 2025. The increase in cash provided by investing activities was primarily attributable to a net increase in the change in marketable securities of $67.3 million, primarily from an increase in the maturities of marketable securities of $127.0 million offset by an increase in purchases of marketable securities of $59.7 million, as well as a decrease in purchases of property and equipment of $2.5 million. These increases in investing activities were offset by purchases of strategic investments of $1.5 million.

Financing Activities

During the three months ended March 31, 2026, cash provided by financing activities was $0.1 million, a decrease of $1.6 million as compared to $1.7 million during the three months ended March 31, 2025. The decrease was related to proceeds from the issuance of common stock primarily from stock option exercises in connection with our employee equity incentive plan.

1.50% Senior Convertible Notes due 2029

On March 7, 2024, we completed an offering of $661.3 million aggregate principal amount of unsecured senior convertible notes with a stated interest rate of 1.50% and a maturity date of September 1, 2029 (the “2029 Notes”). The proceeds include the full exercise of the option granted by us to the initial purchasers of the 2029 Notes to purchase up to an additional $86.3 million aggregate principal amount of notes. Interest on the 2029 Notes is payable semi-annually in arrears on March 1 and September 1 of each year, beginning on September 1, 2024. The net proceeds from the offering, after deducting initial purchasers’ discounts and estimated costs directly related to the offering, were $643.8 million. The initial conversion rate of the 2029 Notes is 6.7927 shares per $1,000 principal amount of notes, which is equivalent to a conversion price of approximately $147.22 per share, subject to adjustments. The 2029 Notes may be settled in cash, stock, or a combination thereof, solely at our discretion.

We used approximately $72.4 million of the net proceeds from the offering to pay the cost of the 2029 Capped Calls, as described below. In addition, we used approximately $80.2 million of the net proceeds from the offering for the repayment in full of the indebtedness outstanding from the Initial Tranche of the Braidwell Term Loan Facility (as each such term is defined below). We also used approximately $25.0 million of the net proceeds from the offering to repurchase 229,252 shares of our common stock at a purchase price of $109.05 per share in privately negotiated transactions effected through one of the initial purchasers or its affiliate. These repurchases could increase (or reduce the size of any decrease in) the market price of our common stock, and could result in a higher effective conversion price for the 2029 Notes. We intend to use the remainder of the net proceeds from the offering for general corporate purposes.

No principal payments are due on the 2029 Notes prior to maturity. Other than restrictions relating to certain fundamental changes and consolidations, mergers or asset sales and customary anti-dilution adjustments, the indenture relating to the 2029 Notes includes customary terms and covenants, including certain events of default after which the 2029 Notes may be due and payable immediately.

On January 12, 2026, we implemented the Holding Company Transaction. The Holding Company Transaction constituted a Merger Event as defined under the Indenture. The Holding Company Transaction did not constitute a Fundamental Change or a Make-Whole Fundamental Change as defined under the Indenture. As a result of the Holding Company Transaction, holders of the 2029 Notes had the right to exchange their 2029 Notes at any time up through March 4, 2026, the 35th trading day following the effective date of the Holding Company Transaction.

On January 12, 2026, in connection with the Holding Company Transaction, we entered into a supplemental indenture to the Indenture (the “First Supplemental Indenture”) in order to (a) provide that (i) the right to convert each $1,000 principal amount of 2029 Notes into shares of iRhythm Technologies common stock was changed to a right to convert such principal amount of 2029 Notes into shares of our common stock; (ii) iRhythm Technologies shall continue to have the right to determine the form of consideration to be paid or delivered, as the case may be, upon conversion of the 2029 Notes; (iii) any amount payable in cash upon conversion of the 2029 Notes in accordance with the Indenture shall continue to be payable in cash; (iv) any shares of common stock of iRhythm Technologies that iRhythm Technologies would have been required to deliver upon conversion shall instead be deliverable in shares of our common stock; and (v) the Daily VWAP (as defined in the Indenture) shall be calculated based on the value of a share of our common stock; and (b) provide for the full and unconditional guarantee by us of the obligations of iRhythm Technologies under the 2029 Notes and the Indenture.

In connection with the offering of the 2029 Notes, we entered into the privately negotiated capped call transactions (the “2029 Capped Calls”) with certain financial institutions. The 2029 Capped Calls will cover, subject to anti-dilution adjustments substantially similar to those applicable to the 2029 Notes, the number of shares of our common stock that will initially underlie the 2029 Notes. The 2029 Capped Calls are expected generally to reduce potential dilution to our common stock upon conversion of the 2029 Notes and/or offset any cash payments that we could be required to make in excess of the principal amount of converted 2029 Notes, as the case may be, with such reduction and/or offset subject to a cap. The 2029 Capped Calls have an initial cap price of $218.10 per share, subject to adjustments, which represents a premium of 100% over the closing price of our common stock of $109.05 per share on The Nasdaq Global Select Market on March 4, 2024. We completed the purchase of the 2029 Capped Calls on March 7, 2024, for the amount of $72.4 million.

Contractual Obligations

Our contractual obligations as of December 31, 2025, are presented in our Annual Report on Form 10-K filed with the SEC on February 19, 2026 (the "Annual Report"). There were no significant changes to our lease obligations during the three months ended March 31, 2026. As of March 31, 2026, our purchase commitments totaled $80.3 million, primarily related to inventory and revenue cycle service fees and expected to be due within a year. See Note 8, Debt, in the notes to our unaudited condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for changes in our debt obligations during the three months ended March 31, 2026.

Guarantor Information

In connection with the Holding Company Transaction, on January 12, 2026, we, as guarantor, iRhythm Technologies, and U.S. Bank Trust Company, National Association, entered into the First Supplemental Indenture. As of March 31, 2026, there was a $661.3 million aggregate principal amount of issued and outstanding 1.50% Convertible Senior Notes due 2029 of iRhythm Technologies, our wholly owned subsidiary, that are fully and unconditionally guaranteed by us. Accordingly, pursuant to Rule 3-10 of Regulation S-X, separate consolidated financial statements of iRhythm Technologies, Inc. have not been presented. As permitted under Rule 13-01(a)(4)(vi) of Regulation S-X, we have excluded summarized financial information for iRhythm Technologies because the assets, liabilities and results of operations of iRhythm Technologies are not materially different than the corresponding amounts in our consolidated financial statements.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based on our unaudited condensed consolidated financial statements, which we have prepared in accordance with GAAP. The preparation of these unaudited condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements as well as the reported revenue and expenses during the reporting periods. On an ongoing basis, we evaluate our estimates and judgments. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Our significant accounting policies are described in Note 2, Summary of Significant Accounting Policies, to the consolidated financial statements included in the Annual Report. Updates to our significant accounting policies are described in Note 2, Summary of Significant Accounting Policies, in the notes to our unaudited condensed consolidated financial statements in Part 1, Item 1 of this Quarterly Report on Form 10-Q. The critical accounting estimates that are most critical to a full understanding and evaluation of our reported financial results are described in Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 of the Annual Report. There were no material changes to our critical accounting estimates during the three months ended March 31, 2026.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks in the ordinary course of our business. These risks primarily include risk related to interest rate sensitivities and foreign currency exchange rate sensitivity.

Interest Rate Sensitivity

We had cash, cash equivalents and marketable securities of $549.6 million and $583.8 million as of March 31, 2026, and December 31, 2025, respectively, which consisted of bank deposits, money market funds and U.S. government securities. Such interest-earning instruments carry a degree of interest rate risk.

We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. We have not been exposed nor do we anticipate being exposed to material risks due to changes in interest rates. A hypothetical 10% change in interest rates would have had a $0.5 million impact to interest income for the three months ended March 31, 2026 and 2025.

As of March 31, 2026, we had $661.3 million in outstanding aggregate principal amount of fixed rate debt relating to our 2029 Notes. Accordingly, we do not have economic interest rate exposure on the 2029 Notes. However, changes in interest rates could impact the fair market value of the 2029 Notes. Generally, the fair market value of the fixed interest rate of the 2029 Notes will increase as interest rates fall and decrease as interest rates rise. The estimated fair value of our 2029 Notes as of March 31, 2026 was $728.1 million.

Market Price Sensitive Instruments

The 2029 Capped Calls are expected generally to reduce potential dilution to our common stock upon conversion of the 2029 Notes and/or offset any cash payments that we could be required to make in excess of the principal amount of converted 2029 Notes, with such reduction and/or offset subject to a cap. See Note 8, Debt, in the notes to our unaudited condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for further information on our debt.

Foreign Currency Exchange Rate Sensitivity

As of March 31, 2026, there had not been a material change in any of the foreign currency risk information disclosed in Item 7A, “Quantitative and Qualitative Disclosures About Market Risk,” of the Annual Report.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") (principal executive officer) and Chief Financial Officer ("CFO") (principal financial officer), as appropriate to allow for timely decisions regarding required disclosure.

As required by Rule 13a under the Exchange Act, our management, including our CEO and CFO, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our CEO and our CFO have concluded that our disclosure controls and procedures are effective at the reasonable assurance level as of March 31, 2026.

Changes in Internal Control Over Financial Reporting

There have been no changes in internal control over financial reporting during the three months ended March 31, 2026, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are subject to various litigation, regulatory investigations, and other legal proceedings that arise in the ordinary course of our business. We are also subject to regulatory oversight by numerous regulatory and other governmental agencies, including at the federal and state levels and internationally. Such litigation, investigations and other legal proceedings could have an adverse impact on our reputation, business, and financial condition and divert the attention of our management from the operation of our business. These matters are subject to many uncertainties and outcomes that are not predictable.

We review our lawsuits, regulatory investigations, and other legal proceedings on an ongoing basis and provide disclosure and recognize loss contingencies in accordance with the loss contingencies accounting guidance. In accordance with such guidance, we establish accruals for such matters when potential losses become probable and can be reasonably estimated. If we determine that a loss is reasonably possible and the loss or range of loss can be estimated, we disclose the possible loss in our consolidated financial statements.

On February 6, 2024, a putative class action lawsuit was filed in the United States District Court for the Northern District of California alleging that our wholly-owned subsidiary, iRhythm Technologies, and our and iRhythm Technologies' current Chief Executive Officer, Quentin Blackford, iRhythm Technologies' former Chief Financial Officer, Brice Bobzien, and its former Chief Financial Officer and former Chief Operating Officer, Douglas Devine violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and SEC Rule 10b-5 promulgated thereunder, and seeking unspecified damages purportedly sustained by the class. On July 19, 2024, an amended complaint was filed, naming iRhythm Technologies, Mr. Blackford, Mr. Bobzien, Mr. Devine, our and iRhythm Technologies' Chief Commercial and Product Officer Chad Patterson, iRhythm Technologies' former Chief Technology Officer Mark Day, and our and iRhythm Technologies' Chief Medical Officer, Chief Scientific Officer, and Executive Vice President of Advanced Technologies, Mintu Turakhia, as defendants. On October 7, 2024, a second amended complaint was filed against the defendants to include events from U.S. Food and Drug Administration ("FDA") inspections, but otherwise included the same claims under the Exchange Act. On December 10, 2024, the defendants filed a motion to dismiss. On June 3, 2025, the Court granted in part the defendants' motion to dismiss, including the dismissal of all individual defendants except for Mr. Blackford. On November 3, 2025, the plaintiff filed a motion to certify the case as a class action, which the defendants later opposed by motion. Discovery is ongoing. In April 2026, we participated in mediation discussions with the plaintiff.

Our board members and certain current and former executives of iRhythm Technologies were named as defendants in three complaints filed as stockholder derivative actions in the United States District Court for the District of Delaware, the United States District Court for the Northern District of California, and the Delaware Court of Chancery. iRhythm Technologies is named as a nominal defendant in the complaints. The cases make similar allegations to those in the securities class action complaint described above and the two federal derivative cases were stayed pending the resolution of the securities class action. The parties are negotiating a similar stay of the state derivative case.

We believe the above securities class action and derivative lawsuits to be without merit and plan to continue to defend iRhythm Technologies vigorously. Based on the nature of the proceedings in these cases, the outcome of these matters remains uncertain and we cannot estimate the potential impact, if any, on our business or financial statements at this time.

On March 26, 2021, iRhythm Technologies received a grand jury subpoena from the U.S. Attorney's Office for the Northern District of California requesting information related to communications with the Food and Drug Administration and our products and services. On September 13, 2021, iRhythm Technologies received a second subpoena requesting additional information. On April 4, 2023, iRhythm Technologies received a Subpoena Duces Tecum from the Consumer Protection Branch, Civil Division of the U.S. Department of Justice (the "DOJ"), requesting production of various documents regarding iRhythm Technologies' products and services. We are cooperating fully on these matters.

On July 1, 2024, the DOJ filed with the United States District Court for the Northern District of California a Petition for Order to Show Cause and Application for Enforcement against iRhythm Technologies with respect to the production of certain documentary materials which iRhythm Technologies asserts are protected by legal privileges. On May 30, 2025, following a hearing on the issue, the District Court ordered iRhythm Technologies to disclose certain of the documents, finding that iRhythm Technologies had waived its asserted legal privileges. iRhythm Technologies has appealed the District Court's order to the Ninth Circuit Court of Appeals. On July 17, 2025, the Ninth Circuit Court of Appeals stayed the District Court's production order until the appeal is resolved. Briefing on the merits was completed on February 19, 2026 but oral argument has yet to be set. We intend to continue to defend iRhythm Technologies' privilege assertions over the documents at issue. Regardless of the outcome of the appeal or the potential disclosure of the documents at issue, it is not clear what, if any, action the DOJ may take following resolution of the dispute over legal privileges.

On December 12, 2025, iRhythm Technologies received a civil investigative demand from DOJ's Civil Division's Commercial Litigation Branch seeking information and documents related to Zio AT and iRhythm Technologies' associated claims for reimbursement. We have cooperated, and are continuing to cooperate, fully in connection with these matters.

On February 20, 2024, Welch Allyn, Inc. ("Welch Allyn"), a subsidiary of Hill-Rom Holdings, Inc. now part of Baxter International, Inc., filed a complaint against iRhythm Technologies in the United States District Court for the District of Delaware, which was amended on April 24, 2024, alleging that its Zio devices infringe certain of Welch Allyn's patents and that its infringement was willful. Thereafter, iRhythm Technologies successfully petitioned the District Court to dismiss the willful infringement claims without prejudice. On February 14, 2025, Welch Allyn filed a second amended complaint adding additional patent claims. On March 21, 2025, iRhythm Technologies filed a response to the allegations found in the second amended complaint, denying all allegations of patent infringement and asserting defenses including patent invalidity. On October 14, 2025, Welch Allyn filed a third amended complaint adding back claims for willful infringement. On October 28, 2025, iRhythm Technologies filed a motion to dismiss the willful infringement claims, and that motion remains pending. On December 23, 2024, iRhythm Technologies filed a petition with the United States Patent and Trademark Office ("USPTO") seeking Inter Partes Review ("IPR") of the Welch Allyn patents asserted in the original complaint. The IPR petitions became subject to a new consideration for "discretionary denial" of IPRs first announced by the USPTO after iRhythm Technologies filed its petitions. Under this new basis, iRhythm Technologies' IPRs were denied institution. iRhythm Technologies filed a Petition for Director review, seeking to vacate the denial in July 2025, but the Petition was denied. iRhythm Technologies subsequently filed for Ex Parte Reexamination on four of the six Welch Allyn patents being asserted, and the USPTO instituted re-examination of those four patents on January 20, 2026. Welch Allyn petitioned the Director of the Patent Office to terminate the reexamination requests. iRhythm Technologies has opposed the petitions and they remain pending. The parties agreed to jointly seek a stay of this action pending the conclusion of the reexaminations of the patents asserted in this action, which was granted February 23, 2026. Subsequently, iRhythm Technologies has filed Ex Parte Reexaminations on the remaining two patents being asserted by Welch Allyn. Welch Allyn seeks money damages and attorneys' fees. We believe this lawsuit is without merit and plan to defend iRhythm Technologies vigorously. Based on the nature of the proceedings in this case, the outcome of this matter remains uncertain and we cannot estimate the potential impact, if any, on our business or financial statements at this time.

On December 10, 2024, Bardy Diagnostics, Inc. ("BardyDx"), a subsidiary of Hill-Rom Holdings, Inc. now part of Baxter International, Inc., filed a lawsuit against iRhythm Technologies in the United States District Court for the District of Delaware, alleging that the Zio monitor infringes one of BardyDx's patents. On December 26, 2024, BardyDx filed an amended complaint alleging that the Zio monitor infringes two of BardyDx's patents. On June 11, 2025, BardyDx filed a second amended complaint alleging that the Zio monitor infringes four of BardyDx's patents. iRhythm Technologies filed responses to the allegations found in the complaint and the amended complaints, denying all allegations of patent infringement, asserting defenses including patent invalidity, and asserting patent infringement counterclaims, which allege that BardyDx's Carnation Ambulatory Monitor patch infringes five of iRhythm Technologies' patents. BardyDx filed an answer to iRhythm Technologies' counterclaims and filed counterclaims for declaratory judgment for non-infringement and invalidity of the patents asserted by iRhythm Technologies. On September 5, 2025, iRhythm Technologies filed a motion for leave to amend its counterclaims to allege infringement of two additional patents. On January 22, 2026, BardyDx filed a motion to amend its pleadings to assert inequitable conduct with respect to two patents of iRhythm Technologies. On February 17, 2026, the Court granted both motions.Both parties seek money damages and attorneys' fees for the alleged infringement of their patents. We believe BardyDx's allegations of patent infringement are without merit and plan to defend iRhythm Technologies vigorously. Based on the nature of the proceedings in this case, the outcome of this matter remains uncertain and we cannot estimate the potential impact, if any, on our business or financial statements at this time.

At this time, we are unable to predict the eventual scope, duration or outcome of the aforementioned proceedings. See also Part II, Item 1A “Risk Factors — Risks Related to Other Legal and Regulatory Matters” for more information on these matters.

ITEM 1A. RISK FACTORS

Our short and long-term success is subject to numerous risks and uncertainties, many of which involve factors that are difficult to predict or beyond our control. Before making a decision to invest in, hold or sell our common stock, stockholders and potential stockholders should carefully consider the risks and uncertainties described below, in addition to the other information contained in or incorporated by reference into this Quarterly Report on Form 10-Q, as well as the other information we file with the SEC. If any of the following risks are realized, our business, financial condition, results of operations and prospects could be materially and adversely affected. In that case, the value of our common stock could decline and stockholders may lose all or part of their investment. References to past events are provided by way of example only and are not intended to be a complete listing of such events or a representation as to whether or not such factors or similar events have occurred in the past or their likelihood of occurring in the future. Furthermore, additional risks and uncertainties of which we are currently unaware, or which we currently consider to be immaterial, could have a material adverse effect on our business, financial condition and results of operations. Refer to our disclaimer regarding forward-looking statements at the beginning of “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part I, Item 2 of this Quarterly Report.

Summary of Risk Factors

- Reimbursement by Medicare is highly regulated and subject to change, and our failure to comply with applicable regulations, including regulations not designed for remote diagnostic tests like our iRhythm Services (as defined below), could prevent us from receiving reimbursement under the Medicare program and some commercial payors, subject us to penalties, and adversely affect our reputation, business, and results of operations.
- If reimbursement or other payment for our iRhythm Services is reduced or modified in the United States ("U.S.") or in our international markets, including through cost containment measures or changes to policies with respect to coding, coverage, and pricing, our business could suffer.
- If we are unable to expand the number of third-party commercial payors with which we contract or expand coverage for existing third-party commercial payors, our commercial success could be impacted.
- Our revenue relies on orders for our iRhythm Services, which are currently our only offerings. If our iRhythm Services or future service offerings fail to gain, or lose, market acceptance, our business will suffer.
- The market for remote cardiac monitoring solutions is highly competitive. If our competitors are able to develop or market monitoring devices and services that are more effective, or gain greater acceptance in the marketplace, than any services and related devices we develop, our commercial opportunities will be reduced or eliminated.
- Billing for our iRhythm Services is complex and highly regulated, and we must dedicate substantial time and resources to the billing process. Failure to comply with legal, regulatory, or contractual requirements applicable to our billing and collection activities could subject us to penalties, and adversely affect our reputation, business and results of operations.
- Audits or denials of our claims by government agencies or payors could expose us to recoupment, regulatory scrutiny, and penalties.
- Although our current products are comprised of medical devices that have received FDA marketing authorization (510(k) clearance) as well as, with respect to certain devices, regulatory certifications in the European Union ("EU"), Japan, Switzerland and the United Kingdom ("UK"), we may regularly engage in exploring and implementing product enhancements and in iterative changes to existing products, as well as seek to develop new technology or use of technology for new indications for use. These medical device developments may trigger further regulatory reviews and the results of those reviews are unpredictable.
- We are subject to extensive compliance requirements for the quality, design, safety, performance, and post-market surveillance of the medical devices we manufacture for use in our iRhythm Services, and for vigilance on complaint-handling, escalation, assessment, and reporting of adverse events and malfunctions. A wide range of quality, risk, regulatory, or safety matters could trigger enforcement action by regulatory authorities, the need for a recall, a hold on the distribution of the marketed product, or other corrective actions to marketed product, and such matters have the potential to escalate to judicial actions that involve the DOJ.

- Because of the patient populations for which our services are provided and the complexity of the healthcare environment in which we operate, a high degree of medical and clinical input may be necessary to evaluate complaints and adverse events, and in some cases, there may be disagreement over whether our services or the medical devices used in our services may have caused or contributed to an adverse event.
- International expansion of our business exposes us to market, regulatory, political, operational, financial, and economic risks associated with doing business outside of the United States.
- We may face risks associated with acquisitions of companies, products, and technologies and our business could be harmed if we are unable to address these risks.
- Our use of third-party service providers or company resources located outside the United States to support certain customer care, clinical, and other operations of our independent diagnostic testing facilities ("IDTFs") may present challenges, and if we are ineffective in limiting work performed by these service providers or company resources consistent with applicable regulations or our contractual agreements with commercial payors, we may be subject to penalties or experience loss of revenue.
- If we fail to comply with medical device, healthcare, and other governmental regulations, we could face substantial penalties and our business, results of operations, and financial condition could be adversely affected.
- Changes in applicable laws or regulations or the interpretation or enforcement policies of regulators governing our medical devices, IDTFs and iRhythm Services may constrain or require us to restructure our operations or adapt certain business strategies, which may harm our revenue and operating results.
- Our business relies on orders from licensed healthcare providers, and the continuing clinical acceptance and adoption of our iRhythm Services depends upon strong working relationships with healthcare providers, including physicians. These relationships, interactions, and arrangements are subject to a high degree of scrutiny by government regulators and enforcement bodies.
- Our communications with healthcare stakeholders – physicians and other healthcare professionals, payors, and similar entities, as well as patients and lay caregivers – are subject to a high degree of scrutiny for compliance with a wide range of laws and regulations. Continuing or increasing our sales and marketing and other external communication efforts may expose us to additional risk of being alleged or deemed to be non-compliant by regulators, enforcement authorities, or competitors.
- In the future we may identify material weaknesses or otherwise fail to maintain an effective system of internal controls, which may result in material misstatements of our consolidated financial statements or cause us to fail to meet our periodic reporting obligations.
- Our financial results may fluctuate significantly from quarter-to-quarter and may not fully reflect the underlying performance of our business.
- We are subject to legal proceedings and government investigations that could adversely affect our business, financial condition, and results of operations.
- We are subject to complex and evolving U.S. and foreign laws and regulations and other requirements regarding privacy, data protection, security, and other matters. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to our business practices, monetary penalties, increased cost of operations, or declines in customer growth or engagement, or otherwise harm our business.
- If securities or industry analysts do not publish research or reports about our business, or if they issue an adverse or misleading opinion regarding our stock, our stock price and trading volume could decline.
- Our stock price is highly volatile and investing in our stock involves a high degree of risk, which could result in substantial losses for investors.

Risks Related to Our Industry, Business and Operations

Reimbursement by Medicare is highly regulated and subject to change, and our failure to comply with applicable regulations, including regulations not designed for remote diagnostic tests like our iRhythm Services, could prevent us from receiving reimbursement under the Medicare program and some commercial payors, subject us to penalties, and adversely affect our reputation, business, and results of operations.

During the three months ended March 31, 2026, we received approximately 26% of our total revenue from the Medicare program through the Centers for Medicare & Medicaid Services ("CMS"). The Medicare program is administered by CMS, which imposes extensive and detailed requirements on diagnostic services providers, including IDTFs. These requirements include, but are not limited to, rules that govern how we structure our relationships with physicians, how we operate our IDTFs and market our ambulatory cardiac services ("iRhythm Services"), when we may perform diagnostic tests, and how and when we submit reimbursement claims. Our failure to comply with the applicable Medicare rules and requirements could result in discontinuation of our reimbursement under the Medicare program, a requirement to return funds already paid to us, civil monetary penalties, criminal penalties, and/or exclusion from the Medicare program, which would have a material adverse impact on our reputation, business, and results of operations.

CMS has acknowledged that the IDTF regulations were designed for “traditional” IDTFs that administer tests to patients in-person, at a single point in time, and from a single location, and only recently has CMS initiated changes to the regulations to address IDTFs like ours that furnish “indirect tests” that do not require in-person interaction and involve technicians performing computer analyses offsite or at another location. The changes, however, do not address all gaps identified by CMS relating to IDTF operations and the Medicare billing requirements. For example, CMS has not addressed billing for remote diagnostic tests that are performed from one or more IDTF or other remote locations. Our failure to comply with the applicable Medicare regulations, or regulators’ disagreement with our interpretation of the regulations as applied to indirect tests, such as the iRhythm Services, could result in the discontinuation of our reimbursement under the Medicare program, a requirement to return funds already paid to us, civil monetary penalties, criminal penalties, and/or exclusion from the Medicare program.

In addition, many commercial payors require our IDTFs to maintain enrollment with the Medicare program as well as accreditation and certification with The Joint Commission. If we fail to obtain and maintain IDTF enrollment or accreditation and certification, our iRhythm Services may no longer be reimbursed by those commercial payors, which could have a material adverse impact on our reputation, business, and results of operations.

If reimbursement or other payment for our iRhythm Services is reduced or modified in the United States or in our international markets, including through cost containment measures or changes to policies with respect to coding, coverage, and pricing, our business could suffer.

We receive a substantial portion of our revenue from Medicare and third-party commercial payors with which we contract, and we cannot predict whether and to what extent existing reimbursement rates will continue to be available. If CMS or any of our key commercial payors reduce reimbursement rates for our iRhythm Services, our business, operating results, and prospects would be adversely affected.

CMS updates the reimbursement rates for diagnostic tests performed by IDTFs annually via the Medicare Physician Fee Schedule. Effective January 1 of each year, CMS updates the national payment rates for the CPT codes we use to report our cardiac monitoring services: CPT code 93247 (ECG recording conducted over a period of greater than 7 days and up to 15 days), CPT code 93243 (ECG recording conducted over a period of greater than 48 hours and up to 7 days), and CPT code 93229 (mobile cardiovascular telemetry). New rates were published effective January 1, 2026, which reflect an increase in the national payment amount for CPT codes 93247, 93243 and 93229 as compared to calendar year 2025. However, there is no guarantee that these year-over-year increases will be sustained, or that payment rates will keep pace with the costs to provide our iRhythm Services in the future.

Because remote cardiac monitoring technology, including the iRhythm ACM System, is rapidly evolving, there is a continuing risk that relative value units assigned, and reimbursement rates set, by CMS may not adequately reflect the value and expense of this technology and associated monitoring services. Further, CMS may reduce the rates for the CPT codes assigned to our services in the future, which would adversely affect our financial results, particularly to the extent commercial payors with which we contract follow suit.

In addition, our agreements with commercial payors typically allow either party to terminate the contract at any time by providing prior written notice, in accordance with the agreement, to the other party, which means our commercial payors may elect to terminate their contracts with us for any reason. A commercial payor who terminates or does not renew their contract with us may, or may not, alter their coverage for the type of services we provide. In the event any of our key commercial payors terminate their agreements with us, elect not to renew or enter into new agreements with us upon expiration of their current agreements, or do not renew or establish new agreements on terms as favorable as are currently contracted, our business, operating results, and prospects would be adversely affected.

