

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): August 4, 2022

iRhythm Technologies, Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-37918
(Commission
File Number)

20-8149544
(I.R.S. Employer
Identification Number)

699 8th Street, Suite 600
San Francisco, California 94103
(Address of principal executive office) (Zip Code)

(415) 632-5700
(Registrant's telephone number, including area code)

N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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.

Item 2.02. Results of Operations and Financial Condition.

On August 4, 2022, iRhythm Technologies, Inc. issued a press release regarding its financial results for the second quarter ended June 30, 2022. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K.

This information is intended to be furnished under Item 2.02 of Form 8-K and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

| Exhibit No. | Description |
|--------------------|---|
| 99.1 | Press Release of iRhythm Technologies, Inc. dated as of August 4, 2022. |

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 TECHNOLOGIES, INC.

Date: August 4, 2022

By:

/s/ Quentin S. Blackford

Quentin S. Blackford
Chief Executive Officer

iRhythm Technologies Announces Second Quarter 2022 Financial Results

SAN FRANCISCO, August 4, 2022 - [iRhythm Technologies, Inc.](https://www.irhythm.com) (NASDAQ: IRTC), a leading digital healthcare solutions company focused on the advancement of cardiac care, today reported financial results for the three months ended June 30, 2022.

Second Quarter 2022 Financial Highlights

- Revenue of \$102.1 million, a 25.6% increase compared to second quarter 2021
- Gross margin of 68.8%, a 0.8 percentage point improvement compared to second quarter 2021
- Cash and short-term investments of \$204.5 million at June 30, 2022
- Raised full year 2022 revenue guidance to range from \$415 million to \$420 million

Recent Operational Highlights

- Reimbursement rates proposed by the Centers for Medicare and Medicaid Services ("CMS") as part of the Proposed Medicare Physician Fee Schedule for Calendar Year 2023 that impact Zio XT for CPT codes 93247 and 93243
- 510(k) FDA clearance granted for clinically integrated ZEUS system for the Zio® Watch, developed in partnership with Verily as clinical grade watch to detect and characterize atrial fibrillation and integrate with clinician workflow
- Recent additions to the executive leadership team reflective of company's commitment to driving sustainable value and significant growth across multiple pillars
- iRhythm to hold investor day on September 21, 2022, in New York City, with content to incorporate key elements of long-term business strategy, details of stated growth vectors and long-range financial targets

"We made steady progress in the second quarter, out-performing revenue expectations and delivering another quarter of record registrations in our core U.S. business, fueled by an all-time high number of new accounts doing business with us," said iRhythm CEO and President, Quentin Blackford. "New account openings were up 22% quarter-over-quarter and revenue volumes increased 10% sequentially, underscoring our solid performance amidst a difficult market environment. With business highlights regarding reimbursement and our Zio Watch clearance already announced in July, we are pleased with the way that the second half of 2022 has begun."

"We also rounded out our executive leadership team with recent additions that position us well to advance our long-term strategies for sustainable growth in our core U.S. market, expand into greater international geographies and enter adjacent markets. The sizable opportunity ahead of us to bring our innovative technology platform powered by data-driven artificial intelligence to patients, clinicians, healthcare systems and payers gets us excited every day. We look forward to sharing more details on this vision at an investor day during the third quarter," concluded Mr. Blackford.

Second Quarter Financial Results

Revenue for the three months ended June 30, 2022 increased 25.6% to \$102.1 million, from \$81.3 million during the same period in 2021. The increase was primarily driven by Zio XT and AT volume growth and increases in Medicare pricing.

Gross profit for the second quarter of 2022 was \$70.2 million, up 26.9% from \$55.3 million during the same period in 2021, while gross margins were 68.8%, up from 68.0% during the same period in 2021. The increase in gross profit was primarily due to increased volume and average selling price, partially offset by increases in cost per unit.

Operating expenses for the second quarter of 2022 were \$93.7 million, compared to \$72.3 million for the same period in 2021 and \$110.3 million in the first quarter 2022. The sequential decrease in operating expenses was due to the absence of one-time impairment and restructuring charges incurred in the first quarter 2022, associated primarily with a reduction in size of our San Francisco facility and severance and other employee exit related costs.

Net loss for the second quarter of 2022 was \$23.9 million, or a loss of \$0.80 per share, compared with net loss of \$17.4 million, or a loss of \$0.59 per share, for the same period in 2021.

Cash, cash equivalents and short-term investments were \$204.5 million as of June 30, 2022.

Guidance

iRhythm projects revenue for the full year 2022 to range from \$415 million to \$420 million, which represents 29% to 30% growth over prior year results. Gross margin for the full year 2022 is expected to range from 68% to 69% and adjusted operating expenses are expected to range between \$375 million and \$385 million. Adjusted EBITDA for the full year 2022 is expected to range from negative \$12.5 million to negative \$17.5 million.

Webcast and Conference Call Information

iRhythm's management team will host a conference call today beginning at 1:30 p.m. PT/4:30 p.m. ET. Investors interested in listening to the conference call may do so by accessing the live and archived webcast of the event, which will be available on the "Investors" section of the company's website at: www.irhythmtech.com.

About iRhythm Technologies, Inc.

iRhythm is a leading digital health care company redefining the way cardiac arrhythmias are clinically diagnosed. The company combines wearable biosensor devices worn for up to 14 days and cloud-based data analytics with powerful proprietary algorithms that distill data from millions of heartbeats into clinically actionable information. The company believes improvements in arrhythmia detection and characterization have the potential to change clinical management of patients.

Use of Non-GAAP Financial Measures and Other Operating Metrics

We refer to certain financial measures that are not recognized under U.S. generally accepted accounting principles (GAAP) in this press release, including adjusted EBITDA, adjusted operating expenses and adjusted net loss. See the schedules attached to this press release for additional information and reconciliations of such non-GAAP financial measures.

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. These statements include those regarding financial guidance, market opportunity, ability to penetrate the market, anticipated productivity improvements and expectations for growth. Such statements are based on current assumptions that involve risks and uncertainties that could cause actual outcomes and results to differ materially. These risks and uncertainties, many of which are beyond our control, include risks described in the section entitled "Risk Factors" and elsewhere in our filing made with the Securities and Exchange Commission, including those on the Form 10-Q expected to be filed on or about August 5, 2022. These forward-looking statements speak only as of the date hereof and should not be unduly relied upon. iRhythm disclaims any obligation to update these forward-looking statements.

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IRHYTHM TECHNOLOGIES, INC.
Condensed Consolidated Balance Sheets
(Unaudited)
(In thousands, except share and per share data)

| | June 30, 2022 | December 31, 2021 |
|---|------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 101,253 | \$ 127,562 |
| Short-term investments | 103,238 | 111,569 |
| Accounts receivable, net | 57,380 | 46,430 |
| Inventory | 14,422 | 10,268 |
| Prepaid expenses and other current assets | 8,526 | 9,693 |
| Total current assets | 284,819 | 305,522 |
| Property and equipment, net | 65,923 | 55,944 |
| Operating lease right-of-use assets | 63,940 | 84,587 |
| Goodwill | 862 | 862 |
| Other assets | 20,142 | 16,052 |
| Total assets | \$ 435,686 | \$ 462,967 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 5,987 | \$ 10,509 |
| Accrued liabilities | 49,954 | 51,486 |
| Deferred revenue | 2,977 | 3,049 |
| Debt, current portion | — | 11,667 |
| Operating lease liabilities, current portion | 11,498 | 11,142 |
| Total current liabilities | 70,416 | 87,853 |
| Debt, noncurrent portion | 34,927 | 9,690 |
| Other noncurrent liabilities | 952 | 697 |
| Operating lease liabilities, noncurrent portion | 84,749 | 85,212 |
| Total liabilities | 191,044 | 183,452 |
| Stockholders' equity: | | |
| Preferred Stock | — | — |
| Common stock | 28 | 27 |
| Additional paid-in capital | 725,748 | 685,594 |
| Accumulated other comprehensive loss | (583) | (61) |
| Accumulated deficit | (480,551) | (406,045) |
| Total stockholders' equity | 244,642 | 279,515 |
| Total liabilities and stockholders' equity | \$ 435,686 | \$ 462,967 |