Finally, government and commercial payors have and may, in the future, consider healthcare policies and proposals intended to limit or reduce perceived increases in healthcare costs, including those that could significantly affect reimbursement for healthcare products such as our systems and services. These policies have included, and may in the future include: basing reimbursement policies and rates on clinical outcomes, the comparative effectiveness, and costs, of different treatment technologies and services, changes in risk adjustment weights or the criteria required to support risk adjustment eligible diagnoses in Medicare Advantage, as well as other measures. For example, from time to time CMS or Medicare Administrative Contractors may develop National Coverage Determinations, Local Coverage Determinations ("LCDs"), or similar policies dictating the conditions for coverage and reimbursement of our iRhythm Services. For instance, in September 2025, Noridian Healthcare Solutions, LLC, Palmetto GBA, LLC, and CGS Administrators, LLC each published proposed LCDs regarding "Temporary Nontherapeutic Ambulatory Cardiac Monitoring Devices." These proposed LCDs seek to outline the circumstances in which ACM is considered reasonable and necessary for Medicare purposes, device requirements, and associated coverage limitations. The proposed LCDs were subject to a public comment period that concluded in November 2025, in which iRhythm and other stakeholders had the opportunity to inform consideration of whether, and in what form, the LCDs might be adopted. The adoption of the proposed LCDs, or any other developments in the Medicare coverage policies on which the industry has come to rely, could necessitate changes to our business model, methods of operation, billing processes, and related compliance controls. Future significant changes in the healthcare systems in the United States or elsewhere could also have a negative impact on the demand for our current and future products and services. These include changes that may limit coverage or reduce reimbursement rates for our products and changes that may be proposed or implemented by the current or future laws or regulations.

If we are unable to expand the number of third-party commercial payors with which we contract or expand coverage for existing third-party commercial payors, our commercial success could be impacted.

There is significant uncertainty concerning third-party reimbursement of any new service until a contracted rate is established for that service with the commercial payor. Reimbursement by a commercial payor may depend on several factors, including, but not limited to, a payor's determination that the ordered service is not experimental or investigational, medically necessary and appropriate for the specific patient, cost effective, supported by peer-reviewed publications, and accepted and used by physicians and other clinicians within their provider network.

Since each payor decides whether to establish a policy concerning reimbursement or to contract with us to set the price of reimbursement, seeking reimbursement on a payor-by-payor basis is a time-consuming and costly process to which we dedicate substantial resources. If we do not dedicate sufficient resources to establishing contracts with commercial payors and supporting payors' reimbursement determinations by demonstrating the clinical value of our iRhythm Services through studies and physician adoption, we may encounter several adverse consequences that could compromise the commercial success of our business. Such adverse consequences may include an inability to secure additional contracts with commercial payors, reluctance by physicians to order our iRhythm Services due to concerns that patients may face significant out-of-pocket expenses associated with an out-of-network IDTF, a decline in the amount that we are reimbursed for our services, less predictable revenue, and an increase in the efforts and resources necessary to obtain reimbursement for our services on a claim-by-claim basis.

Additionally, for our out-of-network or cash pay patients, we may be subject to state and federal surprise billing laws that impose limits on amounts that can be charged to such patients and/or the amount we can receive for out-of-network services from commercial payors as well as penalties for noncompliance. One such law, the federal No Surprises Act, requires covered providers to provide "good faith estimates" to uninsured and self-pay patients of their out-of-pocket responsibility and establishes a detailed and potentially costly independent dispute resolution process governing fee disputes between our IDTFs and payors. These laws and regulations may change and we anticipate these evolving, highly technical requirements may apply to our business in the future and could necessitate the dedication of additional resources to ensure compliance.

We report to third party payors the technical components of the remote cardiac monitoring services that are performed with our Zio monitor, Zio XT, and Zio AT devices using CPT codes established by the American Medical Association ("AMA"). These CPT codes are manufacturer- and technology-agnostic but describe general technical features required to support the diagnostic medical procedures represented by these billing codes. Given the nature of CPT codes, there is always some degree of risk for an entity that bills for its services that regulators or other third parties could assert that the CPT codes utilized were not appropriate, and recent regulatory developments have the potential to increase the risk of questions or inquiry regarding our use of a specific CPT code.

The CPT codes used to report remote cardiac monitoring services, including those used to report our iRhythm Services, were drafted by the AMA in a manufacturer- and specific technology-agnostic manner. Regulators' evolving understandings and definitions of certain cardiac monitoring modalities could result in assertions that our technology does not support certain diagnostic procedures described by the CPT codes that we currently use to report our iRhythm Services. For example, although FDA "Product Codes" are created and assigned by FDA to support the agency's responsibility for regulating medical devices in the framework of device classifications designated under 21 C.F.R. Parts 862-892, Product Codes have the potential to raise questions about expectations for devices. In November 2023, FDA established a new Product Code QYX for "Outpatient Cardiac Telemetry" and retrospectively assigned Product Code QYX to several devices, including Zio AT. FDA's "Definition" of the "Outpatient Cardiac Telemetry" devices within this Product Code references monitoring data being "transmitted to the prescribing clinician during the monitoring period by a 24/7 attended analysis center after review by a qualified individual," which may be read as incorporating activities of an IDTF into the device. If our IDTF capabilities and performance do not align with FDA's interpretation and expectations for Product Code QYX, a regulator or other third party could assert that the Zio AT cannot support mobile cardiac telemetry ("MCT") monitoring services. Any such assertion could jeopardize our ability to obtain clearances with indications and labeling that provide for the scope we planned, and our ability to submit claims for reimbursement for services utilizing Zio AT and may require us to evaluate whether we have received any overpayments that must be reported and returned to third-party payors.

Our revenue relies on orders for our iRhythm Services, which are currently our only offerings. If our iRhythm Services or future service offerings fail to gain, or lose, market acceptance, our business will suffer.

Our current revenue is dependent on orders for our iRhythm Services, and we expect that reimbursement for our iRhythm Services will account for substantially all our revenue for the foreseeable future. We are in various stages of research and development for other diagnostic and/or screening solutions and new indications for our technology and our iRhythm Services; however, there can be no assurance that we will be able to successfully develop and commercialize any new services and related devices. Any new services may not be accepted by physicians or may merely replace revenue generated by our iRhythm Services and not generate additional revenue. If we have difficulty launching new services, our reputation may be harmed and our financial results adversely affected. In order to substantially increase our revenue, we will need to target physicians other than cardiologists, such as emergency room doctors, primary care physicians, and other physicians with whom we have had little contact and who may require a different type of marketing effort. If we are unable to increase orders for our iRhythm Services, expand reimbursement for our iRhythm Services, or successfully develop and commercialize new services and related devices, our revenue and our ability to achieve and sustain profitability would be impaired.

The market for remote cardiac monitoring solutions is highly competitive. If our competitors are able to develop or market monitoring devices and services that are more effective, or gain greater acceptance in the marketplace, than any services and related devices we develop, our commercial opportunities will be reduced or eliminated.

The market for remote cardiac monitoring products and services is competitive, characterized by rapid change resulting from technological advances, scientific discoveries, and other market activities of industry participants. Our iRhythm Services compete with a variety of products and services that provide alternatives for remote cardiac monitoring, including traditional, short-term Holter monitors and event monitors. Our industry is highly fragmented and characterized by a small number of large manufacturers and a large number of smaller regional service providers. These third parties compete with us in marketing to payors and ordering physicians, recruiting and retaining qualified personnel, acquiring technology, and developing products and services that compete with our iRhythm Services and related devices, and enhancing their product offerings with differentiating features. Our ability to compete effectively depends on our ability to distinguish our company and our iRhythm Services from our competitors and their products and services, and includes such factors as safety and effectiveness; acute and long-term outcomes; ease of use; price; physician, hospital, and clinic acceptance; and third-party reimbursement.

Our industry is subject to rapid change and is significantly affected by new product introductions, results of clinical research, corporate combinations, and other factors. Large competitors in the remote cardiac market include companies that sell standard Holter monitors including GE Healthcare, Philips Healthcare, Mortara Instrument, Inc., Spacelabs Healthcare Inc. and Welch Allyn. Additional competitors, such as BioTelemetry, Inc. (now part of Royal Philips), Preventice Solutions, Inc. (now part of Boston Scientific, Inc.), and BardyDx manufacture remote cardiac monitoring devices and also offer monitoring services. These companies have also developed other patch-based cardiac monitors that have received FDA and foreign regulatory clearances. There are also several small start-up companies trying to compete in the patch-based cardiac monitoring space, as well as several entering the patch-based cardiac monitoring market.

We have also seen a trend in the market for large medical device companies to acquire, invest in, or form alliances with these smaller companies in order to diversify their product offerings and participate in the digital health space. Future competition could come from makers of wearable fitness products or large information technology companies focused on improving healthcare. For example, Apple, Fitbit and Samsung, among others, have added capabilities on their platforms to measure non-continuous ECG and to alert customers to the potential presence of irregular heartbeats suggestive of asymptomatic Afib. These competitors and potential competitors may introduce new products and services that more directly compete with our iRhythm Services and related devices.

Billing for our iRhythm Services is complex and highly regulated, and we must dedicate substantial time and resources to the billing process. Failure to comply with legal, regulatory, or contractual requirements applicable to our billing and collection activities could subject us to penalties, and adversely affect our reputation, business and results of operations.

Billing for diagnostic services is complex, highly regulated, time-consuming, and expensive, and failure to comply with legal or contractual requirements applicable to our billing and collection activities could subject us to penalties, and adversely affect our reputation, business and results of operations. Depending on the billing arrangement and applicable law, we bill several types of entities and payors, including federal healthcare programs, third-party commercial payors, healthcare providers, and healthcare institutions, which may have different billing requirements, coverage criteria, procedures, or expectations. We also bill insured patients for co-payments, co-insurance, and deductible amounts, as well as bill self-pay patients directly.

Several factors make the billing and collection process uncertain, including differences between the submitted claim price for our iRhythm Services and the reimbursement rates of payors; compliance with complex federal and state regulations related to billing the Medicare and Medicaid programs and collecting co-payments, co-insurance, and deductible amounts from patients and other guarantors; the effect of patient co-payments, co-insurance, and deductible amounts, which may vary depending on the timing of the claim relative to the insured's annual policy year; differences in coverage policies, criteria, and billing requirements among payors; and incorrect or missing patient history, indications, or billing information and delays in verifying and resolving the same. We also face risk in our collection efforts, including potential write-offs of doubtful accounts and long collection cycles, which could adversely affect our business, financial condition, and results of operations. We may also be adversely affected by the growth in patient responsibility accounts, as a result of increases in the adoption of plan structures, due to evolving health care policy and insurance landscapes, that shift greater responsibility for care to individuals through greater exclusions, prior authorizations, and co-payment and deductible amounts.

Additionally, our billing activities require us to implement compliance procedures and oversight, train and monitor our employees, subcontractors, and agents, and undertake internal review procedures to evaluate compliance with applicable laws, regulations, and internal policies. These activities require a tremendous dedication of resources and, as a result, we have engaged third-party vendors to undertake certain components of our billing and collections operations. While common in the healthcare industry, the outsourcing of billing and collections activities to third-party vendors requires diligent monitoring and oversight to ensure the completeness, accuracy, and propriety of the claims submitted to federal healthcare programs and other third-party commercial payors for our iRhythm Services. We may be held responsible by our regulators or payors for any acts, errors, or omissions by the third-party vendors engaged to perform billing and collections activities on our behalf.

The complexities we face related to billing for our iRhythm Services, and the related uncertainty in obtaining payment for our iRhythm Services, could negatively affect our revenue and cash flow, our ability to achieve profitability, and the consistency and comparability of our results of operations.

Audits or denials of our claims by government agencies or payors could expose us to recoupment, regulatory scrutiny, and penalties.

As an IDTF, we submit claims directly to, and receive reimbursement from, federal healthcare programs, including Medicare, as well as other third-party commercial payors for tests ordered by unaffiliated healthcare providers. These programs and payors, including contractors on their behalf, may conduct pre- and post-payment audits and reviews of claims submitted for reimbursement, including audits and reviews focused on the appropriateness of unaffiliated healthcare providers' decisions to order a particular test furnished by our IDTF, which impact our claims. Further, the federal healthcare programs may impose suspensions on both payment and participation in response to allegations of fraud or other noncompliance.

Other controls imposed by CMS and commercial payors designed to reduce costs, commonly referred to as "utilization review," may also affect our operations. Federal law contains numerous provisions designed to ensure that services rendered to CMS patients meet professionally recognized standards and are medically necessary, appropriate for the specific patient, and cost-effective. These provisions include a requirement that a quality improvement organization review a sampling of claims for Medicare beneficiaries to assess the quality of care and appropriateness of the services provided. These quality improvement organizations may deny payment for services or assess fines and have the authority to recommend to CMS that a provider in substantial noncompliance with applicable Medicare requirements and quality standards be excluded from participation in the Medicare program. CMS also engages Medicare Administrative Contractors, Comprehensive Error Rate Testing Contractors, Recovery Audit Contractors, and Unified Program Integrity Contractors to conduct a variety of pre- and post-payment reviews of healthcare providers' claims, and any aberrant practices or findings from such reviews may result in referrals to the Office of Inspector General, DOJ, or other law enforcement agencies for further investigation and follow-up. As a provider enrolled in federal healthcare programs, we expect to be subject to such audits and claims reviews in the future, which may result in suspensions or other restrictions on our ability to submit claims for our services, payment delays, overpayment recoupments, and claims denials, which would negatively impact our business, financial condition, and results of operations, and may jeopardize our participation in these federal healthcare programs.

We have continued to evolve our revenue cycle management function in response to increased audit risk of our billing practices by government and commercial payers who are utilizing artificial intelligence ("AI") to review our bills. As part of that evolution, we utilize third-party service providers to support certain activities and these activities involve significant time and resources on our part to train and monitor such third parties. Our failure, or the failure of these third-party service providers, to execute our or their activities efficiently and effectively may cause our revenue and accounts receivable to be delayed or reduced and could have an adverse effect on our business and cause reputational harm.

We have continued to evolve our revenue cycle management function in response to the increased audit risk of our billing practices as a result of enhanced use of AI by government and commercial payers. As part of that evolution, we utilize third-party service providers to support certain activities and these activities involve significant time and resources on our part to train and monitor such third parties. The success of our efforts to evolve our revenue cycle management function depends on the ability of our service providers to deliver timely and accurate services that will continue to support our business as we scale our operations to facilitate growth opportunities, without adversely affecting current revenues and accounts receivable. If we are not able to successfully achieve these objectives, the anticipated benefits of these efforts may not be realized fully or at all or may take longer to realize than expected. In addition, there is a significant degree of difficulty and management distraction inherent in the process of managing and working with third-party service providers. These difficulties include challenges supporting certain operations and activities with more than one service provider, integrating technologies (including IT systems and processes, procedures, policies and operations), and retaining key personnel. These activities are complex and time-consuming and can involve delays or additional and unforeseen expenses. The process of transitioning to any new or additional providers, the integration process, and other disruptions may also disrupt our ongoing businesses or cause inconsistencies in standards, controls, procedures, and policies that could adversely affect our relationships with payors, patients, employees, and others. Our failure, or the failure of these third-party service providers, to execute our or their activities efficiently and effectively may cause our revenue and accounts receivable to be delayed or reduced and could have an adverse effect on our business and cause reputational harm.

Although our current iRhythm ACM Systems are comprised of medical devices that have received FDA marketing authorization (510(k) clearance) as well as, with respect to certain devices, regulatory certifications or approvals in the EU, Japan, Switzerland and the UK, we may regularly engage in exploring and implementing product enhancements and in iterative changes to existing products, as well as seek to develop new technology or use of technology for new indications for use. These medical device developments may trigger further regulatory reviews, and the results of those reviews are unpredictable.

Before a new medical device or a new intended use for a medical device can be marketed in the United States, a company must first submit an application and receive either 510(k) clearance, De Novo marketing rights, or premarket approval from FDA, unless an exemption applies. All of these processes can be expensive, lengthy, and unpredictable. Reductions or changes in agency personnel and resources can add to the unpredictability of this process. We may not be able to obtain the clearances or approvals we seek or may be unduly delayed in doing so, which could harm our business. Even if we are granted regulatory clearances or approvals, they may include significant limitations on the indicated uses for the product, which may limit the market for the product. Although we have obtained 510(k) clearances to market our iRhythm ACM Systems, our clearances can be revoked if safety, efficacy, or significant regulatory compliance problems develop. Even planned changes and improvements to devices and their uses can trigger the need for a new submission. FDA requirements dictate that we must evaluate potential changes and document our decision-making regarding the need for additional submissions and clearances or approvals. Unless effectively planned for in advance, our desired commercial timeline may be impacted.

Significant changes or modifications in design, components, method of manufacture, or the intended use or technological characteristics of our iRhythm ACM Systems may require new or modified FDA marketing authorization, CE Mark certification in the EU, UK Conformity Assessed ("UKCA") Mark certification, Swiss Medical Devices Ordinance (“MedDO”) marketing authorization or Japanese Pharmaceutical and Medical Device Agency ("PMDA") marketing authorization. In some instances, we have identified a need for, and sought and obtained new regulatory approvals for these changes or modifications.

As permitted by applicable law, FDA allows device manufacturers to internally analyze and document a decision that a new clearance or approval is viewed by the manufacturer as unnecessary. Accordingly, we have made certain changes and modifications to our iRhythm ACM Systems in the past that we believe did not require additional clearances or approvals by FDA.

Such internal decisions are, however, subject to review by FDA, and may require additional action in the event FDA questions earlier internal decision-making. For example, FDA raised questions in the warning letter issued on May 25, 2023 regarding certain changes and modifications to Zio AT for which we did not make 510(k) submissions, and rather documented our analysis in letters to file. We have recently (following, and in alignment with, discussion with FDA) submitted an updated 510(k) to address Zio AT modifications that were, prior to our receipt of the warning letter, previously documented in letters to file. In October 2024, following, and in alignment with, discussion with FDA, we received FDA 510(k) clearance for these design updates, as well as additional 510(k) clearance relating to further enhancements to Zio AT.

In instances where FDA, an EU/UK Notified/Approved Body, the PMDA or the Swiss regulatory body disagrees with our internal analysis and decision that a new or additional approval or marketing authorization or certification is not needed for any such modifications, we may be required to recall and/or stop the distribution of the impacted iRhythm ACM System and/or correct the labeling for such iRhythm ACM System. We may be required to submit a new marketing application or certification, which could require additional testing or other supporting data, a redesign of a product, or otherwise impact the provision of services. In these circumstances, the process may require engagement with regulators to resolve concerns and reach a resolution for a product, and we may be subject to significant enforcement actions.

We may not be able to obtain additional marketing authorizations in a timely fashion, or at all, which could harm our ability to introduce new or enhanced products in a timely manner and to meet market expectations for the provision of the services, which in turn could harm our future growth.

We are subject to extensive compliance requirements for the quality, design, safety, performance, and post-market surveillance of the medical devices we manufacture for use in our iRhythm Services, and for vigilance on complaint-handling, escalation, assessment, and reporting of adverse events and malfunctions. A wide range of quality, risk, regulatory, or safety matters could trigger enforcement action by regulatory authorities, the need for a recall, a hold on the distribution of the marketed product, or other corrective actions to marketed product, and such matters have the potential to escalate to judicial actions that involve the DOJ.

As a manufacturer of medical devices, we are subject to extensive regulation and related compliance requirements. Noncompliance and even allegations of noncompliance with these wide-ranging requirements may subject us to high compliance costs to remediate or defend against allegations of noncompliance, as well as enforcement action from U.S. federal or state regulators and enforcement authorities. Regulators may interpret or apply reportability or field action requirements differently than a company, which can result in enforcement risk. Actions to which a company may be subject could include the issuance of warning letters, adverse publicity, seizures, prohibitions on product sales, recalls, and civil and criminal penalties, any one of which could significantly impact our manufacturing supply and provision of services and impair our financial results. Failure to maintain full compliance with the requirements of FDA's QSR, now referred to as the Quality Management System Regulation or "QMSR", the EU Medical Device Regulation (formally Regulation (EU) 2017/745 or "EU MDR"), the UK Medical Devices Regulations (formally the Medical Devices Regulations 2002 (SI 2002/618) or "UK MDR"), Japan's Quality Management System Ordinance ("Japanese QMS") and the Swiss Medical Devices Ordinance ("MedDO") could result in similar disruptions in these markets. Furthermore, even if we adhere to regulatory standards and expectations in our corrective actions, the public nature of such actions can result in broader negative publicity and perceptions, which could harm our reputation.

Our design and manufacturing facilities and processes and those of certain third-party suppliers are subject to FDA and state, as well as EU, UK, Japanese and Swiss regulatory inspections for compliance with various medical device regulations and standards, including FDA, EU MDR, UK MDR, Japanese QMS and Swiss MedDO requirements. Developing and maintaining a compliant quality system is time consuming and investment intensive. Requirements and standards may change and evolve over time, and we will need to adapt. For example, FDA has issued final regulations on updates to FDA's QMSR, which harmonizes key areas of quality management for device manufacturers in alignment with global regulatory requirements including ISO 13485:2016 and clause 3 of ISO 9000:2015. These regulations took effect on February 2, 2026. While FDA's QMSR is now in effect, the transition presents some uncertainties relative to FDA practices and expectations in upcoming inspections of device quality systems.

We are required to file various reports with FDA, as well as EU, UK, Japanese and Swiss regulators, including reports required by each jurisdiction's adverse event, certain malfunctions, and field action reporting regulations. These reports are often required if our iRhythm ACM System may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if the malfunction were to recur. They may also be reasonable, necessary, or prudent for a range of other reasons relating to the importance of gathering information in the post marketing setting and managing risk throughout the product lifecycle, or to address requests from regulators to increase or expand the scope of reporting. An increase in the reporting of events associated with the use of our products and services from us or others and any delays to the filing of reports may increase regulator and public scrutiny, especially given that these reports are typically publicly available information in most jurisdictions, including the United States, which could harm our business.

If we initiate a field action (whether a "correction" made relative to a device that remains in the field, which could be through a labeling or software update, or "removal" or "recall" and return of that device to us, or field advisory notices) to reduce a risk to health posed by our iRhythm ACM System, we would be required to report the correction or removal to FDA and, in many cases, similar reports to other regulatory agencies.

Depending on the reason for the correction or removal and the potential severity of the impact to patient safety or the effectiveness of the device, FDA may require differing degrees of communication to alert those who may be in possession of an impacted device. We would generally be subject to similar requirements in jurisdictions outside the United States where the Zio products are used.

Examples of regulatory actions and communications in recent years include:

- Our receipt of Form 483 observations in August 2022 alleging certain quality system deficiencies, including in relation to our corrective and preventive action procedures, test validation, complaint handling and medical device reporting requirements. We submitted a response to FDA with further commitments to improve and remediate our quality system. These activities, including dialogue with FDA, are ongoing.
- The Customer Advisory Notice we initiated September 28, 2022 to Zio AT customers, and our reports to FDA under 21 C.F.R. Part 806, regarding a Zio AT labeling correction involving additions and modifications to Zio AT labeling precautions relating to the device's maximum transmission limits during wear, and also to the need for healthcare providers to complete registration to initiate monitoring services. FDA classified this field action as a Class II Recall following our initial 806 report and although we believe we have completed the distribution of the Advisory Notice to our identified impacted customers and requested the closure of this field action in March 2023, the status remains open in the public FDA recall database, and FDA has not yet confirmed the termination or completion of this recall to us.
- Our May 25, 2023 receipt of a warning letter from FDA alleging non-conformities to regulations for medical devices, including medical device reporting requirements, relating to our Zio AT and medical device quality system requirements. We submitted a timely response to FDA in June 2023 and are continuing to work with the agency to address the issues outlined in the warning letter, including specific dialogue on key topics and our planned path forward. As part of this dialogue we agreed to make two 510(k) submissions relating to Zio AT. On October 21, 2024, we were granted FDA clearance for one 510(k) encompassing design updates that had previously been documented through letters to file. On October 30, 2024 we were granted FDA clearance on a second 510(k) submission related to design modifications and labeling updates for Zio AT.
- Our retrospective submission of certain Medical Device Reports in the fourth quarter of 2023, as part of our commitments following FDA 483 observations and the FDA warning letter issued on May 25, 2023.
- Our receipt of 483 observations following July 2024 FDA inspections of our Cypress and San Francisco FDA-registered facilities centered on complaint handling and medical device reporting, risk analysis regarding the involvement of the technicians to prepare the Zio ECG reports, the corrective and preventive action process, process controls and statistical techniques. We timely submitted our initial responses regarding 483 observations to FDA and have also submitted supplemental information. In these responses, we committed to a number of follow-up actions and we continue to work with FDA to resolve the issues identified.

Executing on our follow-up actions, commitments to FDA, and remediation activities have and continue to require significant time, attention, and resources that might otherwise be applied to future product development activities and initiatives, and could result in delays or changes to these plans. Our commitments will also require a high degree of attention to design strategy and compliance going forward.

In addition, although we continue to fully cooperate and are in dialogue with FDA, there are ongoing enforcement risks, including escalation of further action by FDA, that remain given the inspection and enforcement activities of FDA over the past few years. FDA may determine that our remediation efforts to date or our responses to the 2024 483 observations are insufficient or unsatisfactory. FDA could issue another warning letter, issue a consent decree in collaboration with the DOJ, and/or require recall or cessation of marketing and shipping our Zio device.

We cannot give any assurances that FDA will be satisfied with our response, the actions taken to resolve the concerns raised in the warning letter or the more recent 483 observations, or the expected date for the resolution of such matters by FDA. Until these issues are resolved to FDA's satisfaction, additional legal or regulatory action may be taken with or without further notice. The warning letter and the 483 observations are publicly available on FDA's website and have been the subject of a high degree of media and industry attention, which subjects us to additional scrutiny.

If we are unable to successfully execute and maintain follow-up actions consistent with our commitments to FDA, or if FDA determines that our follow-up commitments are insufficient or were not completed with sufficient promptness, we may face a greater risk of potential escalation, which could involve issuance of additional warning letters, or there is a possibility that FDA could initiate consent decree discussions. This may pose a considerable expense, divert management's attention, and have a potentially negative impact on the public's perception of us, all of which could negatively impact our financial position and results of operations. Further, should we be found out of compliance with any applicable laws, regulations, or programs, depending on the nature of the findings, our business, our financial position, and our results of operations could be negatively impacted.

Because of the patient populations for which our services are provided and the complexity of the healthcare environment in which we operate, a high degree of medical and clinical input may be necessary to evaluate complaints and adverse events, and in some cases, there may be disagreement over whether our services or the medical devices used in our services may have caused or contributed to an adverse event.

Our iRhythm ACM Systems and iRhythm Services are not intended to be prescribed or ordered for use as an emergency system. They are not intended for critical care patients or patients suspected of life-threatening arrhythmias who require inpatient or emergency ECG monitoring. Given the nature of arrhythmias and the patient population for which our iRhythm Services are ordered by physicians, in which there may be several health conditions present, there are instances in which a patient may experience a medical event during the wear period of an iRhythm ACM System. In some cases, it may be medically and logistically challenging to obtain information sufficient to definitively determine all contributing factors to an event. In some instances, we may receive initial reports of complaints from the qualified cardiac technicians or through our customer service representatives. The initial reports of these non-physicians are likely to contain information that requires verification and further investigation.

In addition, even though our services and their associated devices are not intended to recognize, detect, or initiate response to terminal end-of-life events, a patient may nevertheless be wearing a Zio device when they experience such an event. Given the functionality of our technology and our services, we may become aware of data reflecting a non-survivable, end-of-life cardiac event. We or others (such as healthcare professionals, patients, or family members) may report such events even where it does not appear to us that our device caused or could have prevented an end-of-life event. Given the structure of such reporting to FDA the full medical context is not generally available to the public, which may cause additional scrutiny, questions, or concerns regarding our products and services. For example, in the fourth quarter of 2023, as part of our commitments following FDA Form 483 observations and the FDA warning letter issued on May 25, 2023, we retrospectively submitted certain Medical Device Reports to FDA, and the publicly available information in these reports may receive additional scrutiny.

We are subject to FDA requirements to investigate complaints about our iRhythm ACM Systems. If we do not effectively manage and monitor our complaint-handling procedures, we may be subject to regulatory enforcement action, litigation risks, and risk of negative publicity.

If we are unable to keep up with demand for our iRhythm Services, our revenue could be impaired, market acceptance for our iRhythm Services could be harmed, and physicians may instead order our competitors' services.

As demand for our iRhythm Services increases, we may encounter production or service delays or shortfalls. Such production or service delays or shortfalls may be caused by many factors, including the following:

- while we intend to continue to expand our manufacturing capacity, our production processes may have to change to accommodate this growth, potentially involving significant capital expenditures;
- we may experience technical challenges to increasing manufacturing capacity, including in connection with equipment design, automation, validation and installation, contractor issues and delays, licensing and permitting delays or rejections, materials procurement, manufacturing site expansion, problems with production yields, and quality control and assurance;
- key components of our iRhythm ACM Systems are provided by a sole or single supplier or limited number of suppliers, and we do not maintain large inventory levels of these components; if we experience a shortage or quality issues in any of these components, we would need to identify and qualify new supply sources, which could increase our expenses and result in manufacturing delays;
- the extent to which we become dependent upon others for the manufacture of our iRhythm ACM Systems which could adversely affect our future profit margins and our ability to market our iRhythm Services;
- global demand and supply factors concerning commodity components common to all electronic circuits, including iRhythm ACM Systems, could result in shortages that manifest as extended lead times for circuit boards, which could limit our ability to sustain and/or grow our business;
- we may experience a delay in completing validation and verification testing for new production processes and/or equipment at our manufacturing facilities;
- to increase our manufacturing output significantly and scale our services, we will have to attract and retain qualified employees for our operations; and
- in response to unexpectedly rapid growth of our business, clinical operations capacity may not meet demand while new resources are being recruited and trained, which could negatively impact our volume capacity for our iRhythm Services.

If we were unable to successfully manufacture our iRhythm ACM Systems in sufficient quantities, or to maintain sufficient capacity to provide our iRhythm Services, it would materially harm our business.

We depend on third-party vendors for the supply and manufacture of certain components of our iRhythm ACM Systems, as well as for other aspects of our operations.

We rely on third-party vendors for components and sub-assemblies used in our iRhythm ACM Systems and in connection with certain logistical aspects of our iRhythm Services. Our reliance on third-party vendors subjects us to a number of risks, including:

- inability to obtain adequate supply in a timely manner or on commercially reasonable terms, including due to our reliance on a single supplier for certain critical components and materials for which, in some cases, there are relatively few alternative sources of supply;
- modifications to, or discontinuation of, a vendor's operations due to natural disasters, labor disruptions, human error, infrastructure failure, pandemics, military conflicts, or political or economic disruption, which may adversely impact our operations or otherwise lead to interruption of or shortage or delays in supply, including shortages impacting our printed circuit board assembly;
- production delays related to the evaluation and testing of products from alternative suppliers and corresponding regulatory qualifications;
- inability of the manufacturer or supplier to comply with our quality criteria and specifications and, where applicable, the relevant quality management system regulations, state regulatory authorities, and, in some cases, the Notified Body audits;
- miscommunication of design specifications due to errors/omissions by either the vendor or our company, resulting in delayed delivery of acceptable materials or components for incorporation into our devices or recall of finished products;
- delays in device shipments resulting from quality issues or defects, reliability issues, or a supplier's failure to consistently produce quality components;
- price fluctuations due to a lack of long-term supply arrangements with our suppliers for key components;
- inability to control the quality of products manufactured by third parties;
- delays in delivery by our suppliers due to changes in demand from us or their other customers; and
- delays in obtaining required materials and components that are in short supply within the time frames we require, at an affordable cost, or at all.

Further, we rely on single suppliers for the supply of components related to our adhesive sub-assembly, disposable plastic housings, instruments, and other materials that we use to manufacture and label our Zio patches. We have not qualified additional suppliers for some of these components and materials and we do not carry a

significant inventory of these items. While we believe that alternative sources of supply may be available, we cannot be certain whether they will be available if and when we need them and that any alternative suppliers would be able to provide the quantity and quality of components and materials that we would need to manufacture our Zio patches if our existing suppliers were unable to satisfy our supply requirements.

Any significant delay or interruption in the supply of components or sub-assemblies, or our inability to obtain substitute components, sub-assemblies, or materials from alternate sources at acceptable prices and in a timely manner, could impair our ability to meet the demand for our iRhythm Services, significantly affect our future revenue, and harm our relations and reputation with physicians, hospitals, clinics, and patients.

We also rely on certain third-party vendors in connection with the analysis we perform to create diagnostic reports for our iRhythm Services, which is dependent upon a recording made by each iRhythm ACM System. For long-term continuous monitoring utilizing our Zio XT, for example, requires the physical return of the Zio XT to one of our clinical centers and we predominantly rely on the U.S. Postal Service ("USPS") to perform this delivery service. Delivery of the Zio XT to one of our clinical centers may be subject to disruption to the USPS delivery infrastructure. Further, for the MCT monitoring services utilizing our Zio AT, we rely on the provision of cellular communication services for the timely transmission of patient information and reportable events. The reliability of the electronic communication and cloud services required for these operations are subject to natural disasters, labor disruptions, human error, and infrastructure failure. Any of these disruptions may render it difficult or temporarily impossible for us to provide some or all our iRhythm Services and bill for those services, adversely affecting our operating results, causing significant distraction for management, and negatively impacting our business reputation. We also expect that our reliance on third-party vendors will increase as our business grows, exposing us to increased harm if such disruptions occur.

We have incorporated and continue to work to further incorporate AI into our products, services, and internal operations. Implementation of AI and machine learning technologies may result in legal and regulatory risks, reputational harm, or other adverse consequences to our business.

We have and are continuing to incorporate AI, including machine learning (including generative and predictive) algorithms, in certain of our products, services and internal operations, including in our MCT monitoring services services with our Zio AT, which is intended to enhance their operation and effectiveness internally and for physicians and patients. Our research and development of such technology remains ongoing. AI innovation presents risks and challenges that could impact our business. Our use of new and evolving technologies such as AI that we integrate into our products, services and internal operations may cause us to experience brand or reputational harm, competitive harm, legal liability, new or enhanced governmental or regulatory scrutiny, and to incur additional costs to resolve any issues stemming from our usage. As with many innovations, AI presents risks and challenges that could undermine or slow its adoption, and therefore harm our business to the extent we increase our reliance on AI in the future. Moreover, our competitors may introduce AI technologies and features into their products and services that achieve greater market acceptance than ours. Additionally, AI algorithms may be flawed or datasets may be insufficient or contain biased information resulting in perceived or actual negative outcomes. AI solutions may be controversial because of their impact or perceived impact on human rights, privacy, employment, or other social, economic, or political issues. If we are unable to develop effective internal policies and frameworks relating to the responsible development and use of AI models and systems, we may experience brand, reputational, and/or competitive harm, or could face legal liability. In a healthcare context, model drift, explainability limits and reliance on de-identified or synthetic data that may be re-identifiable can exacerbate these risks. If the output that AI algorithms assist in producing are or are alleged to be inaccurate, deficient, or biased, our business, financial condition, and results of operations may be adversely affected. Developing, testing and deploying AI systems may also increase the costs of our product offerings due to the nature of the computing costs involved in such systems, which could impact our revenue and adversely affect our business and operating results.

Many countries and regions, including the EU, have proposed or passed new and evolving regulations related to the use of AI and machine learning technologies. The regulations may impose onerous obligations and may require us to unexpectedly rework or reevaluate improvements to be compliant. In particular, the EU's AI Act, which was adopted and entered into force in 2024 and is currently being implemented in phases since August 2024, has a material impact on the way AI is regulated in the EU, may affect our use of AI technologies, and may require additional compliance measures and changes to our operations and processes. In the United States, there is ongoing tension between the states and the federal government over how best to regulate the use of AI. It is possible that new laws and regulations will be adopted in the United States and elsewhere, or that existing laws and regulations may be interpreted, in ways that would affect our operations. AI used in or as part of medical devices and other "high-risk" systems will be subject to prescriptive risk management, data governance, transparency, human oversight, and post-market monitoring obligations, which may require product, process, and documentation changes and could delay or limit deployment timelines. Use of AI technologies may expose us to an increased risk of regulatory enforcement and litigation. Additionally, our insurance coverage may not extend to all AI-related risks and may not cover us for all losses for errors or omissions caused by AI. Furthermore, the integration of third-party AI models with our platform relies on certain safeguards implemented by the third-party developers of the underlying AI models, including those related to the accuracy, bias, and other variables of the data, and these safeguards may be insufficient. Moreover, some of the AI features involve the processing of personal data and may be subject to laws, policies, legal obligations, and codes of conduct related to privacy and data protection. AI development and deployment practices could subject us to competitive harm, regulatory enforcement, increased cyber risks, reputational harm, and legal liability.

Our ability to compete depends on our ability to innovate successfully.

The market for medical devices, including the remote cardiac monitoring segment, is competitive, dynamic, and marked by rapid and substantial technological development and product innovation. While there are barriers that would challenge new entrants or existing competitors from developing products that compete directly with the devices used in our iRhythm Services, these barriers can be overcome. Demand for our iRhythm Services and future related devices or services could be diminished by equivalent or superior products and technologies offered by competitors. If we are unable to innovate successfully, our services and related devices could become obsolete and our revenue would decline as our customers prescribe or purchase our competitors' services.

In order to remain competitive, we must continue to develop new product offerings and enhancements to our iRhythm Services. We can provide no assurance that we will be successful in fully recognizing the strategic value of our ECG database, expanding the indications for our iRhythm Services, developing new services and related devices, or commercializing them in ways that achieve market acceptance. In addition, if we develop new services, sales of those services may reduce revenue generated from our existing services. Maintaining adequate research and development personnel and resources to meet the demands of the market is essential. If we are unable to develop new services and related devices, applications, or features, or improve our algorithms due to constraints, such as insufficient cash resources, high employee turnover, inability to hire personnel with sufficient technical skills, inability or delay to obtain FDA marketing authorization or regulatory clearances in the EU and the UK, or a lack of other research and development resources, we may not be able to maintain our competitive position compared to other companies. Furthermore, many of our competitors devote a considerably greater amount of funds to their research and development programs than we do, and those that do not may be acquired by larger companies that would allocate greater resources to research and development programs. Our failure or inability to devote adequate research and development resources or compete effectively with the research and development programs of our competitors could harm our business.

We have entered into in the past, and may explore or enter into in the future, development or collaboration agreements with third parties. These development and collaboration agreements may not result in the development of commercially viable devices or the generation of significant future revenues.

We have entered into a development and collaboration agreement in the past to develop certain next-generation Afib screening, detection, or monitoring devices to enhance our iRhythm Services, which could involve combining our technology platforms and capabilities with those of a third party, and we intend to enter into similar development and collaboration agreements with third parties in the future. The success of our collaboration with third parties is highly dependent on the efforts provided to the collaboration by such third parties and us and the skill sets of our respective employees. Support of these efforts requires significant resources, including research and development, manufacturing, quality assurance, and clinical and regulatory personnel. Product testing, market research, and related activities may result in a delay to any device launch and additional expense associated with any commercialization efforts. Even if and when launched, the developed devices may also not be accepted in the marketplace, and there is no assurance that adequate coverage or reimbursement would be available, or that an alternative payment model can be developed.

Any collaboration with a third party may not result in the development of devices, and ultimately services, that achieve commercial success and could be terminated prior to developing any devices. In the event of any termination or expiration of any development or collaboration agreement, we may be required to devote additional resources to device development and we may face increased competition, including from our third party partner. A third party partner may use the experience and insights it develops in the course of any collaboration with us to initiate or accelerate their development of products that compete with our devices and services, which may create competitive disadvantages for us. Accordingly, we cannot provide assurance that our collaboration with any third party will result in the successful development of commercially viable devices and services or result in significant additional future revenues for our company.

We generally intend to continue assessing the potential pathways for expanding indications and use cases for our iRhythm Services, and developing potential new products and services, for patient populations with unmet needs in the remote cardiac monitoring market and adjacent markets. We intend to continue to invest in research and development efforts to further differentiate our biosensor, data analytics and reporting, information system, and digital platform and we may explore or enter into development or collaboration agreements with third parties to further these efforts. We cannot predict whether such efforts will be viable from a regulatory and commercial standpoint, and development or collaboration agreements may not result in the development of commercially viable products or services or the generation of significant future revenues. For example, enforcement action such as that conveyed through the FDA warning letter we received in 2023, as well as other digital health industry regulatory developments, may also impact the availability or viability of potential opportunities.

International expansion of our business exposes us to market, regulatory, political, operational, financial, and economic risks associated with doing business outside of the United States.

While we currently derive substantially all of our revenue and maintain substantially all of our assets in the United States, we intend to continue to pursue growth opportunities outside of the United States, especially in the Philippines, the EU, the UK, Switzerland and Japan, and we may increase our use of administrative and support functions from locations outside the United States, which could expose us to risks associated with international sales and operations. Additionally, our international expansion efforts may not be successful, we may experience

difficulties in scaling these functions from locations outside the United States, and we may not experience the expected cost efficiencies.

Our international operations are, and will continue to be, subject to a number of risks, including:

- multiple, conflicting, and changing laws and regulations such as tax laws, privacy laws, export and import restrictions, employment laws, regulatory requirements, and other governmental approvals, permits, and licenses;
- obtaining and sustaining regulatory approvals, certifications, and regulatory compliance where required for the sale of our iRhythm Services in various countries or regions;
- requirements to maintain and secure data and the processing of that data on servers located within such countries or regions, which requirements may be subject to change;
- complexities associated with managing multiple payor reimbursement regimes, government payors, or patient self-pay systems, as well as with participating in public tenders or procurement processes run by national healthcare systems;
- logistics and regulations associated with shipping and returning our Zio patches following patient use;
- limits on our ability to penetrate international markets if we are required to process our iRhythm Services locally;
- financial risks, such as longer payment cycles, difficulty collecting accounts receivable, the effect of local and regional financial pressures on demand and payment for our services, fluctuations in trade policy and tariff regulations, changes in international tax regulations applicable to our business, and exposure to foreign currency exchange rate fluctuations, which may reduce the reported value of our foreign currency denominated revenues, expenses, and cash flows;
- decreased emphasis or enforcement of intellectual property protections in some countries outside the United States in comparison to that in the United States;
- increased risk of litigation or administrative proceedings in connection with our relationships with international business partners, including litigation against persons whom we believe have infringed on our intellectual property, infringement litigation filed against us, litigation against a competitor, or litigation filed against us by distributors or service providers resulting from a breach of contract or other claim, as well as disputes regarding government and public tenders, any of which may result in substantial costs to us, adverse judgments, settlements, and diversion of our management's attention;
- increased risk of litigation or administrative proceedings in connection with product liability claims, driven in part by a growing third-party litigation funding market in the EU as well as legal and regulatory reform across product safety and product liability such as the EU Product Liability Directive (recently updated by Directive (EU) 2024/2853 to cover digital products like AI software), which makes it easier for individuals to claim compensation for harm caused by unsafe goods on the EU market, and further implementation of the collective redress regime which may lead to group claims in respect of medical devices;
- natural disasters, political and economic instability, including wars and other geopolitical conflicts, terrorism, political unrest, outbreak of disease, boycotts, curtailment of trade, and other market restrictions;
- risks associated with any shifts in economic relations between the UK and the EU, which could result in tariffs or quotas on imported goods or services moving between the UK and the EU;
- regulatory and compliance risks that relate to maintaining accurate information and control over activities subject to regulation under the Foreign Corrupt Practices Act of 1977 (the "FCPA"), UK Bribery Act of 2010, and comparable laws and regulations in other countries;
- compliance risks under the EU and UK General Data Protection Regulation (collectively, the "GDPR"), including restrictions on the cross-border transfers of personal data, as applicable;
- compliance risks associated with the revised regulations in the EU MDR that outline the requirements for medical device CE marking;
- compliance risks associated with the UK MDR, which replaces the CE marking requirements for medical devices marketed and sold in the UK with a UKCA mark following the UK's withdrawal from the EU, and the UK government's announcement to amend the UK MDR, in particular to create a new access pathway to support innovation and create an innovative framework for regulating software and AI as medical devices;
- compliance risks associated with the Japanese PMDA;
- compliance risks associated with the Swiss MedDO;

- compliance risks associated with new or upcoming regulations associated with AI applicable to Software as a Medical Device, including compliance with the EU AI Act; and
- compliance risks associated with existing, new or upcoming requirements and expectations associated with medical device cybersecurity.

Any of these factors may require significant resources to address and could significantly harm our future international expansion and operations and, consequently, our revenue and results of operations.

Our success depends on our ability to attract and retain senior management and key personnel.

Our success depends on our ability to retain our senior management and to attract and retain qualified personnel in the future. Competition for senior management personnel, as well as salespersons, scientists, clinicians, and engineers, is intense and we may not be able to retain our personnel. The loss of key personnel, including key members of our senior management team or members of our board of directors, as well as certain of our key finance, legal, regulatory, research and development, quality, and clinical personnel, could disrupt our operations and have a material and adverse effect on our ability to grow our business. Each of our officers may terminate their employment at any time without notice and without cause or good reason. The loss of a member of our senior management team or our professional staff would require the remaining executive officers to divert immediate and substantial attention to seeking a replacement.

We have experienced significant changes in our executive leadership in recent years and we may experience further changes in executive leadership in the future.

Changes to strategic or operating goals, which can often times occur with the appointment of new executives, can create uncertainty, may negatively impact our ability to execute quickly and effectively, and may ultimately be unsuccessful. If we do not integrate new executives successfully, we may be unable to manage and grow our business, and our financial condition and profitability may suffer as a result. In addition, to the extent we experience additional management turnover, competition for top management is high and it may take months to find a candidate that meets our requirements. If we are unable to attract and retain qualified management personnel, our business could suffer.

Further, we may undertake reorganizations of our workforce from time to time, which may result in a temporary reduction in the number of employees in certain locations. We would undertake a reorganization to reduce operating expenses or achieve other business objectives, though we cannot guarantee any specific amount of long-term cost savings. Further, the turnover in our employee base could result in operational and administrative inefficiencies, which could adversely impact the results of our operations, stock price, and customer relationships, could complicate our efforts to retain other valuable employees, and could make recruiting for future management and other positions more difficult.

Our continued rapid growth could strain our personnel resources and infrastructure, and if we are unable to manage the anticipated growth of our business, our future revenue and operating results may be harmed.

We have experienced rapid growth in our headcount and in our operations. Any growth that we experience in the future will provide challenges to our organization, requiring us to expand our sales personnel, manufacturing, clinical, customer care, and billing operations and general and administrative infrastructure. In addition to the need to scale our operational and service capacity, future growth will impose significant added responsibilities on management, including the need to identify, recruit, train, and integrate additional employees. Rapid expansion in personnel could impact our capacity to manufacture our Zio patches, market, sell, and support our iRhythm Services, and analyze the data to produce Zio reports, which could result in inefficiencies and unanticipated costs, impacts to our iRhythm Services, including our Zio patches, and disruptions to our service operations. Additionally, rapid expansion could require us to rely on overtime to increase capacity that could, in turn, result in greater employee attrition and/or a loss in productivity during the process of recruiting and training additional resources and add to our operating expenses. Further, a move toward automation to address, for example, staffing or scalability needs, could result in unintended consequences, such as increased scrap rate negatively impacting profitability.

As we seek to gain greater efficiency, we may look for ways to expand the automated portion of our iRhythm Services and require productivity improvements from our qualified cardiac technicians, within the framework of our wide-ranging regulatory obligations. Such improvements could impact the content of our Zio reports. In addition, rapid and significant growth may strain our administrative and operational infrastructure. Our ability to manage our business and growth will require us to continue to improve our operational, financial, and management controls, reporting systems, and procedures. If we are unable to manage our growth effectively, it may be difficult for us to execute our business strategy and our business could be harmed.

Failure to receive the iRhythm ACM System patches used for the provision of the iRhythm Services we provide may result in a loss of capital as well as revenue where the receipt of returned devices and processing of data retrieved from returned devices is required to provide our iRhythm Services.

Our iRhythm ACM System patches and gateways are provided to patients either (1) during in-office visits with a healthcare provider or (2) remotely via at-home hookup. We have also seen hybrid situations where accounts, in response to staffing shortages, provide in-clinic Zio device packages to patients for application at home. Although in all three scenarios there is the potential that a patient will not return the device(s) at the conclusion of the wear period, home hookups historically result in a higher likelihood that the patient will fail to return his or her device, which negatively impacts our financial condition when we are unable to provide the iRhythm Services. For example, when the patient returns a Zio monitor to us at the end of the patient wear period, we provide the Zio monitor services, which include the end of service report based on the data stored on the Zio monitor, after which we submit a claim to the relevant payor or to the patient for the services rendered. If a patient fails to return a device, we experience financial losses, which include the cost of the device as well as the loss of potential revenue for the service that is contingent on the returned device for the submission of the associated claim.

Our strategic plans include a high degree of focus on the marketing of our services for proactive monitoring of undiagnosed arrhythmias, such as Afib screening. There are risks that the clinical or payor community will not identify, adopt or accept selection criteria to identify patients suitable for proactive monitoring of undiagnosed arrhythmias.

In January 2022, the U.S. Preventive Services Task Force (“USPSTF”) published a recommendation statement on the screening criteria for Afib screening, stating that current evidence is insufficient to assess the balance of benefits and harm of Afib screening, and thus found that it could neither recommend for or against screening of adults 50 years or older without a diagnosis or symptoms of Afib and without a history of transient ischemic attack or stroke. In its recommendation, the USPSTF also identified research needs and gaps, including for example assurance that future research involves randomized trials of diverse patient populations and conducting research to optimize the accuracy of screening for Afib. This USPSTF recommendation statement may deter some clinicians or payors from selecting patients for screening for Afib. We cannot predict whether or when the USPSTF’s recommendation on Afib screening will change or be modified based on findings from additional randomized trials, other research, or through the continued use of our products and services or other similarly situated products and services designed for remote cardiac monitoring.

We may face risks associated with acquisitions of companies, products, and technologies and our business could be harmed if we are unable to address these risks.

If we are presented with appropriate opportunities, we could acquire or make other investments in complementary companies, products, or technologies. We may not realize the anticipated benefit of our acquisitions, or the realization of the anticipated benefits may require greater expenditures than anticipated by us. For example, the Technology License Agreement (as amended, the “License Agreement”) that we entered into with BioIntelliSense, Inc. ("BioIS") may not result in the development of commercially viable products or services or the generation of significant future revenues. The success of our efforts is highly dependent on the efforts and skill sets of our employees, and support of these efforts requires significant resources, including research and development, manufacturing, quality assurance, and clinical and regulatory personnel. Even if and when launched, the developed devices may also not be accepted in the marketplace, and there is no assurance that adequate coverage or reimbursement would be available, or that an alternative payment model can be developed.

In addition, we will likely face risks, uncertainties, and disruptions associated with the integration process, including difficulties in the integration of the operations and services of any acquired company, integration of acquired technology with our iRhythm Services, including our iRhythm ACM System, diversion of our management’s attention from other business concerns, the potential loss of key employees or suppliers of the acquired businesses, and impairment charges if future acquisitions are not as successful as we originally anticipated. We may also face challenges integrating cybersecurity and data protection controls, heightened external scrutiny on acquired IP rights, regulatory exclusivity periods, and confidentiality agreements, and successor-liability imposed by regulators for actions by a target prior to acquisition. If we fail to successfully integrate other companies, products, or technologies that we acquire, our business could be harmed. Furthermore, we may have to incur debt or issue equity or equity-linked securities to pay for any future acquisitions or investments, the issuance of which could be dilutive to our existing stockholders. In addition, our operating results may suffer because of acquisition-related costs, amortization expenses, investment required to address risks associated with the acquisition, or charges relating to acquired intangible assets.

We also regularly evaluate a variety of other potential strategic transactions, including equity and other investments and strategic alliances. Equity and other investments and strategic alliances pose additional risks, as we could share ownership and, in some cases, management responsibilities with one or more other parties whose objectives may diverge from ours over time; who may not have the same priorities, strategies, or resources as we do; or whose interpretation of applicable policies may differ from our own.

The success of our collaboration with BioIS and the extent to which we realize a return on investment in the technology licensed from BioIS is dependent on our achievement of certain regulatory milestones. If those milestones are not met, or if any resulting products do not gain acceptance in the marketplace, our business and operating results may be negatively impacted.

Our License Agreement with BioIS grants us an exclusive license to develop and commercialize pulse oximetry, accelerometry, and trending non-invasive blood pressure technologies for use within our remote cardiac monitoring products and services. It is anticipated that BioIS's multiparameter sensing technologies will position us to expand the capabilities of our product platform within the remote cardiac monitoring field of use and potentially into adjacent indications such as obstructive sleep apnea over time. This will require that any new products developed undergo validation and achieve certain regulatory milestones. Should we fail to meet those milestones, or if there are material delays in doing so, this could impede our ability to commercialize any new products or solutions utilizing the technologies covered by the License Agreement and realize our return on investment.

We are currently exploring opportunities to expand into the market of sleep apnea screening and diagnostics, which carries unique regulatory requirements and represents an ongoing area of focus for government enforcement. Commercialization of new products and services in the sleep testing space will require a significant investment of time and resources. If we are unable to successfully execute on these opportunities, it could have an adverse affect on our reputation, business, and results of operations.

We continue to devote time and resources into exploring the sleep apnea screening and diagnostics market. We do not anticipate meaningful revenue from any such opportunities to expand into the sleep apnea screening and diagnostics market for the foreseeable future. If we fail to capitalize on these opportunities, we may face threats from our competitors should they be able to commercialize products and services in the home sleep testing ("HST") space on a more expeditious timeline. Additionally, any new HST product or service offering will be subject to specific requirements to qualify for reimbursement under Medicare and Medicaid and by third-party commercial payors. Improper billing activities related to HST product or service offerings have been an area of significant government scrutiny in recent years. Failure to comply with the myriad, complex legal and regulatory requirements surrounding the provision of sleep apnea diagnostics could subject us to substantial civil or criminal penalties, exclusion from participation in the Medicare program, reputational harm, and other adverse consequences to our business and results of operations.

Risks Related to Healthcare Regulatory Matters

Our use of third-party service providers or company resources located outside the United States to support certain customer care, clinical, and other operations of our IDTFs may present challenges, and if we are ineffective in limiting work performed by these service providers or company resources consistent with applicable regulations or our contractual agreements with commercial payors, we may be subject to penalties or experience loss of revenue.

Beginning in the third quarter of 2022, we engaged third-party service providers to support certain customer care and clinical operations of our IDTFs. We have developed operational and technical controls to limit the work performed by these vendors consistent with our interpretation of the Medicare coverage exclusion of services furnished outside the United States, other applicable laws and regulations, and any requirements imposed pursuant to our contracts with commercial payors. If these controls do not work as intended, or if regulators or commercial payors disagree with our interpretation of these requirements and their application to our operations, we may be subject to a requirement to return funds already paid to us, civil monetary penalties, other government enforcement, as highlighted by a 2022-settlement of an enforcement action brought against our competitor, BioTelemetry, Inc., with respect to the support of certain clinical operations by vendors performing work outside the United States, and termination of contracts with commercial payors, as well as the loss of revenue associated with those contracts.