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|-------------|---------------------------|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| Revenue, net | \$ 102,051 | \$ 81,278 | \$ 194,429 | \$ 155,589 |
| Cost of revenue | 31,806 | 25,995 | 62,425 | 49,453 |
| Gross profit | 70,245 | 55,283 | 132,004 | 106,136 |
| Operating expenses: | | | | |
| Research and development | 11,945 | 9,606 | 22,487 | 18,116 |
| Selling, general and administrative | 81,751 | 62,669 | 154,909 | 132,482 |
| Impairment and restructuring charges | — | — | 26,608 | — |
| Total operating expenses | 93,696 | 72,275 | 204,004 | 150,598 |
| Loss from operations | (23,451) | (16,992) | (72,000) | (44,462) |
| Interest expense | (482) | (307) | (2,511) | (642) |
| Other income, net | 69 | 55 | 85 | 179 |
| Loss before income taxes | (23,864) | (17,244) | (74,426) | (44,925) |
| Income tax provision | 33 | 116 | 80 | 214 |
| Net loss | \$ (23,897) | \$ (17,360) | \$ (74,506) | \$ (45,139) |
| Net loss per common share, basic and diluted | \$ (0.80) | \$ (0.59) | \$ (2.51) | \$ (1.54) |
| Weighted-average shares, basic and diluted | 29,843,141 | 29,318,894 | 29,720,415 | 29,242,089 |

IRHYTHM TECHNOLOGIES, INC.
Reconciliation of GAAP to Non-GAAP Financial Information
(Unaudited)
(In thousands)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---------------------------------------|--------------------------------|-------------|------------------------------|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| Adjusted EBITDA reconciliation | | | | |
| Net loss | \$ (23,897) | \$ (17,360) | \$ (74,506) | \$ (45,139) |
| Income tax provision | 33 | 116 | 80 | 214 |
| Depreciation and Amortization | 3,351 | 2,153 | 6,494 | 4,189 |
| Interest expense, net | 286 | 247 | 2,183 | 494 |
| Stock-based compensation | 15,098 | 10,260 | 29,001 | 30,490 |
| Impairment and restructuring charges | 175 | — | 27,041 | — |
| Adjusted EBITDA | \$ (4,954) | \$ (4,584) | \$ (9,707) | \$ (9,752) |

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|------|------------------------------|------|
| | 2022 | 2021 | 2022 | 2021 |
| Non-GAAP restructuring and impairment reconciliation | | | | |
| Impairment and restructuring charges, as reported | \$ — | \$ — | \$ 26,608 | \$ — |
| Restructuring related consulting fees | 175 | — | 433 | — |
| Non-GAAP restructuring and impairment | \$ 175 | \$ — | \$ 27,041 | \$ — |

| | | | | |
|---|-------------|-------------|-------------|-------------|
| Adjusted net loss reconciliation | | | | |
| Net loss, as reported | \$ (23,897) | \$ (17,360) | \$ (74,506) | \$ (45,139) |
| Impairment and restructuring charges, as reported | — | — | 26,608 | — |
| Restructuring related consulting fees | 175 | — | 433 | — |
| Adjusted net loss | \$ (23,722) | \$ (17,360) | \$ (47,465) | \$ (45,139) |

| | | | | |
|---|-----------|-----------|-----------|-----------|
| Adjusted net loss per share reconciliation | | | | |
| Net loss per share, as reported | \$ (0.80) | \$ (0.59) | \$ (2.51) | \$ (1.54) |
| Impairment and restructuring charges per share | — | — | 0.90 | — |
| Restructuring related consulting fees per share | 0.01 | — | 0.01 | — |
| Adjusted net loss per share | \$ (0.79) | \$ (0.59) | \$ (1.60) | \$ (1.54) |

| | | | | |
|---|-----------|-----------|------------|------------|
| Adjusted operating expense reconciliation | | | | |
| Operating expense, as reported | \$ 93,696 | \$ 72,275 | \$ 204,004 | \$ 150,598 |
| Impairment and restructuring charges, as reported | — | — | 26,608 | — |
| Adjusted operating expense | \$ 93,696 | \$ 72,275 | \$ 230,612 | \$ 150,598 |