In addition, we are currently engaging with other third-party service providers that have resources located outside the United States, and we have established company resources in the Philippines to provide services in support of our IDTFs. These services include benefits verification, billing, collections, and customer service, which require complex oversight and monitoring for appropriate capture and escalation of complaint information that may be relevant to the quality, performance, and safety of our medical devices or the quality of our clinical services. If we are unable to effectively manage this oversight and monitoring, we may be subject to regulatory enforcement action or inquiries which may be expensive and time consuming to resolve. In addition, certain contracts with commercial payors include restrictions related to accessing patient data outside the United States and we have implemented reasonable controls intended to prohibit unauthorized use of patient data by service providers and company resources located outside the United States for these commercial payors, as appropriate. If these controls do not work as intended, or if the payor information we receive from ordering healthcare providers is delayed or inaccurate, we may encounter the suspension or termination of contracts with commercial payors, as well as any contractual remedies such payors might pursue. The suspension or loss of any of our key commercial payor agreements would have an adverse impact on our revenue and our results of operations.

If we fail to comply with medical device, healthcare, and other governmental regulations, we could face substantial penalties and our business, results of operations, and financial condition could be adversely affected.

The services and related devices we offer are highly regulated, and the regulatory environment in which we operate may change significantly and adversely in the future. Our arrangements with physicians, hospitals, clinics, and other stakeholders in the healthcare industry may expose us to broadly applicable medical device laws and healthcare fraud and abuse and other laws and regulations that may restrict the financial arrangements and relationships through which we market, sell, distribute, and provide our services and related devices. Our employees, consultants, and commercial partners and collaborators may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements. Federal, state and international healthcare laws and regulations that may affect our ability to conduct business, include, without limitation:

- state licensure laws applicable to the manufacture, marketing, distribution, and sale of medical devices;
- federal and state laws and regulations regarding billing, claims payment, and enrollment for participation in government healthcare programs, including regulations requiring the timely identification and refunding of overpayments to Medicare and other federally funded healthcare programs;
- the federal AKS, which prohibits, among other things, any person from knowingly and willfully offering, soliciting, receiving, or providing remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual for, or the purchase, order or recommendation of, any good or service for which payment may be made under federal healthcare programs, such as the Medicare and Medicaid programs;
- the federal False Claims Act ("FCA"), which prohibits, among other things, individuals or entities from knowingly presenting, or causing to be presented, false claims, or knowingly using false statements, to obtain payment from the federal government;
- federal criminal laws that prohibit executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;
- the FCPA, the UK Bribery Act of 2010, and other local anti-corruption, anti-kickback, and transparency laws that apply to our international activities;
- the federal Physician Payment Sunshine Act, or Open Payments, and its implementing regulations, which requires us to report payments or other transfers of value made to licensed physicians and certain mid-level health practitioners and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members;
- Health Insurance Portability and Accountability Act (“HIPAA”), as amended by the Health Information Technology for Economic and Clinical Health Act, and its implementing regulations, which impose certain requirements for privacy, security, and electronic transmission of individually identifiable health information and establish criminal liability for knowingly making false statements or concealing material facts in connection with the delivery of or payment for healthcare benefits, items, or services;
- the GDPR, which provides legal requirements for the handling and disclosure (including across borders) of personal data collected in the EU and the UK;
- FDA’s Code of Federal Regulations, including but not limited to, 21 CFR Parts 820, 803, 806, and 801, that outlines requirements for medical device design, testing, marketing authorization, manufacturing, labeling, distribution, and post-market surveillance requirements;
- the EU MDR that outline requirements for medical device CE marking;

- the UK MDR, which, post the UK's withdrawal from the EU, replaces the CE marking requirement for medical devices sold in the UK with a UKCA mark;
- the Swiss MedDO, which governs the approval and importation requirements of medical devices into Switzerland;
- the Japanese PMDA, which outlines comprehensive standards for the design, evaluation, marketing approval, production, labeling, distribution, and ongoing monitoring of medical devices in Japan; and
- state law equivalents of each of the above U.S. federal laws, such as anti-kickback and false claims laws which may apply to items or services reimbursed by any third-party payor, including commercial insurers, and state and foreign laws governing the privacy and security of individually identifiable information in certain circumstances (e.g., the Telephone Consumer Protection Act, the CAN-SPAM Act, and state privacy, consumer protection, and data breach notification laws), many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

These laws are broad in scope and available exceptions and exemptions are narrow; it is possible that some of our activities could be subject to challenge under one or more of such laws. Any action brought against us for violations of these laws or regulations, even if successfully defended, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business. We may be subject to private "qui tam" actions brought by individual whistleblowers on behalf of the federal or state governments, with potential liability under the federal FCA including mandatory treble damages and significant per-claim penalties. If the government decides to intervene and prevails in the lawsuit, the individual will share in the proceeds from any fines or settlement funds. If the government declines to intervene, the individual may pursue the case alone. In 2025, whistleblowers filed 1,297 qui tam lawsuits under the FCA—the highest number in a single year—and whistleblowers are becoming increasingly willing to pursue cases on their own following a declination by the government. For violations assessed after July 3, 2025, the minimum FCA penalty increased from $13,946 to $14,308 per claim and the maximum penalty increased from $27,894 to $28,619 per claim. In addition, FCA lawsuits may expose defendants to follow-on claims by private payers based on fraudulent marketing practices. Recent growth in FCA litigation has increased the risk that companies will have to defend a false claim action, and pay settlements, fines or restitution, as well as criminal and civil penalties, agree to comply with burdensome reporting and compliance obligations, and/or be excluded from Medicare or other federal and state healthcare programs. For example, our industry has experienced recent FCA enforcement, including a December 2023 settlement by BioTelemetry, Inc. and its subsidiary LifeWatch Services Inc. involving allegations that these companies submitted claims to federal programs for a higher level of remote cardiac monitoring than physicians had intended to order or that was medically necessary, thus inflating the level of reimbursement paid, which highlights the importance of compliance with the rules and regulations governing claims submitted to federal healthcare programs.

Although we have adopted policies and procedures designed to comply with these laws and regulations and conduct internal reviews of our compliance with these laws, our compliance is also subject to governmental review. The growth of our business and sales organization and our expansion outside of the United States may increase the potential of violating these laws or our internal policies and procedures. The risk of our being found in violation of these or other laws and regulations is further increased by the fact that many have not been fully interpreted by the regulatory authorities or the courts, and their provisions are open to a variety of interpretations. Any action brought against us for violation of these or other laws or regulations, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business. If our operations are found to be in violation of any of the federal, state, or foreign laws described above or any other current or future fraud and abuse or other healthcare laws and regulations that apply to us, we may be subject to penalties, including significant criminal, civil, and administrative penalties, damages, fines, imprisonment for individuals, exclusion from participation in government programs, such as Medicare, and we could be required to curtail or cease our operations. Any of the foregoing consequences could seriously harm our business and our financial results.

Further, in 2024 the U.S. Supreme Court reversed its longstanding approach under the Chevron doctrine, which provided for judicial deference to regulatory agencies, including FDA. As a result of this decision, we cannot be sure whether there will be increased challenges to existing agency regulations or how lower courts will apply the decision in the context of other regulatory schemes without more specific guidance from the U.S. Supreme Court. For example, this decision may result in more companies bringing lawsuits against FDA to challenge longstanding decisions and policies of FDA, which could undermine FDA's authority, lead to uncertainties in the industry, and disrupt FDA's normal operations, which could impact the timely review of any regulatory filings or applications we submit to FDA.

Changes in applicable laws or regulations or the interpretation or enforcement policies of regulators governing our medical devices, IDTFs and iRhythm Services may constrain or require us to restructure our operations or adapt certain business strategies which may harm our revenue and operating results.

Healthcare laws and regulations, and interpretations of the same, change frequently and may change significantly in the future. We may not be able to adapt our operations to address every new regulation or interpretation, and new regulations or interpretations may adversely affect our business. For example, FDA has taken novel steps in recent years to regulate MCT devices—including Zio AT—through administrative actions including development of Product Code QYX and assignment of that Product Code to certain devices already on the market, and also to applicants seeking 510(k) clearance for devices used in MCT monitoring services. FDA's inclusion in the Product Code's "Definition" of "Outpatient Cardiac Telemetry" devices certain activities in the purview of IDTFs and other monitoring locations presents the potential for these activities to be viewed as a component of the device subject to direct FDA oversight. It remains unclear how FDA will continue to interpret and enforce the device requirements for devices that FDA assigns to Product Code QYX.

There also remains general uncertainty regarding future government activities, including enforcement policies. For example, DOJ disbanded the CBP, which was responsible for enforcement of the FD&C Act. Following dissolution of the CBP, on September 25, 2025, DOJ announced a restructuring under which the Civil Division's litigation work would be consolidated into a new Enforcement & Affirmative Litigation Branch, and the Health and Safety Unit housed within the Fraud Section of DOJ's Criminal Division is now charged with criminal enforcement of the FD&C Act. The current presidential administration could also issue or promulgate executive orders, regulations, policies or guidance that adversely affect us or create a more challenging or costly environment to pursue the development of new diagnostic products or services. Alternatively, state governments may attempt to address perceived gaps in regulation or react to changes at the federal level with changes to their own regulatory frameworks in a manner that is adverse to our operations. If we become negatively impacted by future governmental orders, regulations, policies or guidance as a result of the current presidential administration or state regulatory responses, there could be a material adverse effect on us and our business. We also cannot assure that a review of our business by courts or regulatory authorities would not result in a determination that adversely affects our revenue and operating results.

Our business could be negatively impacted by changes in the United States political environment.

Any policy changes as a result of the current presidential administration and Congress could significantly affect our business as well as the markets in which we operate. Specific legislative and regulatory proposals discussed during election campaigns and since inauguration that might materially impact our business include, but are not limited to, promoting access to healthcare via market competition and pricing transparency, enhancing flexibility and choice in healthcare at the state and individual level, prioritizing domestic production and increasing tariffs on imports (which may complicate and increase costs associated with our supply chain and our international expansion), and rolling back regulatory initiatives adopted under the previous administration. We cannot predict whether industry initiatives to seek tariff carve-outs for devices or other life sciences goods and products will be successful.

Some of these legislative and regulatory proposals have manifested to date in the form of specific tariff proposals, and actions to reduce the size of the federal government, including large-scale reductions in force at FDA. The loss of key personnel at FDA, including those in leadership positions, is likely to impact the operations at FDA, which could result in, among other things, delays or limitations on our ability to obtain guidance from FDA on our products, longer review times, and delays in obtaining regulatory approvals. The escalating global economic competition and trade tensions among the United States and its trading partners could have an adverse effect on our business, results of operations, financial condition and cash flows, and there is risk of additional tariffs and other kinds of restrictions. The current administration also has issued, and is expected to continue relying upon, executive orders to address a wide range of policy areas, some of which may impact our business. Examples of executive orders that have already been issued on public health and healthcare topics include orders seeking to promote healthcare price transparency, deliver most-favored-nation pricing for prescription drugs to patients and facilitate direct-to-consumer drug sales, promote domestic production of pharmaceutical products, and expand access to in vitro fertilization. Such political developments may require us to allocate significant time, resources, and expense to modifying our policies and procedures, processes, systems, and practices to ensure compliance or adapt to the new regulatory climate, particularly to the extent such actions are subject to protracted and uncertain legal challenges. To the extent changes in the political environment have a negative impact on us or on our markets, our business, results of operation, and financial condition could be materially and adversely affected in the future.

Our business relies on orders from licensed healthcare providers, and the continuing clinical acceptance and adoption of our iRhythm Services depends upon strong working relationships with healthcare providers, including physicians. These relationships, interactions, and arrangements are subject to a high degree of scrutiny by government regulators and enforcement bodies.

As a CMS-enrolled IDTF, we may only provide our iRhythm Services upon receipt of a valid order from a licensed healthcare provider for use in the diagnosis and treatment of a patient's medical condition. Accordingly, our revenue and the success of our business rely on the continued clinical acceptance and adoption of our iRhythm Services by healthcare providers whose patients require remote cardiac monitoring services. In addition to continuing to demonstrate the clinical value of our iRhythm Services, we also must support widespread clinical acceptance and adoption of our iRhythm Services by maintaining strong working relationships with these healthcare providers, including physicians. However, as we work to establish and maintain these relationships, we face significant scrutiny of these relationships, interactions, and arrangements by government regulators and enforcement agencies. Failure to structure and maintain these relationships, interactions, and arrangements in compliance with applicable laws and regulations, including those targeted at fraud and abuse like the AKS and the FCA, could expose us to significant legal and financial repercussions, including government civil and criminal investigations, civil monetary penalties, criminal penalties, and/or exclusion from federal healthcare programs.

Our communications with healthcare stakeholders – physicians and other healthcare professionals, payors, and similar entities, as well as patients and lay caregivers – are subject to a high degree of scrutiny for compliance with a wide range of laws and regulations. Continuing or increasing our sales and marketing and other external communication efforts may expose us to additional risk of being alleged or deemed to be non-compliant by regulators, enforcement authorities, or competitors.

Our sales and marketing efforts and initiatives, as well as other communications with healthcare professionals ("HCPs"), may subject us to a high degree of scrutiny for compliance with applicable laws and regulations and our practices of effective communication of risk information, benefits, or claims will be subject to oversight by FDA, the Federal Trade Commission ("FTC") and others.

In addition, FDA applies a heightened level of scrutiny to comparative claims when applying its statutory standards for advertising and promotion, including with regard to its requirement that promotional labeling be truthful and not misleading. There is potential for differing interpretations of whether certain communications are consistent with a product's FDA-required labeling, including with respect to communications that may reference or contemplate the use of the Zio devices with specified patient populations. FDA will evaluate communications, in context, on a fact-specific basis. This is a continued area of focus for regulators. The FTC has also released updated guidance on health claims, with a high expectation for clinical data to support these claims.

In addition, making comparative claims may draw scrutiny from our competitors. Where a company makes a claim in advertising or promotion that its product is superior to the product of a competitor (or that the competitor's product is inferior), this creates a risk of a lawsuit by the competitor under federal and state false advertising or unfair and deceptive trade practices law, and possibly also state libel law. Such a suit may seek injunctive relief against further advertising, a court order directing corrective advertising, and compensatory and punitive damages where permitted by law. If our compliance program and training and monitoring do not effectively keep pace with our sales and marketing growth, we may encounter increased risk in execution of activities by our personnel, potential enforcement and other exposure.

We may also seek to communicate certain information with physicians and scientists and their practices and health systems or with payors and similar entities, and may rely on a range of laws, regulations, regulatory guidance governing topics, including scientific exchange, and communication of healthcare economic information and product information under the Preapproval Information Exchange Act. FDA's final guidance, issued in January 2025, on communication of scientific information on unapproved uses of cleared/approved medical products with HCPs further illustrates the agency's focus on ensuring that such communications to those in a position to order or prescribe products are consistent with available scientific data and subject to organizational controls maintaining separation and distinction from promotional marketing.

For example, certain of our physicians may order the iRhythm Services for patients who are under 18, which is outside the cleared indications for use. While we do not intend for any personnel to promote our devices for pediatric use and we have policies addressing appropriate responses to unsolicited requests for information about pediatric use, our approach may be subject to ongoing scrutiny from FDA.

If FDA or other federal, state, or foreign enforcement authorities determine that our labeling, advertising, promotional materials, or user training materials, or representations made by our personnel include the promotion of an off-label use for the device, or that we have made false or misleading or inadequately substantiated promotional claims, or claims that could potentially change the regulatory status of the product, FDA or other authorities could take the position that these materials have misbranded our devices and request that we modify our labeling, advertising, or user training or promotional materials and/or subject us to regulatory or legal enforcement actions, including the issuance of an Untitled Letter or a Warning Letter, injunction, seizure, recall, adverse publicity, civil penalties, criminal penalties, including substantial fines, or other adverse actions. In that event, we would be subject to extensive fines and penalties and our reputation could be damaged and adoption of the products would be impaired. Although we intend to refrain from statements that could be considered off-label promotion of our products, FDA or another regulatory agency could disagree and conclude that we have engaged in off-label promotion.

Changes in laws and regulations governing our communications with patients or the interpretation or enforcement policies of regulators could subject us to regulatory scrutiny, damage awards, or fines.

As a Medicare-enrolled IDTF, we are prohibited from directly soliciting patients for diagnostic medical procedures. While we can engage in general marketing initiatives, consistent with applicable law, we cannot make telephone, computer, and in-person contacts for the purpose of soliciting business for our IDTF.

Regarding patients for whom we have received a valid order for our iRhythm Services, we may send or make text messages, emails, phone calls, and other communications for various informational, business purposes, including to confirm accurate demographic and payor information or to assist a patient via a home hookup. Communication-related laws may require consent prior to certain communications and provide a specified monetary damage award or fine for each violation which could result in particularly significant damage awards or fines. For example, under the Telephone Consumer Protection Act ("TCPA"), plaintiffs may seek actual monetary loss or statutory damages of $500 per violation, whichever is greater, and up to $1,500 per violation for willful or knowing violations, and courts may award injunctive relief. In the wake of a 2021 decision by the United States Supreme Court that limited the applicability of the TCPA, several states have enacted or introduced legislation that would regulate text messages and certain telephone calls to individuals and, in some instances, impose stricter requirements than federal law. Certain non-marketing healthcare messages may qualify for limited TCPA exemptions if specific conditions are met (e.g., content limits, frequency caps, opt-out, and no charge to the recipient). We may be subject to lawsuits (including class-action lawsuits) containing allegations that our business violated the TCPA or other communications laws. These lawsuits may seek damages (including statutory damages) and injunctive relief, among other remedies. We also may face enforcement by the Federal Communications Commission (including under the Telemarketing Sales Rule and Do-Not-Call provisions) and state attorneys general. A determination that there have been violations of the TCPA or other statutes regulating communications with patients could expose us to significant damage awards that could, individually or in the aggregate, materially harm our business.

While most of our revenue results from claims submitted to payors for diagnostic medical procedures, we offer, and are looking to expand, alternative payment and service delivery models. Piloting, evaluating, and implementing these alternative payment and service delivery models requires interactions with commercial payors, physicians, and patients; these interactions are subject to laws and regulations aimed at preventing healthcare fraud and abuse. If these models are unsuccessful, or if we are unable to fully comply with such laws as we pursue these strategies, our commercial success could be compromised and we could face substantial penalties.

Our operations may be directly or indirectly affected by various broad state and federal healthcare fraud and abuse laws, including the federal AKS, the FCA, the Anti-Mark Up Rule, and the Medicare Beneficiary Inducement Statute. For some of our services, we directly bill physicians or other healthcare entities, that, in turn, bill payors, and the amounts we bill may include a risk-based pricing component. We are also developing alternative service delivery models that include using our Zio monitor or Zio XT to screen at-risk patient populations as part of a value-added service offered by managed care organizations, including Medicare Advantage Organizations, to qualifying participants. Although we have endeavored to properly design these billing and service models and structure our program development efforts, including related affiliations and relationships with physicians or other healthcare entities, to comply with applicable laws and regulations, these types of initiatives may draw a high degree of scrutiny and may subject us to assertions of non-compliance. If our past, present, or future operations are found to be in violation of fraud and abuse laws, we or our officers may be subject to civil or criminal penalties, including large monetary penalties, damages, fines, imprisonment, and exclusion from Medicare program participation. Furthermore, if we knowingly file, or "cause" the filing of, false claims for reimbursement with government programs such as Medicare, we may be subject to substantial civil penalties, including treble damages.

Risks Related to Financial and Accounting Matters

Our failure to maintain an effective system of internal controls, which may result in material misstatements of our consolidated financial statements or cause us to fail to meet our periodic reporting obligations.

As a public company, we are subject to certain reporting requirements, including those under the Sarbanes Oxley Act of 2002 (the "Sarbanes-Oxley Act"), which requires, among other things, that we maintain effective internal control over financial reporting and disclosure controls and procedures. In order to maintain and improve the effectiveness of our internal controls and disclosure controls and procedures, we have expended, and anticipate that we will continue to expend significant resources, including accounting related costs and significant management oversight.

Maintaining effective internal control and disclosure controls and procedures requires ongoing attention and resources. We continue to seek improvements to enhance our control environment and to strengthen our internal controls to provide reasonable assurance that our financial statements continue to be fairly stated in all material respects.

If we discover weaknesses in our system of internal financial and accounting controls and procedures, our consolidated financial statements may contain material misstatements, and we could be required to restate our financial results. Our internal control over financial reporting will not prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

Any failure to implement and maintain effective internal control over financial reporting could cause investors to lose confidence in our reported financial and other information, adversely impact our stock price, cause us to incur increased costs to remediate any deficiencies, and attract regulatory scrutiny or lawsuits that could be costly to resolve and distract management's attention, limit our ability to access the capital markets, or cause our stock to be delisted from The Nasdaq Global Select Market or any other securities exchange on which it is then listed. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

Our financial results may fluctuate significantly from quarter-to-quarter and may not fully reflect the underlying performance of our business.

Our revenue and operating results may fluctuate significantly from quarter to quarter as a result of a variety of factors, a number of which are outside our control, and may therefore not fully reflect the underlying performance of our business. Such factors may include, for example, seasonal variations in prescription rates. We typically experience reduced revenue during the third quarter, as well as during the year-end holiday season. We believe this is the result of physicians and patients taking vacations, and patients electing to delay our monitoring services during the summer months and holidays. We believe that period-to-period comparisons of our operating results may not be meaningful and should not be relied on as an indication of our future performance. If quarterly revenues or operating results fall below the expectations of investors or public market analysts, the trading price of our common stock could decline substantially. Factors that might cause quarterly fluctuations in our operating results include:

- our inability to manufacture an adequate supply of our iRhythm ACM Systems to support demand for our iRhythm Services at appropriate quality levels and acceptable costs;
- possible delays in our research and development programs or in the completion of any third-party clinical trials relating to our iRhythm Services;
- a lack of acceptance of our iRhythm Services, including our iRhythm ACM Systems, by physicians and potential patients;
- the inability of patients to receive reimbursements from third-party payors;
- the purchasing patterns of physicians and patients, including as a result of seasonality;
- failures to comply with regulatory requirements, which could lead to withdrawal of our iRhythm Services, including our iRhythm ACM Systems, from the market;
- our failure to continue the commercialization of our iRhythm Services;
- competition;
- inadequate financial and other resources; and
- global business, political, and economic conditions, including inflation, interest rate volatility, cybersecurity events, uncertainty with respect to the federal debt ceiling and budget and potential government shutdowns related thereto, potential instability in the global banking system, political instability, and military hostilities, including ongoing geopolitical conflicts, such as the wars in Ukraine and Iran and conflicts in the Middle East and Venezuela.

Further, we recognize a portion of our revenue from non-contracted third-party commercial payors. For example, during the three months ended March 31, 2026, revenue from non-contracted third-party commercial payors accounted for approximately 6% of our total revenue. We have limited visibility as to when we will receive payment for our iRhythm Services with non-contracted payors and we or our third party billing vendors must appeal any negative payment decisions, which often delays collections further. Additionally, a portion of the revenue from non-contracted payors is received from patient co-pays, which we may not receive for several months following delivery of service or may not receive at all. For revenue related to non-contracted payors, we estimate an average collection rate based on factors including historical cash collections. Subsequent adjustments, if applicable, are recorded as an adjustment to revenue. Fluctuations in revenue may make it difficult for us, research analysts, and investors to accurately forecast our revenue and operating results or to assess our actual performance. If our revenue or operating results fall below expectations, the price of our common stock would likely decline.

We have a history of operating losses and may not achieve or sustain profitability in the future.

We have incurred net losses since our inception in September 2006. We generated net losses of $13.9 million and $30.7 million during the three months ended March 31, 2026, and 2025, respectively. As of March 31, 2026, we had an accumulated deficit of $817.4 million. We have financed our operations to date primarily through private and public offerings of equity and convertible debt securities and revenue generated by prescriptions of our iRhythm Services. We have and expect to continue to incur significant research and development, sales and marketing, regulatory, and other expenses as we expand our marketing efforts to increase the prescription of our iRhythm Services, expand existing relationships with physicians, obtain regulatory clearances or approvals for our current or future services and related devices, conduct clinical trials on our existing and future services, and develop new services or add new features to our existing iRhythm Services. We also expect that our general and administrative expenses will continue to increase due to, among other things, the operational and regulatory burdens applicable to medical service providers that are public companies. As a result, we may continue to incur operating losses in the future. These losses, among other things, may have an adverse effect on our stockholders' equity and the value of our common stock.

We may require additional capital to support the growth of our business, and this capital might not be available on acceptable terms, if at all.

Our operations have consumed substantial amounts of cash since inception. We intend to continue to make investments to support our business, which may require us to engage in equity or debt financings to secure additional funds. Additional financing may not be available on a timely basis on terms acceptable to us, or at all. Any additional financing may be dilutive to stockholders or may require us to grant a lender a security interest in our assets. The amount of funding we may need will depend on many factors, including:

- the revenue generated by our iRhythm Services;
- the costs, timing, and risks of delay of additional regulatory approvals;
- the expenses we incur in manufacturing, developing, selling, and marketing our iRhythm Services;
- our ability to scale our manufacturing operations to meet demand for the iRhythm ACM Systems used in our current and any future iRhythm Services or other offerings;
- the costs of filing, prosecuting, defending, and enforcing any patent claims and other intellectual property rights;
- the rate of progress and cost of our clinical trials and other development activities;
- the success of our research and development efforts;
- the emergence of competing or complementary technologies;
- the terms and timing of any collaborative, licensing, and other arrangements that we may establish;
- the cost of ongoing compliance with legal and regulatory requirements, and third-party payors' policies;
- the cost of obtaining and maintaining regulatory or payor clearance or approval for our current or future offerings including those integrated with other companies' products; and
- the acquisition of business, products, and technologies.

If adequate funds are not available, we may not be able to commercialize our iRhythm Services at the rate we desire and/or we may have to delay the development or commercialization of our iRhythm Services or license to third parties the rights to commercialize services or technologies that we would otherwise seek to commercialize. We also may have to reduce sales, marketing, customer support, or other resources devoted to our iRhythm Services. Any of these factors could harm our business and financial condition.

Our ability to use our net operating losses to offset future taxable income may be subject to certain limitations which could subject our business to higher tax liability.

Our ability to use our net operating losses ("NOLs") to offset future taxable income may be subject to certain limitations which could subject our business to higher tax liability. We may be limited in the portion of NOL carryforwards that we can use in the future to offset taxable income for U.S. federal and state income tax purposes, and federal tax credits to offset federal tax liabilities. Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the "Code"), and similar state law provisions, limit the use of NOLs and tax credits after a cumulative change in corporate ownership of more than 50% occurs within a three-year period. Sections 382 and 383 of the Code place a formula limit on how much NOLs and tax credits a corporation can use in a tax year after a change in ownership. Avoiding an ownership change is generally beyond our control. We could experience an ownership change that might limit our use of NOLs and tax credits in the future. In addition, realization of deferred tax assets, including NOL carryforwards, depends upon our future earnings in the applicable tax jurisdictions. If we have insufficient future taxable income in the applicable tax jurisdiction for any reason, including as a result of any future corporate reorganization or restructuring activities, we may be limited in our ability to utilize some or all of our net operating losses to offset such income and reduce our tax liability in that jurisdiction. See Note 9, Income Taxes, to our unaudited consolidated financial statements included herein for additional information.

There is also a risk that due to regulatory changes or changes to federal or state law, such as suspensions on the use of NOLs, or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable either in whole or in part to offset future income tax liabilities. For example, under the Tax Cuts and Jobs Act ("TCJA"), NOLs arising in taxable years beginning after December 31, 2017 may offset no more than 80% of current taxable income (without regard for certain deductions). Therefore, we may be required to pay U.S. federal income taxes in future years despite the NOL carryforwards we have accumulated.

Risks Related to Other Legal and Regulatory Matters

We are subject to legal proceedings and government investigations that could adversely affect our business, financial condition, and results of operations.

We are involved in legal proceedings related to securities litigation, patent litigation and other matters and may become involved in other legal proceedings that arise from time to time in the future. For example, as discussed further in Note 7, Commitments and Contingencies, to our unaudited consolidated financial statements included herein, a putative securities class action lawsuit was filed against iRhythm Technologies and certain of its then current and former officer alleging violations of Sections 10(b) and 20(a) of the Exchange Act and SEC Rule 10b-5 promulgated thereunder, and two patent lawsuits have been filed against iRhythm Technologies by companies affiliated with Baxter International.

Any claims against us or our subsidiaries, whether meritorious or not, can be time-consuming, result in costly litigation, be harmful to our reputation, require significant management attention, and divert significant resources. In addition, the expense of litigation and the timing of this expense from period to period are difficult to estimate and subject to change. Litigation and other claims are subject to inherent uncertainties and management's view of these matters may change in the future. Given the uncertain nature of legal proceedings generally, we are not able in all cases to estimate the amount or range of loss that could result from an unfavorable outcome. We could incur judgments or enter into settlements of claims that could have a material adverse effect on our results of operations in any particular period.

In addition, healthcare companies are subject to numerous investigations and inquiries by various governmental agencies. For example, as discussed further in Note 7, Commitments and Contingencies, to our unaudited consolidated financial statements included herein, in March 2021, we received a grand jury subpoena from the U.S. Attorney's Office for the Northern District of California requesting information related to communications with FDA and our iRhythm ACM Systems, and, in September 2021, received a subpoena requesting additional information. On April 4, 2023, we received a Subpoena Duces Tecum from the Consumer Protection Branch, Civil Division of the DOJ, requesting production of various documents regarding our products and services. In addition, on May 25, 2023, we received a warning letter from FDA, which resulted from the inspection of our facility located in Cypress, California that concluded in August 2022. The warning letter alleged non-conformities to regulations for medical devices, including medical device reporting requirements, relating to our Zio AT System and medical device quality system requirements. On July 15, 2024, FDA initiated inspections of our Cypress and San Francisco facilities. We received 483 observations at the close of the inspection. On December 12, 2025, we received a civil investigative demand from DOJ's Civil Division's Commercial Litigation Branch seeking information and documents related to Zio AT and our associated claims for reimbursement. We have cooperated, and are continuing to cooperate, fully in connection with these matters.

Further, three decisions from the U.S. Supreme Court in July 2024 may lead to an increase in litigation against regulatory agencies that could create uncertainty and thus negatively impact our business. The first decision overturned established precedent that required courts to defer to regulatory agencies' interpretations of ambiguous statutory language. The second decision overturned regulatory agencies' ability to impose civil penalties in administrative proceedings. The third decision extended the statute of limitations within which entities may challenge agency actions. These cases may result in increased litigation by industry parties against regulatory agencies and impact how such agencies choose to pursue enforcement and compliance actions. However, the specific, lasting effects of these decisions, which may vary within different judicial districts and circuits, is unknown. We also cannot predict the extent to which FDA and SEC regulations, policies, and decisions may become subject to increasing legal challenges, delays, and changes.

Compliance with requirements of being a public company may strain our resources and divert management's attention.

As a public company, we are subject to laws and regulations relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the rules and regulations implemented by the SEC, and The Nasdaq Global Select Market listing rules. Compliance with these laws and regulations, including new laws and regulations or revisions to existing laws and regulations, has required and will continue to require, substantial management time and oversight and the incurrence of significant accounting and legal costs. These laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to continue to invest resources to comply with evolving laws, regulations, and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations, and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be adversely affected.

We could be subject to changes in our tax rates, new U.S. or international tax legislation, or additional tax liabilities.

We are subject to taxes in the United States and numerous foreign jurisdictions, where certain of our subsidiaries are organized. The tax laws in the United States and in other countries in which we and our subsidiaries do business could change on a prospective or retroactive basis, and any such changes could adversely affect our business and financial condition. Our effective tax rates could be affected by numerous factors, including changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, and changes in tax laws or their interpretation, both in and outside the United States.

For example, under the TCJA, as amended by the legislation commonly known as the One Big Beautiful Bill Act ("OBBBA"), for tax years beginning after December 31, 2021, taxpayers are required to capitalize and amortize certain research and development expenditures over fifteen years if incurred in foreign jurisdictions. For tax years beginning after December 31, 2021, and beginning on or before December 31, 2024, taxpayers generally were required to capitalize and amortize certain research and development expenditures over five years if incurred in the United States; however, beginning after that period, the OBBBA restored immediate deductibility of research and development expenditures incurred in the United States. In addition, we have a presence in the UK, as well as sales in the UK, such that any changes in tax laws in the UK will impact our business. The overall impact of these changes is uncertain, and our business and financial condition could be adversely affected.

In addition, our tax obligations and effective tax rates could be adversely affected by changes in the relevant tax, accounting and other laws, regulations, principles and interpretations, including those relating to income tax nexus, by recognizing tax losses or lower than anticipated earnings in jurisdictions where we have lower statutory rates and higher than anticipated earnings in jurisdictions where we have higher statutory rates, by changes in foreign currency exchange rates, or by changes in the valuation of our deferred tax assets and liabilities. The TCJA introduced a Base Erosion and Anti-Abuse Tax ("BEAT") which imposes a minimum tax on adjusted income of corporations with average applicable gross receipt of at least $500 million for the prior three tax years and that make certain payments to related foreign persons. In addition, the Organization for Economic Cooperation and Development has proposed a global minimum tax of 15% of reported profits ("Pillar 2") that has been agreed upon in principle by over 140 countries. Many countries have taken steps to incorporate Pillar 2 into their domestic tax laws. While neither BEAT nor Pillar 2 impact our results of operations currently, if applicable in the future, they could have an impact on our financial results, the extent of which is uncertain.

Our tax returns and other tax matters also are subject to examination by the U.S. Internal Revenue Service and other tax authorities and governmental bodies. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes. We cannot guarantee the outcome of these examinations. If our effective tax rates were to increase, particularly in the United States, or in other jurisdictions implementing legislation to reform existing tax legislation, including the UK, or if the ultimate determination of our taxes owed is for an amount in excess of amounts previously accrued, our financial condition, operating results, and cash flows could be adversely affected.

We may be liable for contamination or other harm caused by materials that we handle, and changes in environmental regulations could cause us to incur additional expense.

Our research and development and manufacturing operations may involve the use or handling of hazardous materials. We are subject to a variety of federal, state, local, and international laws, rules, and regulations governing the use, handling, storage, disposal and remediation of hazardous and biological materials, as well as the sale, labeling, collection, recycling, treatment, and disposal, of products containing such hazardous substances, and we incur expenses relating to compliance with these laws and regulations. If we violate environmental, health, and safety laws, including as a result of human error, equipment failure, or other cases, we could face substantial liabilities, fines, and penalties, personal injury and third-party property damage claims, and substantial investigation and remediation costs. These expenses or this liability could have a significant negative impact on our financial condition. Environmental laws could become more stringent over time, imposing greater compliance costs and increasing risks and penalties associated with violations. We are subject to potentially conflicting and changing regulatory agendas of political, business, and environmental groups. Changes to or restrictions on the procedures for hazardous or biological material storage or handling might require unplanned capital investment or relocation of our facilities. Failure to comply, or the cost of complying, with new or existing laws or regulations could harm our business, financial condition, and results of operations.

Risks Related to Intellectual Property

We may be subject to claims of infringement or misappropriation of the intellectual property rights of others, which could prohibit us from shipping affected devices, require us to obtain licenses from third parties or to develop non-infringing alternatives, and subject us to substantial monetary damages and injunctive relief.

We rely on a combination of patents, copyrights, trademarks, trade secret laws, confidentiality and invention assignment agreements with employees and third parties, unfair competition, and other related laws to protect our intellectual property rights. Our patents and patent applications are directed to covering key aspects of the design, manufacture, and use of our iRhythm Services, including our iRhythm ACM Systems.

Third parties may assert infringement or misappropriation claims against us with respect to our current or future devices and services, including our iRhythm ACM Systems. We are aware of numerous patents issued to third parties that may relate to aspects of our business, including the design and manufacture of the iRhythm ACM Systems used in connection with our iRhythm Services. Whether a device or service infringes a patent involves complex legal and factual issues, the determination of which is often uncertain. Therefore, we cannot be certain that we have not infringed the intellectual property rights of such third parties or others. Further, the intellectual property ownership and licensed rights, including patent rights, surrounding AI technologies, which we are increasingly building into our products and services, have not been fully addressed by U.S. courts or other federal, state or foreign laws or regulations, and the use or adoption of AI technologies in our products and services may expose us to copyright infringement, patent infringement, or other intellectual property misappropriation claims. Our competitors may assert that our iRhythm ACM Systems or the methods we employ to deliver our iRhythm Services are covered by U.S. or foreign patents held by them and we may be required to settle such allegations in the future. This risk is exacerbated by the fact that there are numerous issued patents and pending patent applications relating to remote cardiac monitoring services and the associated devices granted to third parties. There may be existing patents or patent applications now pending by third parties of which we are unaware that may later result in issued patents that our iRhythm Services, including our iRhythm ACM Systems, inadvertently infringe. As the number of competitors in the remote cardiac monitoring market grows, the possibility of patent infringement by us or a patent infringement claim against us increases. If we are unable to successfully defend any such claims as they may arise or enter into or extend settlement and license agreements on acceptable terms or at all, our business operations may be harmed.

Any infringement or misappropriation claim could cause us to incur significant costs, place significant strain on our financial resources, divert management's attention from our business, and harm our reputation. In addition, if the relevant patents are upheld as valid and enforceable and we are found to infringe such patents, we could be prohibited from using any portion of our iRhythm Services, including our iRhythm ACM Systems, that is found to infringe such patent unless we could obtain licenses to use the technology covered by the patent or are able to design around the patent. We may be unable to obtain a license on terms acceptable to us, if at all, and we may not be able to redesign our iRhythm Services, including our iRhythm ACM Systems, to avoid infringement. We may be unable to maintain or renew licenses on terms acceptable to us, if at all, and we may be prohibited from selling any portion of our iRhythm Services, including our iRhythm ACM Systems, that required the technology covered by the relevant licensed patents. Although patent and intellectual property disputes in the healthcare and medical devices area have often been settled through licensing or similar arrangements, costs associated with such arrangements may be substantial and would likely include ongoing royalties. Even if we are able to redesign our iRhythm Services, including our iRhythm ACM Systems, to avoid an infringement claim, we may not receive FDA approval for such changes in a timely manner or at all.

In addition, licensing or acquiring technologies from third parties exposes us to increased risk of being the subject of intellectual property infringement and vulnerabilities due to, among other things, our lower level of visibility into the development process with respect to such technology and the care taken to safeguard against risks. We currently rely on or incorporate, and will in the future rely on or incorporate, technology that we license from third parties, including software, into our solutions. We cannot be certain that our licensors do not or will not infringe on the intellectual property rights of third parties or that our licensors have or will have sufficient rights to the licensed intellectual property in all jurisdictions in which we may sell our platform. Some of our agreements with our licensors may be terminated by them for convenience, or otherwise provide for a limited term. If we are unable to continue to license technology because of intellectual property infringement claims brought by third parties against our licensors or against us, or if we are unable to continue our license agreements or enter into new licenses on commercially reasonable terms, our ability to develop and sell solutions and services containing or dependent on that technology would be limited, and our business, including our financial conditions, cash flows and results of operations could be harmed. Additionally, if we are unable to license technology from third parties, we may be forced to acquire or develop alternative technology, which we may be unable to do in a commercially feasible manner, or at all, and may require us to use alternative technology of lower quality or performance standards. This could limit or delay our ability to offer new or competitive solutions and increase our costs. Third-party software we rely on may be updated infrequently, unsupported or subject to vulnerabilities that may not be resolved in a timely manner, any of which may expose our solutions to vulnerabilities. Any impairment of the technologies or of our relationship with these third parties could harm our business, operating results, and financial condition.

Further, if we are found to infringe third-party patents, a court could order us to pay damages to compensate the patent owner for the infringement, such as a reasonable royalty amount and/or profits lost by the patent owners, along with prejudgment and/or post-judgment interest. Furthermore, if we are found to willfully infringe third-party patents, we could, in addition to other penalties, be required to pay treble damages; and if the court finds the case to be exceptional, we may be required to pay attorneys' fees for the prevailing party. If we are found to infringe third-party copyrights or trademarks or misappropriate third-party trade secrets, based on the intellectual property at issue, a court could order us to pay statutory damages, actual damages, or profits, such as reasonable royalty or lost profits of the owners, unjust enrichment, disgorgement of profits, and/or a reasonable royalty, and the court could potentially award attorneys' fees or exemplary or enhanced damages. If litigation were to be initiated by intellectual property owners, there could be significant legal fees and costs incurred in defending litigation (which may include filing administrative actions to attack the intellectual property) as well as a potential monetary settlement payment to the owners, even if the matter is resolved before going to trial. Moreover, the owners may take an overly aggressive approach and/or include multiple allegations in a single litigation.

Our inability to adequately protect our intellectual property could allow our competitors and others to produce devices and offer services based on our technology, which could substantially impair our ability to compete.

Our success and our ability to compete depend, in part, upon our ability to maintain the proprietary nature of our technologies. We rely on a combination of patent, copyright, and trademark law, and trade secrets, nondisclosure agreements, unfair competition laws, and other related laws, and contractual provisions to protect our intellectual property with our customers, third-party partners, and consultants. However, such methods may not be adequate to protect us or permit us to gain or maintain a competitive advantage.

For example, our patent applications may not issue as patents in a form that will be advantageous to us, or at all. Our issued patents, and those that may issue in the future, may be challenged, invalidated, or circumvented, which could limit our ability to stop competitors from marketing related devices and services. In addition, there are numerous recent changes to the patent laws and proposed changes to the rules of the USPTO, which may have a significant impact on our ability to protect our technology and enforce our intellectual property rights. We cannot be certain that we were the first to make the inventions claimed in our pending patent applications or that we were the first to file for patent protection. Additionally, the process of obtaining patent protection is expensive and time-consuming, and we may not be able to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. In addition, recent changes to the patent laws in the United States may bring into question the validity of certain software patents and may make it more difficult and costly to prosecute patent applications. Such changes may lead to uncertainties or increased costs and risks surrounding the prosecution, validity, ownership, enforcement, and defense of our issued patents and patent applications and other intellectual property, the outcome of third-party claims of infringement, misappropriation, or other violation of intellectual property brought against us and the actual or enhanced damages (including treble damages) that may be awarded in connection with any such current or future claims, and could have a material adverse effect on our business, operating results, and financial condition.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our platform or obtain and use information that we regard as proprietary. In particular, we are unable to predict or assure that:

- our intellectual property rights will not lapse or be invalidated, circumvented, challenged, or, in the case of third-party intellectual property rights licensed to us, be licensed to others;
- our intellectual property rights will provide competitive advantages to us;
- rights previously granted by third parties to intellectual property licensed or assigned to us, including portfolio cross-licenses, will not hamper our ability to assert our intellectual property rights or hinder the settlement of currently pending or future disputes;
- any of our pending or future patent, copyright, or trademark applications will be issued or have the coverage originally sought;
- we will be able to enforce our intellectual property rights in certain jurisdictions where competition is intense or where legal protection may be weak; or
- we have sufficient intellectual property rights to protect our products or our business.

We also may not be able to prevent the unauthorized disclosure or use of our technical knowledge or other trade secrets by consultants, vendors, or former or current employees, despite the existence generally of invention assignment and confidentiality agreements and other contractual restrictions we include in contracts with such parties. These agreements may not provide meaningful protection for our trade secrets, know-how, or other proprietary information in the event of any unauthorized use, misappropriation, or disclosure of such trade secrets, know-how, or other proprietary information. There can be no assurance that employees, consultants, vendors, and clients have executed such agreements or have not breached or will not breach their agreements with us, that we will have adequate remedies for any breach, or that our trade secrets will not otherwise become known or independently developed by competitors. Lastly, the measures we employ to limit the access and distribution of our proprietary information may not prevent unauthorized use or disclosure of our proprietary technology or intellectual property. As such, we cannot guarantee that the steps taken by us will prevent misappropriation of our technology.

In addition, we rely on trademarks, service marks, trade names, and brand names, such as our registered trademark “ZIO,” to distinguish our products from the products of our competitors, and have registered or applied to register these trademarks. We cannot assure you that our trademark applications will be approved. Further, during trademark registration proceedings, we may receive rejections. Although we are given an opportunity to respond to those rejections, we may be unable to overcome such rejections. In addition, in proceedings before the USPTO and in proceedings before comparable agencies in many foreign jurisdictions, third parties are given an opportunity to oppose pending trademark applications and to seek to cancel registered trademarks. Opposition or cancellation proceedings may be filed against our trademarks, and our trademarks may not survive such proceedings.

To protect our proprietary rights, we may in the future need to assert claims of infringement against third parties. The outcome of litigation to enforce our intellectual property rights in patents, copyrights, trade secrets, or trademarks is highly unpredictable, could result in substantial costs and diversion of resources, and could have a material adverse effect on our business, financial condition, and results of operations regardless of the final outcome of such litigation. In the event of an adverse judgment, a court could hold that some or all of our asserted intellectual property rights are not infringed, or are invalid or unenforceable, and could award attorneys’ fees.

Despite our efforts to safeguard our unpatented and unregistered intellectual property rights, we may not succeed in doing so or the steps taken by us in this regard may not be adequate to detect or deter misappropriation of our technology or to prevent an unauthorized third party from copying or otherwise obtaining and using our devices, technology, or other information that we regard as proprietary. In addition, third parties may be able to design around our patents. Furthermore, the laws of foreign countries may not protect our proprietary rights to the same extent as the laws of the United States.

Risks Related to Privacy and Security

Cybersecurity risks, including those involving network security breaches, services interruptions and other incidents affecting the confidentiality, integrity or availability of our data and systems, could result in the compromise of confidential data or critical systems and give rise to potential harm to our patients, remediation costs and other expenses, expose us to liability under HIPAA, breach notification laws, consumer protection laws, or other common law theories, subject us to litigation and federal and state governmental inquiries, damage our reputation, and otherwise be disruptive to our business and operations.

Cybersecurity threats can come from a variety of sources, ranging in sophistication from an individual hacker to malfeasance by employees, consultants or service providers to criminal or other unauthorized threat actors, including state-sponsored attackers. Unauthorized parties may also attempt to gain access to our systems or facilities through fraud, trickery or other forms of deceiving our employees, and contractors. Cyber threats may be generic, or they may be custom-crafted against our information systems. Cyber incidents can result from deliberate attacks or unintentional events. Over the past several years, cyber-attacks and other cyber incidents have become more prevalent and much harder to detect and defend against. These cyber-attacks and other incidents include unauthorized access to our network, information technology and data, and that of our of contractors and service providers; compromise of employee credentials and accounts; transmission of computer viruses and other malware; phishing and spamming attacks; ransomware attacks and other acts of cyber extortion; and malicious actions by persons inside our organization and other insider threats. For example, during the first quarter of 2024, we experienced a temporary delay in the billing of our contracted and non-contracted payer customers, performed by our third-party claims processing vendor. The delay was due to a cybersecurity incident experienced by Change Healthcare, a division of UnitedHealth Group, with whom one of our third-party vendors engages for services relating to billing and collections. The delay in billing resulted in a temporary delay in our cash collections. Risks related to our reliance on third-party vendors, industry concentration risks and single points of failure could materially affect our collections and operations. Additionally, the increasing use of mobile devices for remote access to our systems and data also increases these vulnerabilities and risks.

Our internal technology systems and infrastructure, and those of our contractors, are vulnerable to damage from natural disasters, acts of terrorism, war and other acts of foreign governments and failures of telecommunication, electrical and other critical systems. In addition, hardware, software or applications we develop or procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security or other problems that unexpectedly could interfere with our business operations. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may not immediately produce signs of intrusion, we may be unable to anticipate these incidents or techniques, timely discover them, or implement adequate preventative measures.

We have in the past been subject to cyber-attacks and data breaches and expect that we will be subject to additional cyber-attacks in the future and may experience future data breaches and other security incidents. Such incidents may impact the integrity, availability or confidentiality of the data we maintain or disrupt our information systems, devices or business, including our ability to deliver our services. As a result, cybersecurity, physical security and the continued development and enhancement of our controls, processes and practices designed to protect our enterprise, information systems and data from attack, damage or unauthorized access remain a priority for us. Public company cybersecurity disclosure requirements may necessitate prompt disclosure of material incidents and enhanced risk management and governance disclosures, which could increase compliance costs and expose us to enforcement, shareholder litigation, and reputational harm if our controls are deemed inadequate. Our cyber insurance may not cover all losses, limits may be insufficient, and coverage could become more expensive or unavailable.

As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any cybersecurity vulnerabilities. If our Zio devices are subject to cybersecurity vulnerabilities leading to potential harm to patients or compromises data security and confidentiality, we may be required to initiate field actions, including device recalls, or subject to government inspections, investigations or enforcement actions. In addition to any other risks this may present, this could cause significant harm to our brand reputation and consumer trust in our devices.

The secure maintenance, processing, and transmission of data is critical to our business operations and we are dependent on sophisticated information technology systems to operate our business. System failures or outages, including any potential disruptions due to significantly increased global demand on certain cloud-based systems, or failures to adequately scale our data platforms and architectures to support patient care could compromise our ability to perform these functions in a timely manner, which could harm our ability to conduct business or delay our financial reporting. We have implemented multiple layers of security measures and monitoring to protect the confidentiality, integrity, and availability of this data and the systems and devices that store and transmit such data. Despite our security measures and business controls, which undergo routine testing internally and by external parties, our information technology and infrastructure may still be vulnerable to attacks. We also rely on third-party service providers, including cloud, claims, and payment vendors; their cybersecurity or availability failures could materially disrupt our operations, and we may have limited ability to monitor or control their security posture beyond contractual and diligence measures. Any resulting unauthorized access, disclosure, or other loss of information by us or one of our service providers could result in legal claims or proceedings, and liability under laws that protect the privacy of personal data and regulatory penalties, increase in operating expenses, incurrence of expenses, including notification, mitigation, and remediation costs, disrupt our operations and the services we provide to our clients, or damage our reputation, any of which could adversely affect our profitability, revenue, and competitive position.

Cyber-attacks aimed at accessing our devices and services, or related devices and services, and modifying or using them in a way inconsistent with our FDA marketing authorizations and regulatory certifications or approvals in the EU, Switzerland, Japan and the UK, could create risks to patients.

Medical devices are increasingly connected to the Internet, hospital networks, and other medical devices to provide features that improve healthcare and increase the ability of healthcare providers to treat patients and of patients to manage their conditions and are subject to extensive oversight from FDA and foreign regulatory authorities with requirements designed to manage the risks of cyber-attacks with the potential to impact patient safety. As such, cyber-attacks aimed at accessing our devices and services, or related devices and services, and modifying or using them in a way inconsistent with our FDA marketing authorizations and regulatory certifications or approvals in the EU, Switzerland, Japan and the UK, may create risks to patients and potential exposure to our company.

We are required to comply with various laws and regulations with respect to implementing appropriate cybersecurity measures to ensure our devices and services are not compromised or disrupted, which could lead to potential risk of harm or injury to patients. FDA has issued guidance on cybersecurity management of medical devices during post market, and cybersecurity considerations for quality systems in device premarket submissions. These guidance documents serve as an indicator of agency expectations for the cybersecurity oversight of the devices as they are deployed for use by patients and HCPs, and the assurance that cybersecurity is appropriately integrated into a company's quality system. If we do not implement quality measures to manage cybersecurity and minimize or avoid risks of a potential cyber-attack that impacts our devices and services in a way that regulators deem satisfactory, this could impact our product applications and in addition we could be subject to a range of FDA enforcement action or investigation by other regulatory agencies or enforcement bodies including DOJ, and such a situation could trigger the need for a recall, a hold on the distribution of our products, or require other corrective actions to our products.

In the EU, a number of interlocking rules regulate cybersecurity for medical devices. For example, the new Cybersecurity Directive (EU) 2022/2555 (also known as the NIS 2 Directive (Network and Information Security)) entered into force in January 2023. The EU NIS 2 Directive affects Critical National Infrastructure (CNI) providers, which includes the health sector and the manufacturers of medical devices considered to be critical during a public health emergency, as well as other covered entities. The requirements in the NIS 2 Directive will sit alongside the cybersecurity requirements addressed in the EU MDR, which are supplemented by specific guidance issued by the EU's Medical Device Coordination Group. Additional EU and UK legislative developments, including product cybersecurity rules and evolving device software requirements, may impose further security-by-design, vulnerability, handling, and reporting obligations applicable to our products and operations including the ePrivacy Directive, the Data Act, and the AI Act; however, the timing, scope, and impact of these measures remain subject to national implementing acts and other ongoing developments. In the UK, the government announced as part of its consultations on the future regulation of medical devices, that it intends to develop legislation to impose cybersecurity requirements for software as a medical device, including for AI.

We are subject to complex and evolving U.S. and foreign laws and regulations and other requirements regarding privacy, data protection, security, and other matters. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to our business practices, monetary penalties, increased cost of operations, or declines in customer growth or engagement, or otherwise harm our business.

In the ordinary course of our business, we collect, use and store, and transmit confidential and sensitive data, such as our proprietary business information and that of our suppliers, contractors, customers, vendors and others, as well as personal data, including health information, of these parties and of our patients. As a result, we are subject to several foreign, federal and state laws and regulations protecting the use, disclosure and confidentiality of certain personal data, namely individually identifiable information, and restricting the use and disclosure of that information. These laws include foreign, federal and state healthcare privacy laws, telehealth laws, breach notification laws and consumer protection laws. These frameworks impose stringent privacy and security standards and potentially significant non-compliance penalties and liability. U.S. and foreign legislators and regulators may make legal and regulatory changes, or interpret and apply existing laws, in ways that require us to incur substantial costs, expose us to unanticipated civil or criminal liability, or cause us to change our business practices. Further, if we fail to comply with applicable privacy laws, we could face civil and criminal penalties, or claims for breach of contract. In the United States, there are numerous federal and state patient and consumer, privacy and data security laws and regulations governing the collection, use, disclosure, protection and breach of personal data. HIPAA, for example, establishes privacy standards that limit the use and disclosure of individually identifiable health information (or "protected health information"); requires the implementation of reasonable administrative, physical and technological safeguards to protect the privacy and security of this information and ensure its confidentiality, integrity and availability; and sets forth notification standards in the event of a data breach. In addition, states have shown an increased interest in regulating personal data in general (for example, through state consumer privacy laws and data breach notification laws), and specifically with respect to consumer health data. Outside HIPAA, over a third of U.S. states have passed comprehensive state consumer privacy laws and several have passed consumer health data laws which impose additional consent, transparency, data minimization, geo-fencing, and third-party sharing restrictions that may apply to health-related data that is not regulated as protected health information, all of which are subject to active enforcement by state attorneys general.

Foreign data protection, privacy, and related laws and regulations can be more restrictive than those in the United States. For example, data localization laws in some countries generally mandate that certain types of data collected in a particular country be stored and/or processed solely within that country. Other foreign laws, such as the GDPR and Swiss data protection laws, impose strict requirements for processing and cross-border transfers of personal data outside of the EU, UK or Switzerland to a "third country", including the United States, unless particular compliance mechanisms are implemented. The mechanisms that we and many other companies rely upon for such data transfers (for example, standard contractual clauses or the EU-U.S. and Swiss-U.S. Data Privacy Framework ("DPF") and the UK extension to the DPF) are the subject of legal challenge, regulatory interpretation, and judicial decisions. While we maintain EU-U.S., Swiss-U.S. and UK-U.S. DPF certifications, we still rely on the standard contractual clauses for intercompany data transfers from the EU, Switzerland, and the UK to the United States in certain situations. As supervisory authorities continue to issue further guidance on personal data, we could suffer additional costs, complaints, or regulatory investigations or fines, and if we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we provide our services, the geographical location or segregation of our relevant systems and operations and could adversely affect our financial results.

Determining how protected health information may be used, shared, or processed in compliance with applicable privacy standards and our contractual obligations can be complex and may be subject to changing interpretation. Both foreign and U.S. legislators and regulators may make legal and regulatory changes, or interpret and apply existing laws, in ways that require us to incur substantial costs, expose us to unanticipated civil or criminal liability, or cause us to change our business practices. As the regulatory guidance and enforcement landscape in relation to data transfers continue to develop, we could suffer additional costs, complaints and/or regulatory investigations or fines; we may have to stop using certain tools and vendors and make other operational changes; and/or it could adversely affect our business, financial condition, results of operations and prospects.

Risks Related to Our Common Stock

If securities or industry analysts do not publish research or reports about our business, or if they issue an adverse or misleading opinion regarding our stock, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. We do not have any control over the analysts, or the content and opinions included in their reports. If any of the analysts who cover us issues an adverse or misleading opinion regarding us, our business model, our intellectual property, or our stock performance, or if any third-party preclinical studies and clinical trials involving our iRhythm Services or our results of operations fail to meet the expectations of analysts, our stock price would likely decline. If one or more of such analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause a decline in our stock price or trading volume.

Our stock price is highly volatile and investing in our stock involves a high degree of risk, which could result in substantial losses for investors.

Historically, the market price of our common stock, like the securities of many other medical service providers that are public companies, has fluctuated. It is likely that our stock price will continue to be volatile in the future. In addition, the trading prices for our common stock and the common stocks of other medical service providers have been highly volatile as a result of macroeconomic conditions, including inflation, interest rate volatility and ongoing geopolitical conflicts, such as the wars in Ukraine and Iran and conflicts in the Middle East and Venezuela.

The market price of our common stock is influenced by many factors that are beyond our control, including the following:

- securities analyst coverage or lack of coverage of our common stock or changes in their estimates of our financial performance;
- variations in quarterly operating results;
- future sales of our common stock by our stockholders;
- investor perception of us and our industry;
- announcements by us or our competitors of significant agreements, acquisitions, or capital commitments or service or product launches or discontinuations;
- changes in market valuation or earnings of our competitors;
- negative business or financial announcements regarding our partners;
- regulatory actions;
- legislation and political conditions;
- cybersecurity events;
- global health pandemics, such as the COVID-19 pandemic;
- terrorist acts, acts of war, or periods of widespread civil unrest, including ongoing geopolitical conflicts, such as the wars in Ukraine and Iran and conflicts in the Middle East and Venezuela; and
- general economic, industry, and market conditions, including inflation, interest rate volatility, uncertainty with respect to the federal debt ceiling and budget and potential government shutdowns related thereto, potential instability in the global banking system, and fluctuating foreign currency exchange rates.

Please also refer to the factors described elsewhere in this “Risk Factors” section. In addition, the stock market in general has experienced extreme price and volume fluctuations that have often been unrelated and disproportionate to the operating performance of companies in our industry. These broad market and industry factors may materially reduce the market price of our common stock, regardless of our operating performance.

Securities class action litigation has often been brought against public companies that experience periods of volatility in the market prices of their securities. Securities class action litigation could result in substantial costs and a diversion of our management’s attention and resources.

Anti-takeover effects of our charter documents and Delaware law could make a merger, tender offer, or proxy contest difficult, thereby depressing the trading price of our common stock.

There are provisions in our amended and restated certificate of incorporation and amended and restated bylaws, as well as provisions in the Delaware General Corporation Law ("DGCL"), that may discourage, delay, or prevent a change of control of our company that might otherwise be beneficial to stockholders. These provisions could also make it difficult for stockholders to elect directors who are not nominated by current members of our board of directors or take other corporate actions, including effecting changes in our management. For example:

- our board of directors may, without stockholder approval, issue shares of preferred stock with special voting or economic rights;
- our stockholders do not have cumulative voting rights and, therefore, each of our directors can only be elected by holders of a majority of our outstanding common stock;
- a special meeting of stockholders may only be called by a majority of our board of directors, the chairman of our board of directors, our chief executive officer, or our president (in the absence of a chief executive officer);
- our stockholders may not take action by written consent; and
- we require advance notice for nominations for election to the board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

Moreover, Section 203 of the DGCL may discourage, delay, or prevent a change of control of our company. Section 203 imposes certain restrictions on mergers, business combinations, and other transactions between us and holders of 15% or more of our common stock.

The exclusive forum provision in our organizational documents may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, or other employees, or the underwriters of any offering giving rise to such claim, which may discourage lawsuits with respect to such claims.

Our amended and restated certificate of incorporation provides that, to the fullest extent permitted by law, the Court of Chancery of the State of Delaware is the exclusive forum for: any derivative action or proceeding brought on our behalf; any action asserting a claim of breach of fiduciary duty owed to us or our stockholders by any of our directors, officers, or other employees or agents; any action asserting a claim against us arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation, or our amended and restated bylaws; any action to interpret, apply, enforce, or determine the validity of our amended and restated certificate of incorporation, or our amended and restated bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine. This exclusive forum provision does not apply to suits brought to enforce a duty or liability created by the Exchange Act.

Notwithstanding the foregoing, our stockholders will not be deemed to have waived our compliance with the federal securities laws and the regulations promulgated thereunder. Any person or entity purchasing or otherwise acquiring or holding any interest in any of our securities shall be deemed to have notice of and consented to our exclusive forum provisions. The exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, or other employees, which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provisions contained in our amended and restated certificate of incorporation or amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results, and financial condition.

We do not intend to pay dividends for the foreseeable future.

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all available funds and any future earnings to support operations and to finance the operation and expansion of our business, and we do not expect to declare or pay any dividends on our capital stock in the foreseeable future. As a result, stockholders must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

Risks Related to Our Debt

Our indebtedness could adversely affect our financial health and our ability to respond to changes in our business.

As a result of our increased level of debt following the completion of the 2024 offering by our predecessor and now wholly owned subsidiary, iRhythm Technologies, of 1.50% Convertible Senior Notes due 2029 of our wholly owned subsidiary, iRhythm Technologies, (the “2029 Notes”), of which we have provided a full and unconditional guarantee:

- our vulnerability to adverse general economic conditions and competitive pressures is heightened;
- we are required to dedicate a larger portion of our cash flow from operations to interest payments, limiting the availability of cash for other purposes;
- our flexibility in planning for, or reacting to, changes in our business and industry may be more limited; and
- our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes may be impaired.

We cannot be sure that our leverage resulting from our increased level of debt will not materially and adversely affect our ability to finance our operations or capital needs or to engage in other business activities. In addition, we cannot be sure that additional financing will be available when required or, if available, will be on terms satisfactory to us. Further, even if we are able to obtain additional financing, we may be required to use such proceeds to repay a portion of our debt.

Furthermore, neither we nor iRhythm Technologies are restricted under the terms of the indenture governing the 2029 Notes (the "Indenture") from incurring additional debt, securing future debt, recapitalizing our debt, repurchasing our stock, pledging our assets, making investments, paying dividends, guaranteeing debt or taking a number of other actions that could have the effect of diminishing our ability to make payments on the 2029 Notes when due.

Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our indebtedness.

Our ability to repay the principal of, to pay interest on or to refinance our indebtedness, including the 2029 Notes, or to make cash payments in connection with any conversions of 2029 Notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate cash flow from operations in the future sufficient to service our existing indebtedness and any future indebtedness we may incur and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as reducing or delaying investments or capital expenditures, selling assets, restructuring debt or obtaining additional debt financing or equity capital on terms that may be onerous or highly dilutive. Our ability to refinance any current or future indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms or at all, which could result in a default on our debt obligations. In addition, any of our future current or future debt agreements may contain restrictive covenants that may prohibit us from adopting any of these alternatives. Our failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of our debt.

In addition, we may be unable to repurchase the 2029 Notes upon a fundamental change when required by the holders or repay prior to maturity any accelerated amounts due under the 2029 Notes upon an event of default or redeem the 2029 Notes or pay cash upon conversion of the 2029 Notes, and our future debt may contain limitations on our ability to pay cash upon conversion, repurchase or repayment of the 2029 Notes.

The capped call transactions may affect the value of our common stock.

In connection with the pricing of the 2029 Notes, iRhythm Technologies entered into privately negotiated capped call transactions (the “2029 Capped Calls”) with certain financial institutions (the “option counterparties”). The 2029 Capped Calls are expected generally to reduce the potential dilution to our common stock upon conversion of the 2029 Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted 2029 Notes, as the case may be, with such reduction and/or offset subject to a cap.

The option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions at any point prior to the maturity of the 2029 Notes (and are likely to do so during any observation period related to a conversion of 2029 Notes or following any redemption or repurchase of 2029 Notes by us, in each case, if we elect to unwind a corresponding portion of the 2029 Capped Calls in connection with such conversion or such redemption or repurchase). This activity could also cause or avoid an increase or a decrease in the market price of our common stock.

We are subject to counterparty risk with respect to the capped call transactions.

The option counterparties are financial institutions or affiliates of financial institutions, and we are subject to the risk that one or more of such option counterparties may default under the 2029 Capped Calls. Our exposure to the credit risk of the option counterparties is not secured by any collateral. Past and current global economic conditions, including recent changes in prevailing interest rates, have resulted in the actual or perceived failure or financial difficulties of many financial institutions. If any option counterparty becomes subject to bankruptcy or other insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the capped call transaction with such option counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be positively correlated to an increase in our common stock market price and in the volatility of the market price of our common stock. In addition, upon a default by an option counterparty, we may suffer adverse tax consequences and dilution with respect to our common stock. We can provide no assurance as to the financial stability or viability of any option counterparty.

Conversion of the 2029 Notes will, to the extent we deliver shares upon conversion of such 2029 Notes, dilute the ownership interest of existing stockholders, including holders who had previously converted their 2029 Notes, or may otherwise depress our stock price.

The 2029 Notes, although issued by iRhythm Technologies, our wholly owned subsidiary, are convertible into shares of our common stock. The conversion of some or all of the 2029 Notes will dilute the ownership interests of existing stockholders to the extent we deliver shares upon conversion of any of such 2029 Notes. Any sales in the public market of the common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the 2029 Notes may encourage short selling by market participants because the conversion of the 2029 Notes could be used to satisfy short positions, or anticipated conversion of the 2029 Notes into shares of our common stock could depress our stock price.

The conditional conversion feature of the 2029 Notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the 2029 Notes is triggered, holders of the 2029 Notes will be entitled to convert the 2029 Notes at any time during specified periods at their option. If one or more holders elect to convert their 2029 Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than cash in lieu of any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders of the 2029 Notes do not elect to convert their 2029 Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the 2029 Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

The accounting method for convertible debt securities that may be settled in cash, such as the 2029 Notes, could have a material effect on our reported financial results.

Under current accounting principles, we accounted for the entire amount of the 2029 Notes as debt on our balance sheet, as opposed to separately accounting for the liability and equity components of the 2029 Notes. Additionally, under the “if-converted” method, diluted earnings per share is generally calculated assuming that all the debt securities were converted solely into shares of common stock at the beginning of the reporting period, unless the result would be anti-dilutive, which could adversely affect our diluted earnings per share. However, if we were to make an irrevocable election to settle the principal amount of the 2029 Notes in cash, the if-converted method for calculating diluted earnings per share will only take into consideration the number of shares that would be issuable based on the extent to which the conversion value of such 2029 Notes exceeds their principal amount, provided the effect were dilutive. Furthermore, if any of the conditions to the convertibility of the 2029 Notes is satisfied, then we may be required under applicable accounting standards to reclassify the liability carrying value of the 2029 Notes as a current, rather than a long-term, liability. This reclassification could be required even if no holders convert their 2029 Notes and could materially reduce our reported working capital.

We are a holding company and depend on the operations of our subsidiaries.

We are a holding company with no independent operations or material assets other than our ownership of iRhythm Technologies and its subsidiaries. As a result, we depend on the operations of our subsidiaries, including iRhythm Technologies, to generate the funds necessary to meet our financial obligations, including our obligations under the guarantee of iRhythm Technologies' 2029 Notes. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay amounts due pursuant to the guarantee or to make any funds available therefor, whether by dividends, distributions, loans or other payments. In addition, any payment of dividends, distributions, loans or advances by our subsidiaries could be subject to statutory or contractual restrictions. Payments to us by our subsidiaries will also be contingent upon our subsidiaries' earnings and business considerations. Our right to receive any assets of any of our subsidiaries upon their liquidation, dissolution or reorganization, and therefore the right of the holders of the 2029 Notes to participate in those assets, will be structurally subordinated to the claims of that subsidiary's creditors, including trade creditors. In addition, even if we were a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us.

General Risk Factors

We may be impacted by domestic and global economic and political conditions, as well as natural disasters, severe weather pandemics, and other catastrophic events, which could adversely affect our business, financial condition, or results of operations.

Our operations and performance may vary based on worldwide economic and political conditions, which have been adversely impacted by continued global economic uncertainty, political instability, and military hostilities in multiple geographies, including ongoing geopolitical conflicts such as the wars in Ukraine and Iran and conflicts in the Middle East and Venezuela, domestic and global inflationary trends, interest rate volatility, uncertainty with respect to the federal debt ceiling and budget and potential government shutdowns related thereto, potential instability in the global banking system, global supply shortages or disruptions, commodity price increases, tariffs on imports, and a tightening labor market. A severe or prolonged economic downturn or period of global political instability could drive hospitals and other healthcare professionals to tighten budgets and curtail spending, which could in turn negatively impact rates at which physicians prescribe our iRhythm Services. In addition, higher unemployment rates or reductions in employer-provided benefits plans could result in fewer commercially insured patients, resulting in a reduction in our margins and impairing the ability of uninsured patients to make timely payments. A weak or declining economy, or uncertainty surrounding tariffs, could also strain our suppliers, possibly resulting in supply delays and disruptions. There is also a risk that one or more of our current service providers, suppliers, or other partners may not survive such difficult economic times, which could directly affect our ability to attain our goals on schedule and on budget. If the current equity and credit markets deteriorate, it may make any necessary debt or equity financing more difficult, more costly, and more dilutive. We cannot predict the timing, strength, or duration of an economic downturn, instability, or recovery, whether worldwide, in the United States, or within our industry.

In addition, the BIOSECURE Act was signed into law in December 2025 as part of the National Defense Authorization Act restricting U.S. federal contracts and funding for companies using biotech equipment or services from "biotechnology companies of concern" ("BCCs"), to curb national security risks. A phased rollout includes publishing lists of BCCs, issuing guidance, and revising Federal Acquisition Regulations with full prohibitions taking effect over a period of years. Compliance with this law will require us to perform additional supply chain due diligence and potentially change supplier sources if we wish to do business with the U.S. government such as the Veterans Administration. We cannot predict what actions may ultimately be taken with respect to trade relations between the United States and China or other countries, what products and services may be subject to such actions or what actions may be taken by the other countries in retaliation.

Further, climate-related events, including the increasing frequency of extreme or disruptive weather events, natural disasters, or other catastrophic events may have the potential to damage or disrupt our business and/or the business of our customers or third-party suppliers, and may cause us to experience higher attrition, losses, and additional costs to maintain or resume operations. In addition, such climate-related events may cause damage or disruption to international commerce, and the global economy, and could have an adverse effect on our business, operating results and financial condition. In the event of a natural disaster, including a major earthquake, blizzard, or hurricane, or a catastrophic event such as a fire, power loss, cyberattack, or telecommunications failure, we may be unable to continue our operations and may endure system and service interruptions, reputational harm, delays in development of our iRhythm ACM Systems and iRhythm Services, breaches of data security, and loss of critical data, all of which could cause us to experience higher attrition, losses, and additional costs to maintain or resume operations, or otherwise have an adverse effect on our business and operating results. In addition, these events may impact or delay patient visits or the ability of prescribers or patients to receive deliveries from third parties, such as the USPS. Further, we do not maintain insurance sufficient to compensate us for the potentially significant losses that could result from disruptions to our services. Additionally, all the aforementioned risks may be further increased if our or our partners' disaster recovery plans are inadequate.

Environmental, social, and corporate governance ("ESG") regulations, policies, and provisions may make our supply chain more complex and may adversely affect our relationships with customers.

There has in recent years been a focus by certain regulators and lawmakers, investors, physicians, patients, employees, and other stakeholders on corporate citizenship and sustainability matters and the governance of environmental and social risks. An increasing number of participants in the medical services industry have joined voluntary ESG groups or organizations, such as the Responsible Business Alliance. These ESG regulations and initiatives are subject to change, can be unpredictable, and may be difficult and expensive for us to comply with, given our reliance on our supply chain and the outsourced manufacturing of certain components and sub-assemblies of the iRhythm ACM Systems used with our iRhythm Services.

At the same time, other stakeholders, regulators and lawmakers have expressed or pursued contrary views on ESG, including the proposal or enactment of "anti-ESG" policies, legislation, executive orders or initiatives. Conflicting regulations and a lack of harmonization of ESG legal and regulatory environments across the jurisdictions in which we operate may create enhanced compliance risks and costs. We may also face increasing scrutiny from our investors, physicians, patients, employees and other stakeholders relating to ESG practices and disclosures.

Further, we have in the past and may continue to communicate certain initiatives, including goals, regarding environmental matters, responsible sourcing, and social investments. We could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could fail in fully and accurately reporting our progress on such initiatives and goals. In addition, we could be criticized for the scope of such initiatives or goals or perceived as not acting responsibly in connection with these matters.

If we are not effective in addressing ESG matters affecting our business, or setting and meeting relevant ESG goals, our reputation and financial results may suffer.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Sales of Unregistered Securities

None.

Use of Proceeds

None.

Issuer Purchases of Equity Securities

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Trading Plans

During the three months ended March 31, 2026, the following Section 16 officers and directors adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" (as defined in Item 408 of Regulation S-K of the Exchange Act) intended to satisfy the affirmative defense of Rule 10b5- 1(c):

Name	Title	Action	Action Date	Aggregate Number of Shares to be Sold	Expiration Date[1]
Bruce Bodaken	Director	Terminated	March 2, 2026	_	_
Julie Rodda[2]	EVP, Chief People & Capability Officer	Adopted	December 9, 2025	1,389	December 9, 2026

[1] Each trading arrangement permitted or permits transactions through and including the date listed in the table.

[2] Julie Rodda was named a Section 16 officer effective March 31, 2026.

Each of the Rule 10b5-1 trading arrangements disclosed in the above table was made in accordance with our insider trading policy, which requires a 90-day cooling off period before any transactions under the plan can be executed. Transactions made pursuant to such trading arrangements will be disclosed publicly in Section 16 filings with the SEC in accordance with applicable securities laws, rules and regulations.

During the three months ended March 31, 2026, except as set forth above, none of our Section 16 officers or directors adopted, modified, or terminated a "non-Rule 10b5-1 trading arrangement" (as defined in Item 408 of Regulation S-K of the Exchange Act).

ITEM 6. EXHIBITS

The exhibits listed in the accompanying exhibit index are filed as part of, and incorporated by reference into, this Quarterly Report on Form 10-Q.

EXHIBIT INDEX

Exhibit Number	Description	Incorporated by Reference				Provided Herewith
		Form	File No.	Exhibit No.	Filing Date	
3.1	Amended and Restated Certificate of Incorporation of the Registrant dated January 12, 2026.	8-K12B	001-37918	3.1	January 12, 2026	
3.2	Amended and Restated Bylaws of the Registrant dated January 12, 2026.	8-K12B	001-37918	3.2	January 12, 2026	
3.3	Certificate of Merger for the merger of LTCM Merger Sub, Inc. with and into iRhythm Technologies, Inc.	8-K12B	001-37918	3.3	January 12, 2026	
4.1	First Supplemental Indenture dated January 12, 2026 between iRhythm Technologies, Inc., iRhythm Holdings, Inc. as Guarantor, and U.S. Bank Trust Company, NA, as trustee.	8-K12B	001-37918	4.2	January 12, 2026	
10.1	Agreement and Plan of Merger and Reorganization, dated as of January 12, 2026, among iRhythm Technologies, Inc., iRhythm Holdings, Inc. (f/k/a LTCM Holdings, Inc.) and LTCM Merger Sub, Inc.	8-K12B	001-37918	2.1	January 12, 2026	
10.2	Assignment and Assumption Agreement, dated as of January 12, 2026, between iRhythm Technologies, Inc. and iRhythm Holdings, Inc.	8-K12B	001-37918	10.1	January 12, 2026	
10.3	2026 Equity Incentive Plan, adopted March 31, 2026.					X
22.1	Subsidiary Issuers of Guaranteed Securities.	10-K	001-37918	22.1	February 19, 2026	
31.1	Certification of Chief Executive Officer required by Securities Exchange Act Rules 13a-14(a) and 15d-14(a).					X
31.2	Certification of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a)					X
32.1*	Certification of Chief Executive Officer and Chief Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. Section 1350.					X
101.INS	Inline XBRL Instance Document- the instance document does not appear in the Interactive Data File because its Inline XBRL tags are embedded within the Inline XBRL document					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					X

* The certifications filed as Exhibits 32.1 are not deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, nor shall they be deemed and are not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended or the Exchange Act, whether made before or after the date hereof irrespective of any general incorporation by reference language contained in any such filing, except to the extent that the registrant specifically incorporates it by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

iRhythm Holdings, Inc.

Date: April 30, 2026

By: /s/ Quentin Blackford
Quentin Blackford
President and Chief Executive Officer

(Principal Executive Officer)

Date: April 30, 2026

By: /s/ Daniel Wilson
Daniel Wilson
Chief Financial Officer

(Principal Financial Officer)

IRHYTHM HOLDINGS, INC.

2026 EQUITY INCENTIVE PLAN

1. PURPOSE. The purpose of this Plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of the Company, and any Parents, Subsidiaries and Affiliates that exist now or in the future, by offering them an opportunity to participate in the Company's future performance through the grant of Awards. Capitalized terms not defined elsewhere in the text are defined in Section 28.

2. SHARES SUBJECT TO THIS PLAN.

2.1. ***Number of Shares Available.*** Subject to Section 2.5 and Section 21 and any other applicable provisions hereof, the total number of Shares reserved and available for grant and issuance pursuant to this Plan as of the date of adoption of the Plan by the Board is One Million and Six Hundred Ninety Thousand (1,690,000) Shares, plus Shares subject to, or issued under, Prior Plan Awards if (a) Prior Plan Awards terminate without such Shares being issued after the Effective Date, (b) such Shares cease to be subject to Prior Plan Awards by forfeiture or otherwise after the Effective Date, (c) such Shares were issued before or after the Effective Date pursuant to the exercise of a Prior Plan Award comprised of a stock option and are forfeited after the Effective Date or (d) such Shares are repurchased by the Company at the original purchase price or are otherwise forfeited after the Effective Date (Shares returning to this Plan pursuant to the foregoing subsections, the "***Returned Prior Plan Shares***") and reduced by any Shares subject to Prior Plan Awards granted after March 15, 2026 and prior to the Effective Date. After the Effective Date, no further awards can be granted under the Prior Plan.

2.2. ***Lapsed, Returned Awards.*** Shares subject to, or issued under, Awards will again be available for grant and issuance in connection with subsequent Awards under this Plan if, following the Effective Date: (a) Awards terminate without such Shares being issued, (b) such Shares cease to be subject to Awards by forfeiture or otherwise, (c) such Shares were issued pursuant to the exercise of an Award comprised of a stock option and are later forfeited, (d) such Shares are repurchased by the Company at the original issue price or are otherwise forfeited, or (e) such Shares (or the Awards to which they are subject) are surrendered pursuant to an Exchange Program (Shares returning to this Plan pursuant to the foregoing subsections, the "***Returned Plan Shares***"). To the extent an Award under this Plan is paid out in cash or other property rather than Shares, such cash payment will not reduce the number of Shares available for issuance under this Plan. Upon exercise of a SAR settled in Shares, the gross number of Shares covered by the portion of the SAR so exercised will cease to be available under this Plan. In the event that the Company withholds Shares to pay either the Exercise Price of an Award or a Prior Plan Award or the withholding

taxes due upon the exercise or settlement of an Award or a Prior Plan Award, (a) the full number of Shares exercised under an Award (including such number of Shares used to pay the Exercise Price or withholding taxes) shall reduce the number of Shares available for issuance under this Plan and (b) such number of Shares used to pay the Exercise Price or withholding taxes with respect to an Award or a Prior Plan Award shall not become available for grant and issuance pursuant to this Section 2.2.

For the avoidance of doubt, Shares that otherwise become available for grant and issuance because of the provisions of Section 2.1 or Section 2.2 shall not include Shares subject to Awards or Prior Plan Awards that initially became available because of the substitution clause in Section 21.2 hereof.

2.3. ***Minimum Share Reserve.*** At all times the Company shall reserve and keep available a sufficient number of Shares as shall be required to satisfy the requirements of all outstanding Awards granted under this Plan.

2.4. ***ISO Limit.*** No more than Five Million One Hundred Thousand (5,100,000) Shares shall be issued pursuant to the exercise of ISOs granted under this Plan.

2.5. ***Adjustment of Shares.*** If the number or class of outstanding Shares is changed by a stock dividend, extraordinary dividend or distribution (whether in cash, shares, or other property, other than a regular cash dividend), recapitalization, stock split, reverse stock split, subdivision, combination, conversion, consolidation, reclassification, spin-off or similar change in the capital or corporate structure of the Company, without consideration, then (i) the number and class of Shares reserved for issuance and future grant under this Plan set forth in Section 2.1, Returned Prior Plan Shares pursuant to Section 2.1 and Returned Plan Shares pursuant to Section 2.2, (b) the Exercise Prices of and number and class of Shares subject to outstanding Options and SARs, (c) the number and class of Shares subject to other outstanding Awards and (d) the maximum number and class of shares that may be issued as ISOs set forth in Section 2.4, shall be proportionately adjusted, subject to any required action by the Board or the stockholders of the Company and in compliance with applicable securities laws; provided that fractions of a Share will not be issued.

If, by reason of an adjustment pursuant to this Section 2.5, a Participant's Award Agreement or other agreement related to any Award, or the Shares subject to such Award, covers additional or different shares of stock or securities, then such additional or different shares, and the Award Agreement or such other agreement in respect thereof, will be subject to all of the terms, conditions, and restrictions which were applicable to the Award or the Shares subject to such Award prior to such adjustment.

2.6. ***Vesting Restriction.*** No portion of any Award shall vest prior to the first anniversary of the date of grant of the Award (the "***One Year Minimum***"), provided, that (a) vesting may accelerate as

determined by the Committee, including, but not limited to, in connection with a termination of employment, death, Disability, or a Corporate Transaction and (b) for purposes of Awards to Non-Employee Directors, a vesting period will be deemed to satisfy the One Year Minimum if it runs from the date of one annual meeting of the Company's stockholders to the next annual meeting of the Company's stockholders provided that such annual meetings are at least 50 weeks apart. Notwithstanding the foregoing, up to five percent (5%) of the number of shares available under this Plan may be granted with a minimum vesting schedule of less than one year.

3. ELIGIBILITY. ISOs may be granted only to Employees. All other Awards may be granted to Employees, Consultants, Directors and Non-Employee Directors, provided such Consultants, Directors and Non-Employee Directors render bona fide services not in connection with the offer and sale of securities in a capital-raising transaction.

4. ADMINISTRATION.

4.1. ***Committee Composition; Authority.*** This Plan will be administered by the Committee or by the Board acting as the Committee. Subject to the general purposes, terms and conditions of this Plan, and to the direction of the Board, the Committee will have full power to implement and carry out this Plan, except, however, the Board shall establish the terms for the grant of an Award to Non-Employee Directors. The Committee will have the authority to:

(a) construe and interpret this Plan, any Award Agreement and any other agreement or document executed pursuant to this Plan;

(b) prescribe, amend and rescind rules and regulations relating to this Plan or any Award;

(c) select persons to receive Awards;

(d) approve forms of Award Agreements for use under the Plan;

(e) determine the form and terms and conditions, not inconsistent with the terms of this Plan, of any Award granted hereunder. Such terms and conditions include, but are not limited to, the Exercise Price, the time or times (subject to Section 2.6) when Awards may vest and be exercised (which may be based on performance criteria) or settled, any vesting acceleration or waiver of forfeiture restrictions, the method to satisfy tax withholding obligations or any other tax liability legally due and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Committee will determine;

(f) determine the number of Shares or other consideration subject to Awards;

(g) determine the Fair Market Value in good faith and interpret the applicable provisions of this Plan and the definition of Fair Market Value in connection with circumstances that impact the Fair Market Value, if necessary;

(h) determine whether Awards will be granted singly, in combination with, in tandem with, in replacement of, or as alternatives to, other Awards under this Plan or any other incentive or compensation plan of the Company or any Parent, Subsidiary or Affiliate of the Company;

(i) grant waivers of Plan or Award conditions or modify or amend any Award;

(j) determine the vesting, exercisability and payment of Awards;

(k) correct any defect, supply any omission or reconcile any inconsistency in this Plan, any Award or any Award Agreement;

(l) determine whether an Award has been vested and/or earned;

(m) determine the terms and conditions of any, and to institute any Exchange Program (subject to stockholder approval as set forth in Section 18);

(n) reduce, waive or modify any criteria with respect to Performance Factors and/or exercise discretion with respect to Performance Awards;

(o) adjust Performance Factors;

(p) adopt terms and conditions, rules and/or procedures (including the adoption of any subplan under this Plan) relating to the operation and administration of this Plan to accommodate requirements of local law and procedures outside of the United States or to qualify Awards for special tax treatment under laws of jurisdictions other than the United States;

(q) make all other determinations necessary or advisable for the administration of this Plan; and

(r) delegate any of the foregoing to a subcommittee or to one or more executive officers pursuant to a specific delegation as permitted by applicable law.

4.2. ***Committee Interpretation and Discretion.*** Any determination made by the Committee with respect to any Award shall be made in its sole discretion at the time of grant of the Award or, unless in contravention of any express term of this Plan or Award, at any later time, and such determination shall be final and binding on the Company and all persons having an interest in any Award under this Plan. Any dispute regarding the interpretation of this Plan or any Award Agreement shall be submitted by the Participant or Company to the Committee for review. The resolution of such a dispute by the Committee

shall be final and binding on the Company and the Participant. The Committee may delegate to one or more executive officers the authority to review and resolve disputes with respect to Awards held by Participants who are not Insiders, and such resolution shall be final and binding on the Company and the Participant.

4.3. ***Section 16 of the Exchange Act.*** Awards granted to Participants who are subject to Section 16 of the Exchange Act must be approved by two or more "non-employee directors" (as defined in the regulations promulgated under Section 16 of the Exchange Act).

4.4. ***Documentation.*** The Award Agreement for a given Award, this Plan and any other documents may be delivered to, and accepted by, a Participant or any other person in any manner (including electronic distribution or posting) that meets applicable legal requirements.

4.5. ***Award Recipients Outside of the United States.*** Notwithstanding any provision of this Plan to the contrary, in order to comply with the laws and practices in other countries in which the Company and its Subsidiaries operate or have Employees or other individuals eligible for Awards, the Committee, in its sole discretion, shall have the power and authority to: (a) determine which Subsidiaries and Affiliates shall be covered by this Plan; (b) determine which individuals outside the United States are eligible to participate in this Plan, which may include individuals who provide Services under an agreement with a foreign nation or agency; (c) modify the terms and conditions of any Award granted to individuals outside the United States or foreign nationals to comply with applicable foreign laws, policies, customs and practices; (d) establish subplans and modify exercise procedures, vesting conditions and other terms and procedures, to the extent the Committee determines such actions to be necessary or advisable (and such subplans and/or modifications shall be attached to this Plan as appendices, if necessary); provided, however, that no such subplans and/or modifications shall increase the share limitations contained in Section 2.1 hereof; and (e) take any action, before or after an Award is made, that the Committee determines to be necessary or advisable to obtain approval or comply with any local governmental regulatory exemptions or approvals. Notwithstanding the foregoing, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate the Exchange Act or any other applicable United States securities law, the Code, or any other applicable United States governing statute or law.

5. **OPTIONS**. An Option is the right but not the obligation to purchase a Share, subject to certain conditions, if applicable. The Committee may grant Options to eligible Employees, Consultants and Directors and will determine whether such Options will be Incentive Stock Options within the meaning of the Code ("***ISOs***") or Nonqualified Stock Options ("***NSOs***"), the number of Shares subject to the Option, the Exercise Price of the Option, the period during which the Option may vest and be exercised, and all other terms and conditions of the Option, subject to the following terms of this section.

5.1. ***Option Grant.*** Each Option granted under this Plan will identify the Option as an ISO or an NSO. An Option may be, but need not be, awarded upon satisfaction of such Performance Factors during any Performance Period as are set out in the Participant's individual Award Agreement. If the Option is being earned upon the satisfaction of Performance Factors, then the Committee will: (a) determine the nature, length and starting date of any Performance Period for each Option; and (b) select from among the Performance Factors to be used to measure the performance, if any. Performance Periods may overlap and Participants may participate simultaneously with respect to Options that are subject to different performance goals and other criteria.

5.2. ***Date of Grant.*** The date of grant of an Option will be the date on which the Committee makes the determination to grant such Option, or a specified future date. The Award Agreement will be delivered to the Participant within a reasonable time after the granting of the Option.

5.3. ***Exercise Period.*** Options may be vested and exercisable within the times or upon the conditions as set forth in the Award Agreement governing such Option; provided, however, that no Option will be exercisable after the expiration of ten (10) years from the date the Option is granted; and provided further that no ISO granted to a person who, at the time the ISO is granted, directly or by attribution owns more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any Parent or Subsidiary ("***Ten Percent Stockholder***") will be exercisable after the expiration of five (5) years from the date the ISO is granted. The Committee also may provide for Options to become exercisable at one time or from time to time, periodically or otherwise, in such number of Shares or percentage of Shares as the Committee determines.

5.4. ***Exercise Price.*** The Exercise Price of an Option will be determined by the Committee when the Option is granted; provided that: (a) the Exercise Price of an Option will be not less than one hundred percent (100%) of the Fair Market Value of the Shares on the date of grant (with the exception of Options issued in substitution of another company's awards pursuant to, and to the extent permitted by, Section 21.2) and (b) the Exercise Price of any ISO granted to a Ten Percent Stockholder will not be less than one hundred ten percent (110%) of the Fair Market Value of the Shares on the date of grant. Payment for the Shares purchased may be made in accordance with Section 11 and the Award Agreement and in accordance with any procedures established by the Company.

5.5. ***Method of Exercise.*** Any Option granted hereunder will be vested and exercisable according to the terms of this Plan and at such times and under such conditions as determined by the Committee and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share. An Option will be deemed exercised when the Company and/or an authorized third party administrator (the "***Third Party Administrator***") receives: (a) notice of exercise (in such form as the Committee may specify

from time to time) from the person entitled to exercise the Option and/or via electronic execution through the Third Party Administrator, and (b) full payment for the Shares with respect to which the Option is exercised (together with applicable withholding taxes). Full payment may consist of any consideration and method of payment authorized by the Committee and permitted by the Award Agreement and this Plan. Shares issued upon exercise of an Option will be issued in the name of the Participant. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares, notwithstanding the exercise of the Option. The Company will issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 2.5 of this Plan.

5.6. ***Termination of Service.*** Unless otherwise determined by the Committee or except as otherwise expressly provided in the Award Agreement or other applicable agreement between the Participant and the Company (or any Parent, Subsidiary or Affiliate, if applicable), if the Participant's Service terminates for any reason except for Cause or the Participant's death or Disability, then the Participant may exercise such Participant's Options only to the extent that such Options would have been exercisable by the Participant on the date Participant's Service terminates no later than three (3) months after the date Participant's Service terminates (or such shorter or longer time period as may be determined by the Committee, with any exercise beyond three (3) months after the date Participant's employment terminates deemed to be the exercise of an NSO), but in any event no later than the expiration date of the Options.

(a) ***Death.*** Unless otherwise determined by the Committee or except as otherwise expressly provided in the Award Agreement or other applicable agreement between the Participant and the Company (or any Parent, Subsidiary or Affiliate, if applicable), if the Participant's Service terminates because of the Participant's death (or the Participant dies within three (3) months after Participant's Service terminates other than for Cause or because of the Participant's Disability), then the Participant's Options may be exercised only to the extent that such Options would have been exercisable by the Participant on the date Participant's Service terminates and must be exercised by the Participant's legal representative, or authorized assignee, no later than twelve (12) months after the date Participant's Service terminates (or such shorter time period not less than six (6) months or longer time period as may be determined by the Committee), but in any event no later than the expiration date of the Options.

(b) ***Disability.*** Unless otherwise determined by the Committee or except as otherwise expressly provided in the Award Agreement or other applicable agreement between the Participant and the

Company (or any Parent, Subsidiary or Affiliate, if applicable), if the Participant's Service terminates because of the Participant's Disability, then the Participant's Options may be exercised only to the extent that such Options would have been exercisable by the Participant on the date Participant's Service terminates and must be exercised by the Participant (or the Participant's legal representative or authorized assignee) no later than twelve (12) months after the date Participant's Service terminates (or such shorter or longer time period as may be determined by the Committee, with any exercise beyond (a) three (3) months after the date Participant's employment terminates when the termination of Service is for a Disability that is not a "permanent and total disability" as defined in Section 22(e)(3) of the Code, or (b) twelve (12) months after the date Participant's Service terminates when the termination of employment is for a Disability that is a "permanent and total disability" as defined in Section 22(e)(3) of the Code, deemed to be exercise of an NSO), but in any event no later than the expiration date of the Options.

(c) ***Cause.*** Unless otherwise determined by the Committee or except as otherwise expressly provided in the Award Agreement or other applicable agreement between the Participant and the Company (or any Parent, Subsidiary or Affiliate, if applicable), if the Participant's Service is terminated for Cause or if the Committee has reasonably determined in good faith that such cessation of Services has resulted in connection with an act or failure to act constituting Cause (or such Participant's Services could have been terminated for Cause (without regard to the lapsing of any required notice or cure periods in connection therewith) at the time such Participant terminated Services), then Participant's Options (whether or not vested) shall expire on such Participant's date of termination of Service, or at such later time and on such conditions as are determined by the Committee, but in any event no later than the expiration date of the Options. Unless otherwise provided in the Award Agreement or other applicable agreement between the Participant and the Company (or any Parent, Subsidiary or Affiliate, if applicable), Cause shall have the meaning set forth in this Plan.

5.7. ***Limitations on Exercise.*** The Committee may specify a minimum number of Shares that may be purchased on any exercise of an Option, provided that such minimum number will not prevent any Participant from exercising the Option for the full number of Shares for which it is then exercisable.

5.8. ***Limitations on ISOs.*** With respect to Awards granted as ISOs, to the extent that the aggregate Fair Market Value of the Shares with respect to which such ISOs are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds one hundred thousand dollars ($100,000), such Options will be treated as NSOs. For purposes of this Section 5.8, ISOs will be taken into account in the order in which they were granted. The Fair Market Value of the Shares will be determined as of the time the Option with respect to such Shares is granted. In the event that the Code or the regulations promulgated thereunder are amended after the Effective Date to

provide for a different limit on the Fair Market Value of Shares permitted to be subject to ISOs, such different limit will be automatically incorporated herein and will apply to any Options granted after the effective date of such amendment.

5.9. ***Modification, Extension or Renewal.*** The Committee may modify, extend or renew outstanding Options and authorize the grant of new Options in substitution therefor, provided that any such action may not, without the written consent of a Participant, impair any of such Participant's rights under any Option previously granted, unless such action is necessary to comply with applicable law or rule. Any outstanding ISO that is modified, extended, renewed or otherwise altered will be treated in accordance with Section 424(h) of the Code. Subject to prior stockholder approval as is required by Section 18 of this Plan, the Committee may reduce the Exercise Price of outstanding Options without the consent of such Participants; provided, however, that the Exercise Price may not be reduced below the Fair Market Value on the date the action is taken to reduce the Exercise Price.

5.10. ***No Disqualification.*** Notwithstanding any other provision in this Plan, no term of this Plan relating to ISOs will be interpreted, amended or altered, nor will any discretion or authority granted under this Plan be exercised, so as to disqualify this Plan under Section 422 of the Code or, without the consent of the Participant affected, to disqualify any ISO under Section 422 of the Code.

6. RESTRICTED STOCK UNITS. A Restricted Stock Unit ("***RSU***") is an award to an eligible Employee, Consultant, or Director covering a number of Shares that may be settled by issuance of those Shares (which may consist of Restricted Stock) or in cash. All RSUs shall be made pursuant to an Award Agreement.

6.1. ***Terms of RSUs.*** The Committee will determine the terms of an RSU including, without limitation: (a) the number of Shares subject to the RSU; (b) the time or times during which the RSU may be settled; (c) the consideration to be distributed on settlement; and (d) the effect of the Participant's termination of Service on each RSU, provided that no RSU shall have a term longer than ten (10) years. An RSU may be awarded upon satisfaction of such performance goals based on Performance Factors during any Performance Period as are set out in the Participant's Award Agreement. If the RSU is being earned upon satisfaction of Performance Factors, then the Committee will: (x) determine the nature, length and starting date of any Performance Period for the RSU; (y) select from among the Performance Factors to be used to measure the performance, if any; and (z) determine the number of Shares deemed subject to the RSU. Performance Periods may overlap and Participants may participate simultaneously with respect to RSUs that are subject to different Performance Periods and different performance goals and other criteria.

6.2. ***Form and Timing of Settlement.*** Payment of earned RSUs shall be made as soon as practicable after the date(s) determined by the Committee and set forth in the Award Agreement. The Committee, in its sole discretion, may settle earned RSUs in cash, Shares, or a combination of both. The Committee may also permit a Participant to defer payment under an RSU to a date or dates after the RSU is earned provided that the terms of the RSU and any deferral satisfy the requirements of Section 409A of the Code, to the extent applicable.

6.3. ***Termination of Service.*** Unless otherwise determined by the Committee or except as otherwise expressly provided in the Award Agreement or other applicable agreement between the Participant and the Company (or any Parent, Subsidiary or Affiliate, if applicable), vesting ceases on such date Participant's Service terminates.

7. RESTRICTED STOCK AWARDS. A Restricted Stock Award is an offer by the Company to sell to an eligible Employee, Consultant, or Director Shares that are subject to restrictions ("***Restricted Stock***"). The Committee will determine to whom an offer will be made, the number of Shares the Participant may purchase, the Purchase Price, the restrictions under which the Shares will be subject and all other terms and conditions of the Restricted Stock Award, subject to this Plan.

7.1. ***Restricted Stock Purchase Agreement.*** All purchases under a Restricted Stock Award will be evidenced by an Award Agreement. Except as may otherwise be provided in an Award Agreement, a Participant accepts a Restricted Stock Award by signing and delivering to the Company an Award Agreement and/or via electronic acceptance through the Third-Party Administrator with full payment of the Purchase Price, within thirty (30) days from the date the Award Agreement was delivered to the Participant. If the Participant does not accept such Award within thirty (30) days, then the offer of such Restricted Stock Award will terminate, unless the Committee determines otherwise.

7.2. ***Purchase Price.*** The Purchase Price for a Restricted Stock Award will be determined by the Committee and may be less than Fair Market Value on the date the Restricted Stock Award is granted. Payment of the Purchase Price must be made in accordance with Section 11 of this Plan, and the Award Agreement and in accordance with any procedures established by the Company.

7.3. ***Terms of Restricted Stock Awards.*** Restricted Stock Awards will be subject to such restrictions as the Committee may impose or are required by law. These restrictions may be based on completion of a specified period of Service with the Company or upon completion of Performance Factors, if any, during any Performance Period as set out in the Participant's Award Agreement. Prior to the grant of a Restricted Stock Award, the Committee shall: (a) determine the nature, length and starting date of any Performance Period for the Restricted Stock Award; (b) select from among the Performance Factors to be

used to measure performance goals, if any; and (c) determine the number of Shares that may be awarded to the Participant. Performance Periods may overlap and a Participant may participate simultaneously with respect to Restricted Stock Awards that are subject to different Performance Periods and having different performance goals and other criteria.

7.4. ***Termination of Service.*** Unless otherwise determined by the Committee or except as otherwise expressly provided in the Award Agreement or other applicable agreement between the Participant and the Company (or any Parent, Subsidiary or Affiliate, if applicable), vesting ceases on such date Participant's Service terminates.

8. STOCK BONUS AWARDS. A Stock Bonus Award is an award to an eligible Employee, Consultant, or Director of Shares for Services to be rendered or for past Services already rendered to the Company or any Parent, Subsidiary or Affiliate. All Stock Bonus Awards shall be made pursuant to an Award Agreement. No payment from the Participant will be required for Shares awarded pursuant to a Stock Bonus Award.

8.1. ***Terms of Stock Bonus Awards.*** The Committee will determine the number of Shares to be awarded to the Participant under a Stock Bonus Award and any restrictions thereon. These restrictions may be based upon completion of a specified period of Service with the Company or upon satisfaction of performance goals based on Performance Factors during any Performance Period as set out in the Participant's Stock Bonus Agreement. Prior to the grant of any Stock Bonus Award the Committee shall: (a) determine the nature, length and starting date of any Performance Period for the Stock Bonus Award; (b) select from among the Performance Factors to be used to measure performance goals; and (c) determine the number of Shares that may be awarded to the Participant. Performance Periods may overlap and a Participant may participate simultaneously with respect to Stock Bonus Awards that are subject to different Performance Periods and different performance goals and other criteria.

8.2. ***Form of Payment to Participant.*** Payment, if any, may be made in the form of cash, whole Shares, or a combination thereof, based on the Fair Market Value of the Shares earned under a Stock Bonus Award on the date of payment, as determined in the sole discretion of the Committee.

8.3. ***Termination of Service.*** Unless otherwise determined by the Committee or except as otherwise expressly provided in the Award Agreement or other applicable agreement between the Participant and the Company (or any Parent, Subsidiary or Affiliate, if applicable), vesting ceases on such date Participant's Service terminates.

9. STOCK APPRECIATION RIGHTS. A Stock Appreciation Right ("***SAR***") is an award to an eligible Employee, Consultant, or Director that may be settled in cash, or Shares (which may consist of

Restricted Stock), having a value equal to (a) the difference between the Fair Market Value on the date of exercise less the Exercise Price multiplied by (b) the number of Shares with respect to which the SAR is being settled (subject to any maximum number of Shares that may be issuable as specified in an Award Agreement). All SARs shall be made pursuant to an Award Agreement.

9.1. ***Terms of SARs.*** The Committee will determine the terms of each SAR including, without limitation: (a) the number of Shares subject to the SAR; (b) the Exercise Price and the time or times during which the SAR may be settled; (c) the consideration to be distributed on settlement of the SAR; and (d) the effect of the Participant's termination of Service on each SAR. The Exercise Price of the SAR will be determined by the Committee when the SAR is granted, and may not be less than Fair Market Value of the Shares on the date of grant (with the exception of SARs issued in substitution of another company's awards pursuant to, and to the extent permitted by, Section 21.2). A SAR may be awarded upon satisfaction of Performance Factors, if any, during any Performance Period as are set out in the Participant's individual Award Agreement. If the SAR is being earned upon the satisfaction of Performance Factors, then the Committee will: (x) determine the nature, length and starting date of any Performance Period for each SAR; and (y) select from among the Performance Factors to be used to measure the performance, if any. Performance Periods may overlap and Participants may participate simultaneously with respect to SARs that are subject to different Performance Factors and other criteria.

9.2. ***Exercise Period and Expiration Date.*** A SAR will be exercisable within the times or upon the occurrence of events determined by the Committee and set forth in the Award Agreement governing such SAR. The Award Agreement shall set forth the expiration date; provided that no SAR will be exercisable after the expiration of ten (10) years from the date the SAR is granted. The Committee may also provide for SARs to become exercisable at one time or from time to time, periodically or otherwise (including, without limitation, upon the attainment during a Performance Period of performance goals based on Performance Factors), in such number of Shares or percentage of the Shares subject to the SAR as the Committee determines. Notwithstanding the foregoing, the rules of Section 5.6 also will apply to SARs.

9.3. ***Form of Settlement.*** Upon exercise of a SAR, a Participant will be entitled to receive payment from the Company in an amount determined by multiplying (a) the difference between the Fair Market Value of a Share on the date of exercise less the Exercise Price; times (b) the number of Shares with respect to which the SAR is exercised. At the discretion of the Committee, the payment from the Company for the SAR exercise may be in cash, in Shares of equivalent value, or in some combination thereof. The portion of a SAR being settled may be paid currently or on a deferred basis with such interest, if any, as the Committee determines, provided that the terms of the SAR and any deferral satisfy the requirements of Section 409A of the Code, to the extent applicable.

9.4. ***Termination of Service.*** Unless otherwise determined by the Committee or except as otherwise expressly provided in the Award Agreement or other applicable agreement between the Participant and the Company (or any Parent, Subsidiary or Affiliate, if applicable), vesting ceases on such date Participant's Service terminates.

10. PERFORMANCE AWARDS.

10.1. ***Types of Performance Awards.*** A Performance Award is an Award to an eligible Employee, Consultant, or Director that is based upon the attainment of performance goals, as established by the Committee, and other terms and conditions specified by the Committee, and may be settled in cash, Shares (which may consist of, without limitation, Restricted Stock), other property, or any combination thereof. Grants of Performance Awards will be made pursuant to an Award Agreement that cites Section 10 of the Plan and may be cash-based.

(a) ***Performance Shares.*** The Committee may grant Awards of Performance Shares, designate the Participants to whom Performance Shares are to be awarded, and determine the number of Performance Shares and the terms and conditions of each such Award. Performance Shares will consist of a unit valued by reference to a designated number of Shares, the value of which may be paid to the Participant by delivery of Shares or, if set forth in the Award Agreement, of such property as the Committee will determine, including, without limitation, cash, Shares, other property, or any combination thereof, upon the attainment of performance goals, as established by the Committee, and other terms and conditions specified by the Committee. The amount to be paid under an Award of Performance Shares may be adjusted on the basis of such further consideration as the Committee will determine in its sole discretion.

(b) ***Performance Units***. The Committee may grant Awards of Performance Units, designate the Participants to whom Performance Units are to be awarded, and determine the number of Performance Units and the terms and conditions of each such Award. Performance Units will consist of a unit valued by reference to a designated amount of property other than Shares, which value may be paid to the Participant by delivery of such property as the Committee will determine, including, without limitation, cash, Shares, other property, or any combination thereof, upon the attainment of performance goals, as established by the Committee, and other terms and conditions specified by the Committee.

(c) ***Cash-Settled Performance Awards***. The Committee may also grant cash-settled Performance Awards to Participants under the terms of this Plan. Such Awards will be based on the attainment of performance goals using the Performance Factors within this Plan that are established by the Committee for the relevant performance period.

10.2. ***Terms of Performance Awards***. The Committee will determine, and each Award Agreement will set forth, the terms of each Performance Award including, without limitation: (a) the amount of any cash bonus, (b) the number of Shares deemed subject to an Award of Performance Shares, (c) the Performance Factors and Performance Period that will determine the time and extent to which each Award of Performance Shares will be settled, (d) the consideration to be distributed on settlement, and (e) the effect of the Participant's termination of Service on each Performance Award. In establishing Performance Factors and the Performance Period the Committee will: (i) determine the nature, length, and starting date of any Performance Period; (ii) select from among the Performance Factors to be used; and (iii) determine the number of Shares deemed subject to the Award of Performance Shares. Prior to settlement, the Committee will determine the extent to which Performance Awards have been earned. Performance Periods may overlap and Participants may participate simultaneously with respect to Performance Awards that are subject to different Performance Periods and different performance goals and other criteria.

10.3. ***Termination of Service***. Unless otherwise determined by the Committee or except as otherwise expressly provided in the Award Agreement or other applicable agreement between the Participant and the Company (or any Parent, Subsidiary or Affiliate, if applicable), vesting ceases on the date Participant's Service terminates.

11. PAYMENT FOR SHARE PURCHASES. Payment from a Participant for Shares purchased pursuant to this Plan may be made in cash or by cash equivalent or, where expressly approved for the Participant by the Committee and where permitted by law (and to the extent not otherwise set forth in the applicable Award Agreement):

(a) by cancellation of indebtedness of the Company to the Participant;

(b) by surrender of shares of the Company held by the Participant that have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the Shares as to which said Award will be exercised or settled;

(c) by waiver of compensation due or accrued to the Participant for services rendered or to be rendered to the Company or a Parent, Subsidiary or Affiliate;

(d) by consideration received by the Company pursuant to a broker-assisted or other form of cashless exercise program implemented by the Company in connection with this Plan;

(e) by any combination of the foregoing; or

(f) by any other method of payment as is permitted by applicable law.

The Committee may limit the availability of any method of payment, to the extent the Committee determines, in its discretion, such limitation is necessary or advisable to comply with applicable law or facilitate the administration of this Plan. Unless determined otherwise by the Committee, all payments under any of the methods indicated above shall be made in United States dollars.

12. GRANTS TO NON-EMPLOYEE DIRECTORS.

12.1. ***Grants and Eligibility.*** Awards pursuant to this Section 12 shall be granted only to Non-Employee Directors, who are eligible to receive any type of Award offered under this Plan except ISOs. Awards pursuant to this Section 12 may be automatically made pursuant to a policy adopted by the Board, or made from time to time as determined in the discretion of the Board.

12.2. ***Fiscal Year Limitation***. The aggregate value of all compensation provided (including Awards granted and cash fees paid by the Company) to a Non-Employee Director in any Fiscal Year for services on the Board will not exceed (x) $750,000 in value (as described below) for continuing Non-Employee Directors, or (y) $1,000,000 in value (as described below) for the Fiscal Year in which the Non-Employee Director is first appointed or elected (as applicable, the "***Non-Employee Director Cap***"). The value of Awards for purposes of complying with the Non-Employee Director Cap will be determined based on the grant date fair value of such Awards for financial reporting purposes. Any Awards granted, or cash compensation paid, to an individual in consideration of services as an Employee or in consideration of services as a Consultant, will not count for purposes of the Non-Employee Director Cap.

12.3. ***Vesting, Exercisability and Settlement.*** Except as set forth in Section 21, Awards shall vest, become exercisable and be settled as determined by the Board.

12.4. ***Election to Receive Awards in Lieu of Cash.*** If permitted by the Committee, a Non-Employee Director may elect to receive his or her annual retainer payments and/or meeting fees from the Company in the form of cash or Awards or a combination thereof, as determined by the Committee. Such Awards shall be issued under this Plan. An election under this Section 12.4 shall be filed with the Company on the form prescribed by the Company.

13. WITHHOLDING TAXES.

13.1. ***Withholding Generally.*** In connection with any tax or tax withholding event related to Awards granted under this Plan, the Company may require the Participant to remit to the Company (or to the Third Party Administrator or to the Parent, Subsidiary or Affiliate, as applicable, employing the Participant or to which the Participant provides Services) an amount sufficient to satisfy applicable U.S. federal, state, local and international income tax, social insurance, payroll tax, fringe benefits tax, payment on account, or any other tax liability, withholding or tax-related items (the "***Tax-Related Items***") related to

the Participant's participation in the Plan and legally applicable to the Participant prior to the delivery of Shares pursuant to exercise or settlement of any Award. Whenever payments in satisfaction of Awards granted under this Plan are to be made in cash, such payment will be net of an amount sufficient to satisfy applicable withholding obligations for Tax-Related Items.

13.2. ***Withholding Methods.*** The Committee, or its delegate(s), as permitted by applicable law, in its sole discretion and pursuant to such procedures as it may specify from time to time and to limitations of local law, may require or permit a Participant to satisfy such Tax-Related Items legally due from the Participant, in whole or in part by (without limitation) (a) paying cash, (b) having the Company withhold otherwise deliverable cash or Shares having a Fair Market Value equal to the Tax-Related Items to be withheld, (c) delivering to the Company already-owned shares having a Fair Market Value equal to the Tax-Related Items to be withheld or (d) withholding from the proceeds of the sale of otherwise deliverable Shares acquired pursuant to an Award either through a voluntary sale or through a mandatory sale arranged by the Company. The Company may withhold or account for these Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including up to (but not in excess of) the maximum permissible statutory tax rate for the applicable tax jurisdiction, to the extent consistent with applicable laws. Unless otherwise determined by the Committee, the Fair Market Value of the Shares will be determined as of the date that the taxes are required to be withheld and such Shares will be valued based on the value of the actual trade or, if there is none, the Fair Market Value of the Shares as of the previous trading day.

14. TRANSFERABILITY. Unless determined otherwise by the Committee, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution. If the Committee makes an Award transferable, including, without limitation, by instrument to an inter vivos or testamentary trust in which the Awards are to be passed to beneficiaries upon the death of the trustor (settlor) or by gift or by domestic relations order to a Permitted Transferee, such Award will contain such additional terms and conditions as the Committee deems appropriate. All Awards shall be exercisable: (a) during the Participant's lifetime only by (i) the Participant, or (ii) the Participant's guardian or legal representative; (b) after the Participant's death, by the legal representative of the Participant's heirs or legatees; and (c) in the case of all awards except ISOs, by a Permitted Transferee.

15. PRIVILEGES OF STOCK OWNERSHIP; RESTRICTIONS ON SHARES.

15.1. ***Voting and Dividends.*** No Participant will have any of the rights of a stockholder with respect to any Shares until the Shares are issued to the Participant, except for any Dividend Equivalent Rights permitted by an applicable Award Agreement. Any Dividend Equivalent Rights will be subject to

the same vesting or performance conditions as the underlying Award. In addition, the Committee may provide that any Dividend Equivalent Rights permitted by an applicable Award Agreement will be deemed to have been reinvested in additional Shares or otherwise reinvested. After Shares are issued to the Participant, the Participant will be a stockholder and have all the rights of a stockholder with respect to such Shares, including the right to vote and receive all dividends or other distributions made or paid with respect to such Shares; provided, that if such Shares are Restricted Stock, then any new, additional or different securities, or cash dividends, the Participant may become entitled to receive with respect to such Shares by virtue of a stock dividend, cash dividend, stock split or any other change in the corporate or capital structure of the Company will be subject to the same restrictions as the Restricted Stock; provided further, that the Participant will have no right to such stock dividends, cash dividends or stock distributions with respect to Unvested Shares, and any such dividends or stock distributions will be accrued and paid only at such time, if any, as such Unvested Shares become vested Shares. The Committee, in its discretion, may provide in the Award Agreement evidencing any Award that the Participant will be entitled to Dividend Equivalent Rights with respect to the payment of cash dividends on Shares underlying an Award during the period beginning on the date the Award is granted and ending, with respect to each Share subject to the Award, on the earlier of the date on which the Award is exercised or settled or the date on which it is forfeited provided, that no Dividend Equivalent Right will be paid with respect to the Unvested Shares, and such dividends or stock distributions will be accrued and paid only at such time, if any, as such Unvested Shares become vested Shares. Such Dividend Equivalent Rights, if any, will be credited to the Participant in the form of additional whole Shares as of the date of payment of such cash dividends on Shares.

15.2. ***Restrictions on Shares.*** At the discretion of the Committee, the Company may reserve to itself and/or its assignee(s) a right to repurchase (a "***Right of Repurchase***") a portion of any or all Unvested Shares held by a Participant following such Participant's termination of Service at any time within ninety (90) days (or such longer or shorter time determined by the Committee) after the later of the date Participant's Service terminates and the date the Participant purchases Shares under this Plan, for cash and/or cancellation of purchase money indebtedness, at the Participant's Purchase Price or Exercise Price, as the case may be.

16. CERTIFICATES. All Shares or other securities whether or not certificated, delivered under this Plan will be subject to such stock transfer orders, legends and other restrictions as the Committee may deem necessary or advisable, including restrictions under any applicable U.S. federal, state or foreign securities law, or any rules, regulations and other requirements of the SEC or any stock exchange or automated quotation system upon which the Shares may be listed or quoted and any non-U.S. exchange controls or securities law restrictions to which the Shares are subject.

17. ESCROW; PLEDGE OF SHARES. To enforce any restrictions on a Participant's Shares, the Committee may require the Participant to deposit all certificates representing Shares, together with stock powers or other instruments of transfer approved by the Committee, appropriately endorsed in blank, with the Company or an agent designated by the Company to hold in escrow until such restrictions have lapsed or terminated, and the Committee may cause a legend or legends referencing such restrictions to be placed on the certificates. Any Participant who is permitted to execute a promissory note as partial or full consideration for the purchase of Shares under this Plan will be required to pledge and deposit with the Company all or part of the Shares so purchased as collateral to secure the payment of the Participant's obligation to the Company under the promissory note; provided, however, that the Committee may require or accept other or additional forms of collateral to secure the payment of such obligation and, in any event, the Company will have full recourse against the Participant under the promissory note notwithstanding any pledge of the Participant's Shares or other collateral. In connection with any pledge of the Shares, the Participant will be required to execute and deliver a written pledge agreement in such form as the Committee will from time to time approve. The Shares purchased with the promissory note may be released from the pledge on a pro rata basis as the promissory note is paid.

18. REPRICING; EXCHANGE AND BUYOUT OF AWARDS. Prior stockholder approval is required for the Committee to take the following actions (a) reprice Options or SARs, including pursuant to an Exchange Program or (b) pay cash or issue new Awards in exchange for the surrender and cancellation of any, or all, outstanding Awards (which action pursuant to this subsection (b), subject to Section 5.9 or Section 5.10 of this Plan, shall require the consent of the respective Participants). For the avoidance of doubt, the consent of the affected Participants is not required to reduce the Exercise Price of outstanding Options or SARs, notwithstanding any adverse tax consequences to them arising from such action, provided written notice is provided to them.

19. SECURITIES LAW AND OTHER REGULATORY COMPLIANCE. An Award will not be effective unless such Award is in compliance with all applicable U.S. and foreign federal and state securities and exchange control and other laws, rules and regulations of any governmental body, and the requirements of any stock exchange or automated quotation system upon which the Shares may then be listed or quoted, as they are in effect on the date of grant of the Award and also on the date of exercise or other issuance. Notwithstanding any other provision in this Plan, the Company will have no obligation to issue or deliver certificates for Shares under this Plan prior to: (a) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and/or (b) completion of any registration or other qualification of such Shares under any state, federal or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable. The Company will be under no obligation to register

the Shares with the SEC or to effect compliance with the registration, qualification or listing requirements of any foreign or state securities laws, exchange control laws, stock exchange or automated quotation system, and the Company will have no liability for any inability or failure to do so.

20. NO OBLIGATION TO EMPLOY. Nothing in this Plan or any Award granted under this Plan will confer or be deemed to confer on any Participant any right to continue in the employ of, or to continue any other relationship with, the Company or any Parent, Subsidiary or Affiliate or limit in any way the right of the Company or any Parent, Subsidiary or Affiliate to terminate Participant's employment or other relationship at any time.

21. CORPORATE TRANSACTIONS.

21.1. Treatment of Awards in Corporate Transaction. In the event of a Corporate Transaction, outstanding Awards acquired under the Plan shall be subject to the agreement evidencing the Corporate Transaction, which need not treat all outstanding Awards in an identical manner. Such agreement, without the Participant's consent, shall provide for one or more of the following with respect to all outstanding Awards as of the effective date of such Corporate Transaction:

(a) Awards may be assumed, or substantially equivalent Awards will be substituted, by the acquiring or succeeding corporation (or an affiliate thereof) with appropriate adjustments as to the number and kind of shares and prices;

(b) upon written notice to a Participant, that the Participant's Awards will terminate upon or immediately prior to the consummation of such Corporate Transaction;

(c) the termination of an Award in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the Participant's rights as of the date of the occurrence of the transaction (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction the Committee determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant's rights, then such Award may be terminated by the Company without payment);

(d) the replacement of such Award with other rights or property selected by the Committee in its sole discretion; or

(e) any combination of the foregoing.

In the event such successor or acquiring corporation (if any) does not continue, assume, replace, or substitute Awards, or settle for Awards for their intrinsic value (which may be determined to be zero), as provided above, pursuant to a Corporate Transaction ("***Non-Assumption***"), then notwithstanding any other

provision in this Plan to the contrary, such Awards shall have their vesting accelerate as to all shares subject to such Award (and any applicable Right of Repurchase fully lapse) immediately prior to the Corporate Transaction and then such Awards will terminate. Notwithstanding the foregoing sentence, Performance Awards shall be governed by the applicable Performance Award Agreement governing their grant. In the event of Non-Assumption, Performance Awards will accelerate upon the occurrence of a Corporate Transaction pursuant to the first sentence of this paragraph solely if (i) such acceleration upon Non-Assumption is provided under the Performance Award Agreement or (ii) if the Performance Award Agreement is silent with respect to treatment of the Performance Award in the event of a Corporate Transaction. Further, if a Performance Award Agreement is silent with respect to treatment of the Performance Award in the event of a Corporate Transaction, then for all purposes of this Section 21.1, it shall be deemed earned and vested at the greater of (a) 100% of target level performance and (b) actual performance through a date prior to the Corporate Transaction as determined by the Committee. If an Award vests in lieu of continuation, assumption, conversion, replacement, substitution or settlement in connection with a Corporate Transaction as provided above, the Committee will notify the Participant in writing or electronically that such Award will be exercisable for a period of time determined by the Committee in its sole discretion, and such Award will terminate upon the expiration of such period without consideration.

An Award will be considered continued, assumed, replaced, or substituted if, following the Corporate Transaction, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the Corporate Transaction, the consideration (whether stock, cash, or other securities or property) received in the Corporate Transaction by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Corporate Transaction is not solely common stock of the successor corporation or its parent, the Committee may, with the consent of the successor corporation, provide for the consideration to be purchased or received, as applicable, for each Share subject to such Award to be solely common stock of the successor corporation or its parent equal in fair market value to the per share consideration received by holders of Common Stock in the Corporate Transaction.

The Board shall have full power and authority to assign the Company's right to repurchase, right to re-acquire and/or forfeiture rights to such successor or acquiring corporation. Awards need not be treated similarly in a Corporate Transaction, and treatment may vary from Award to Award and/or from Participant to Participant.

21.2. ***Assumption of Awards by the Company.*** The Company, from time to time, also may substitute or assume outstanding awards granted by another company, whether in connection with an acquisition of such other company or otherwise, by either; (a) granting an Award under this Plan in substitution of such other company's award; or (b) assuming such award as if it had been granted under this Plan if the terms of such assumed award could be applied to an Award granted under this Plan. Such substitution or assumption will be permissible if the holder of the substituted or assumed award would have been eligible to be granted an Award under this Plan if the other company had applied the rules of this Plan to such grant. In the event the Company assumes an award granted by another company, the terms and conditions of such award will remain unchanged (except that the Purchase Price or the Exercise Price, as the case may be, and the number and nature of Shares issuable upon exercise or settlement of any such Award will be adjusted appropriately pursuant to Section 424(a) of the Code). In the event the Company elects to grant a new Option in substitution rather than assuming an existing option, such new Option may be granted with a similarly adjusted Exercise Price. Substitute Awards shall not reduce the number of Shares authorized for grant under this Plan or authorized for grant to a Participant in a calendar year.

21.3. ***Non-Employee Directors' Awards***. Notwithstanding any provision to the contrary herein, and unless otherwise set forth in the applicable award agreement, in the event of a Corporate Transaction, the vesting of all Awards granted to Non-Employee Directors shall accelerate and such Awards shall become exercisable (as applicable) in full prior to the consummation of the Corporate Transaction at such times and on such conditions as the Committee determines.

21.4. ***Dissolution or Liquidation***. In the event of the proposed dissolution or liquidation of the Company, the Committee will notify each Participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it previously has not been exercised, an Award will terminate immediately prior to the consummation of such proposed action.

22. **ADOPTION AND STOCKHOLDER APPROVAL**. This Plan shall be submitted for the approval of the Company's stockholders, consistent with applicable laws, within twelve (12) months before or after the date this Plan is adopted by the Board.

23. **TERM OF PLAN/GOVERNING LAW.** Unless earlier terminated as provided herein, this Plan will become effective on the Effective Date and will terminate ten (10) years from the date this Plan is adopted by the Board. After this Plan is terminated or expires, no Awards may be granted but Awards previously granted shall remain outstanding in accordance with their applicable terms and conditions and this Plan's terms and conditions. This Plan and all Awards granted hereunder shall be governed by and construed in accordance with the laws of the State of California (excluding its conflict of law rules).

24. AMENDMENT OR TERMINATION OF PLAN. Subject to approval by the Company's stockholders where required by applicable law, regulation or rule, the Board may at any time terminate or amend this Plan in any respect, including, without limitation, amendment of any form of Award Agreement or instrument to be executed pursuant to this Plan. A Participant's Award shall be governed by the version of this Plan then in effect at the time such Award was granted. No termination or amendment of this Plan or any outstanding Award shall adversely affect any then outstanding Award without the consent of the Participant, unless such termination or amendment is necessary to comply with applicable law, regulation or rule.

25. NONEXCLUSIVITY OF THIS PLAN. Neither the adoption of this Plan by the Board, the submission of this Plan to the stockholders of the Company for approval, nor any provision of this Plan will be construed as creating any limitations on the power of the Board to adopt such additional compensation arrangements as it may deem desirable, including, without limitation, the granting of stock awards and bonuses otherwise than under this Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

26. INSIDER TRADING POLICY. Each Participant who receives an Award shall comply with any policy adopted by the Company from time to time covering transactions in the Company's securities by Employees, officers and/or Directors of the Company, as well as with any applicable insider trading or market abuse laws to which the Participant may be subject.

27. ALL AWARDS SUBJECT TO COMPANY CLAWBACK OR RECOUPMENT POLICY. All Awards, subject to applicable law, will be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or required by law during the term of Participant's employment or other service with the Company that is applicable to officers, Employees, Directors or other service providers of the Company, and in addition to any other remedies available under such policy and applicable law, may require the cancellation of outstanding Awards and the recoupment of any gains realized with respect to Awards.

28. DEFINITIONS. As used in this Plan, and except as elsewhere defined herein, the following terms will have the following meanings:

28.1. "***Affiliate***" means (a) any person or entity that, directly or indirectly, is controlled by, controls, or is under common control with, the Company, and (b) any person or entity in which the Company has a significant equity interest, in either case as determined by the Committee, whether now or hereafter existing.

28.2. "***Award***" means any award under this Plan, including any Option, Restricted Stock, Stock Bonus, Stock Appreciation Right, Restricted Stock Unit or Performance Award.

28.3. "***Award Agreement***" means, with respect to each Award, the written or electronic agreement between the Company and the Participant setting forth the terms and conditions of the Award, and country-specific appendix thereto for grants to non-U.S. Participants, which shall be in substantially a form (which need not be the same for each Participant) that the Committee (or in the case of Award agreements that are not used for Insiders, the Committee's delegate(s)) has from time to time approved, and will comply with and be subject to the terms and conditions of this Plan.

28.4. "***Board***" means the Board of Directors of the Company.

28.5. "***Cause***" means a determination by the Company that the Participant has committed an act or acts constituting any of the following: (a) dishonesty, fraud, embezzlement, misconduct or negligence in connection with Participant's duties to the Company; (b) misappropriation of a business opportunity of the Company; (c) provision of material aid to a competitor of the Company; (d) a felony conviction; (e) a violation or breach of, or failure to comply with, the Company's code of ethics or conduct, any of the Company's rules, policies or procedures applicable to the Participant or any agreement in effect between the Company and the Participant; (f) willful failure substantially to perform Participant's duties and responsibilities to the Company; (g) unauthorized use or disclosure by Participant of any proprietary information or trade secrets of the Company or any other party to whom the Participant owes an obligation of nondisclosure as a result of Participant's relationship with the Company; (h) failure to cooperate with an internal investigation or an investigation by regulatory or law enforcement authorities after being instructed by the Company to cooperate or (i) any other willful misconduct that has caused or is reasonably expected to result in material injury to the Company. The determination as to whether a Participant is being terminated for Cause shall be made in good faith by the Company and shall be final and binding on the Participant. The foregoing definition does not in any way limit the Company's ability to terminate a Participant's employment or consulting relationship at any time, and the term "Company" will be interpreted to include any Subsidiary, Parent or Affiliate, as appropriate. Notwithstanding the foregoing, the definition of "Cause" may, in part or in whole, be modified or replaced in each individual employment agreement, Award Agreement or other applicable agreement with any Participant, provided that such document supersedes the foregoing definition.

28.6. "***Code***" means the United States Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

28.7. "***Committee***" means the Compensation Committee of the Board or those persons to whom administration of this Plan, or part of this Plan, has been delegated as permitted by law.

28.8. "***Common Stock***" means the common stock of the Company.

28.9. "***Company***" means iRhythm Holdings, Inc., a Delaware corporation, or any successor corporation.

28.10. "***Consultant***" means any natural person, including an advisor or independent contractor, engaged by the Company or a Parent, Subsidiary or Affiliate to render bona fide services to such entity, provided the services (i) are not in connection with the offer or sale of securities in a capital-raising transaction, and (ii) do not directly promote or maintain a market for the Company's securities, in each case, within the meaning of Form S-8 promulgated under the Securities Act.

28.11. "***Corporate Transaction***" means the occurrence of any of the following events:

(a) A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group ("***Person***"), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection, the acquisition of additional stock by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered a Corporate Transaction.

(b) A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this clause (b), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Corporate Transaction.

(c) A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (c), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's

stock, (2) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (c)(B)(3). For purposes of this subsection (c), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this definition, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

A transaction will not constitute a Corporate Transaction if: (i) its sole purpose is to change the state of the Company's incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

Notwithstanding the foregoing, to the extent that any amount constituting deferred compensation (as defined in Section 409A of the Code) would become payable under this Plan by reason of a Corporate Transaction, such amount will become payable only if the event constituting a Corporate Transaction would also qualify as a change in ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company, each as defined within the meaning of Section 409A of the Code, as it has been and may be amended from time to time, and any proposed or final Treasury Regulations and IRS guidance that has been promulgated or may be promulgated thereunder from time to time. Notwithstanding the foregoing, the foregoing definition of "Corporate Transaction" may, in part or in whole, be modified or replaced in each individual employment agreement, Award Agreement, or other applicable agreement with any Participant provided that such document specifically supersedes this definition.

28.12. "***Director***" means a member of the Board.

28.13. "***Disability***" means in the case of incentive stock options, total and permanent disability as defined in Section 22(e)(3) of the Code and in the case of other Awards, that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months.

28.14. "***Dividend Equivalent Right***" means the right of a Participant, granted at the discretion of the Committee or as otherwise provided by this Plan, to receive a credit for the account of such Participant in an amount equal to the cash, stock or other property dividends in amounts equivalent to cash, stock or other property dividends for each Share represented by an Award held by such Participant.

28.15. "***Effective Date***" means the date this Plan is approved by the stockholders of the Company (which shall be within twelve (12) months of the approval of this Plan by the Board).

28.16. "***Employee***" means any person, including officers and Directors, providing services as an employee to the Company or any Parent, Subsidiary or Affiliate of the Company. Neither service as a Director nor payment of a director's fee by the Company will be sufficient to constitute "employment" by the Company.

28.17. "***Exchange Act***" means the United States Securities Exchange Act of 1934, as amended.

28.18. "***Exchange Program***" means a program approved by the Company's stockholders pursuant to which (i) outstanding Awards are surrendered, cancelled or exchanged for cash, the same type of Award or a different Award (or combination thereof) or (ii) the Exercise Price of an outstanding Award is reduced.

28.19. "***Exercise Price***" means, with respect to an Option, the price at which a holder may purchase the Shares issuable upon exercise of an Option and with respect to a SAR, the price at which the SAR is granted to the holder thereof.

28.20. "***Fair Market Value***" means, as of any date, the value of a Share determined as follows:

(a) if such Common Stock is publicly traded and is then listed on a national securities exchange, its closing price on the date of determination on the principal national securities exchange on which the Common Stock is listed or admitted to trading as reported in The Wall Street Journal or such other source as the Committee may determine or, if there is no closing price on that date, then on the last preceding date on which such a closing price was reported;

(b) if such Common Stock is publicly traded but is neither listed nor admitted to trading on a national securities exchange, the average of the closing bid and asked prices on the date of determination as reported in The Wall Street Journal or such other source as the Committee may determine; or

(c) by the Board or the Committee in good faith.

28.21. "***Fiscal Year***" means the fiscal year of the Company.

28.22. "***Insider***" means an officer or Director of the Company or any other person whose transactions in the Company's Common Stock are subject to Section 16 of the Exchange Act.

28.23. "***IRS***" means the United States Internal Revenue Service.

28.24. "***Non-Employee Director***" means a Director who is not an Employee of the Company or any Parent, Subsidiary or Affiliate.

28.25. "***Option***" means an award of an option to purchase Shares pursuant to Section 5.

28.26. "***Parent***" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if each of such corporations other than the Company owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

28.27. "***Participant***" means a person who holds an Award under this Plan.

28.28. "***Performance Award***" means an Award covering cash, Shares or other property granted pursuant to Section 10 of this Plan, and the Award Agreement governing its grant, the "***Performance Award Agreement***").

28.29. "***Performance Factors***" means any of the factors selected by the Committee and specified in an Award Agreement, from among the following objective or subjective measures, either individually, alternatively or in any combination, applied to the Participant, the Company, any business unit or Parent, Subsidiary or Affiliate, either individually, alternatively, or in any combination, on a GAAP or non-GAAP basis, and measured, to the extent applicable on an absolute basis or relative to a pre-established target, to determine whether the performance goals established by the Committee with respect to applicable Awards have been satisfied:

(a) Profit Before Tax;

(b) Sales;

(c) Expenses;

(d) Billings;

(e) Revenue;

(f) Net revenue;

(g) Earnings (which may include earnings before interest and taxes (EBIT), earnings before interest, taxes, depreciation and amortization (EBITDA), and Adjusted EBITDA);

(h) Operating income;

(i) Operating margin;

(j) Operating profit;

(k) Controllable operating profit, or net operating profit;

(l) Net Profit;

(m) Gross margin;

(n) Operating expenses or operating expenses as a percentage of revenue;

(o) Net income;

(p) Earnings per share;

(q) Total stockholder return or relative stockholder return;

(r) Market share;

(s) Return on assets or net assets;

(t) The Company's stock price;

(u) Growth in stockholder value relative to a pre-determined index;

(v) Return on equity;

(w) Return on invested capital;

(x) Cash Flow (including free cash flow or operating cash flows) or cash flow margins;

(y) Balance of cash, cash equivalents and marketable securities;

(z) Cash conversion cycle;

(aa) Economic value added;

(bb) Individual confidential business objectives;

(cc) Contract awards or backlog;

(dd) Overhead or other expense reduction;

(ee) Credit rating;

(ff) Completion of an identified special project;

(gg) Completion of a joint venture or other corporate transaction;

(hh) Strategic plan development and implementation;

(ii) Succession plan development and implementation;

(jj) Improvement in workforce diversity;

(kk) Employee satisfaction;

(ll) Employee retention;

(mm) Customer indicators and/or satisfaction

(nn) New product invention or innovation;

(oo) Research and development expenses

(pp) Attainment of research and development milestones;

(qq) Improvements in productivity;

(rr) Bookings;

(ss) Working-capital targets and changes in working capital

(tt) Attainment of operating goals and employee metrics;

(uu) Net new annual contract value;

(vv) Net expansion or growth rate; and

(ww) Any other metric as determined by the Committee.

The Committee may provide for one or more equitable adjustments to the Performance Factors to preserve the Committee's original intent regarding the Performance Factors at the time of the initial award grant, such as but not limited to, adjustments in recognition of unusual or non-recurring items such as acquisition related activities or changes in applicable accounting rules. It is within the sole discretion of the Committee to make or not make any such equitable adjustments.

28.30. "***Performance Period***" means one or more periods of time, which may be of varying and overlapping durations, as the Committee may select, over which the attainment of one or more Performance Factors will be measured for the purpose of determining a Participant's right to, and the payment of, a Performance Award.

28.31. "***Permitted Transferee***" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law (including adoptive relationships) of the Employee, any

person sharing the Employee's household (other than a tenant or employee), a trust in which these persons (or the Employee) have more than 50% of the beneficial interest, a foundation in which these persons (or the Employee) control the management of assets, and any other entity in which these persons (or the Employee) own more than 50% of the voting interests.

28.32. "***Plan***" means this iRhythm Holdings, Inc. 2026 Equity Incentive Plan.

28.33. "***Prior Plan***" means the Company's 2016 Equity Incentive Plan.

28.34. "***Prior Plan Award***" means any award granted under the Prior Plan, including, as applicable, any stock option, restricted stock award, stock bonus award, stock appreciation right, restricted stock unit or performance award.

28.35. "***Purchase Price***" means the price to be paid for Shares acquired under this Plan, other than Shares acquired upon exercise of an Option or SAR.

28.36. "***Restricted Stock Award***" means an Award as defined in Section 7 and granted under this Plan, or issued pursuant to the early exercise of an Option.

28.37. "***Restricted Stock Unit***" means an Award as defined in Section 6 and granted under this Plan.

28.38. "***SEC***" means the United States Securities and Exchange Commission.

28.39. "***Securities Act***" means the United States Securities Act of 1933, as amended.

28.40. "***Service***" means service as an Employee, Consultant, Director, or Non-Employee Director, to the Company or a Parent, Subsidiary, or Affiliate, subject to such further limitations as may be set forth in the Plan or the applicable Award Agreement. An Employee will not be deemed to have ceased to provide Service in the case of any leave of absence approved by the Company or a Parent, Subsidiary, or Affiliate, as applicable. In the case of a reduction in hours worked (for illustrative purposes only, a change in schedule from that of full-time to part-time), the Committee may make such provisions respecting modification to vesting of the Award during such change in working hours as it may deem appropriate, including suspension of or modification to vesting of the Award (including pursuant to a formal policy adopted from time to time by the Company or a Parent, Subsidiary, or Affiliate), except that in no event may an Award vest or be exercised after the expiration of the term set forth in the applicable Award Agreement. Unless the Committee provides otherwise (including pursuant to a formal policy adopted from time to time by the Company or a Parent, Subsidiary, or Affiliate), Awards granted hereunder will continue to vest during any leave of absence. A change in status between an Employee, Consultant, Director or Non-Employee Director shall not terminate the Participant's Service, unless determined by the Committee in its discretion or to the

extent set forth in the applicable Award Agreement. The Committee will have sole discretion to determine whether a Participant has ceased to provide Service and the effective date on which the Participant ceased to provide Service.

28.41. "***Shares***" means shares of Common Stock and the common stock of any successor entity of the Company.

28.42. "***Stock Appreciation Right***" means an Award defined in Section 9 and granted under this Plan.

28.43. "***Stock Bonus***" means an Award defined in Section 8 and granted under this Plan.

28.44. "***Subsidiary***" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

28.45. "***Treasury Regulations***" means regulations promulgated by the United States Treasury Department.

28.46. "***Unvested Shares***" means Shares that have not yet vested or are subject to a Right of Repurchase in favor of the Company (or any successor thereto).

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Pursuant to
Securities Exchange Act Rules 13a-14(a) and 15d-14(a),
As Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Quentin S. Blackford, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of iRhythm Holdings, Inc.;

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(s) 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(s) 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 the equivalent functions):

    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 the 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: April 30, 2026

By: /s/ Quentin S. Blackford

Quentin S. Blackford,
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Pursuant to
Securities Exchange Act Rules 13a-14(a) and 15d-14(a),
As Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Daniel Wilson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of iRhythm Holdings, Inc.;

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(s) 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(s) 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 the equivalent functions):

    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 the 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: April 30, 2026

By: /s/ Daniel Wilson

Daniel Wilson
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of iRhythm Holdings, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 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, as amended; 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: April 30, 2026

By: /s/ Quentin S. Blackford
Quentin S. Blackford
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Daniel Wilson
Daniel Wilson
Chief Financial Officer
(Principal Financial Officer)

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of iRhythm Holdings, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.