
**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): July 31, 2019

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)

**650 Townsend Street, Suite 500
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 \$.0001 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 July 31, 2019, iRhythm Technologies, Inc. issued a press release regarding its financial results for the second quarter ended June 30, 2019. 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.

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 99.1 | <u>Press Release of iRhythm Technologies, Inc. dated as of July 31, 2019.</u> |

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: July 31, 2019

By: /s/ Kevin M. King
Kevin M. King
Chief Executive Officer



iRhythm Technologies Announces Second Quarter 2019 Financial Results

Raises Guidance for Full Year 2019

SAN FRANCISCO, July 31, 2019-- iRhythm Technologies, Inc. (NASDAQ: IRTC), a leading digital health care solutions company focused on the advancement of cardiac care, today reported financial results for the three months ending June 30, 2019.

Second Quarter 2019 and Recent Highlights

- Revenue of \$53.3 million for the three months ended June 30, 2019
 - 50% increase compared to second quarter revenue in 2018
 - 13% sequential growth versus first quarter 2019
- Gross margin was 76%
 - 280 basis point year-over-year improvement
- Achieved the majority of target sales force hiring in first half of 2019
- Zio service CPT code change application accepted by the American Medical Association (AMA)

"Our second quarter results demonstrated continued strong company-wide execution and market penetration, with accelerating revenue growth in tandem with gross margin expansion," said Kevin King, CEO. "The traction we have seen in both new and existing accounts continued into the quarter, and the exceptional progress we've made in salesforce hiring further strengthens our ability to expand the market opportunity we see for our Zio service. Importantly, we saw meaningful growth in Zio XT volumes in large accounts, as well as significant adoption of Zio AT at select customer sites, signaling our comprehensive commercial strategy and expanding service capabilities."

"As anticipated, our CPT code change application was accepted by the AMA for review for Category 1 status in September 2019. We look forward to the meeting as a next step and are excited to highlight the differentiated value of our Zio service as we go through the process," concluded King.

Second Quarter Financial Results

Revenue for the three months ended June 30, 2019 increased 50% to \$53.3 million, from \$35.5 million during the same period in 2018. The increase was primarily due to increased salesforce productivity, expansion into new accounts and improved penetration of existing accounts. Gross profit for the second quarter of 2019 was \$40.5 million, or 76% gross margin, up from \$26.0 million, or gross margin of 73.2%, during the same period in 2018. Margin expansion was primarily driven by productivity gains through our proprietary algorithms and workflow enhancements.

Operating expenses for the second quarter of 2019 were \$51.8 million, compared to \$37.7 million for the same period in 2018. The increase in operating expenses was driven by salesforce expansion, organizational support for our network sales strategy, expansion of R&D activities, and ongoing stock compensation expense.

Net loss for the second quarter of 2019 was \$11.5 million, or a loss of \$0.46 per share, compared with net loss of \$12.2 million, or a loss of \$0.51 per share, for the same period in 2018.

Guidance for Full Year 2019

iRhythm projects revenue for the full year 2019 in the range of \$212 million to \$216 million, which represents 44% to 47% growth over the company's prior year. Gross margins for the full year 2019 are expected to be between 75.5% to 76.5% and operating expenses for the full year 2019 to be between \$198 million to \$204 million including \$29 million to \$31 million for research and development and \$169 million to \$173 million for SG&A. This compares to previous revenue guidance of \$206



to \$211 million, gross margins of 75% to 76% and operating expenses of \$193 to \$199 million, which included \$165 to \$169 million for SG&A. The company expects sales headcount between 130 to 140 for the remainder of the year.

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 dialing (844) 348-0016 for domestic callers or (213) 358-0876 for international callers, and referencing Conference ID: 7488066 or from the webcast 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.

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 statements regarding financial and salesforce guidance, CPT coding, market opportunity, ability to penetrate the market 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 on the Form 10-K on March 4, 2019. 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.

Investor Relations Contact:

Lynn Pieper Lewis or Leigh Salvo
(415) 937-5404
investors@irhythmtech.com

Media Contact

Cherise Adkins
(415) 486-3235
media@irhythmtech.com

IRHYTHM TECHNOLOGIES, INC.
Condensed Consolidated Balance Sheets
(Unaudited)
(In thousands)

| | June 30, 2019 | December 31, 2018 |
|---|-------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 16,154 | \$ 20,023 |
| Short-term investments | 43,240 | 58,320 |
| Accounts receivable, net | 29,137 | 21,977 |
| Inventory | 2,774 | 2,062 |
| Prepaid expenses and other current assets | 3,669 | 4,100 |
| Total current assets | 94,974 | 106,482 |
| Property and equipment, net | 12,618 | 9,158 |
| Operating lease right-of-use asset | 94,326 | — |
| Goodwill | 862 | 862 |
| Other assets | 4,515 | 3,208 |
| Total assets | <u>\$ 207,295</u> | <u>\$ 119,710</u> |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 3,628 | \$ 2,284 |
| Accrued liabilities | 23,304 | 26,570 |
| Deferred revenue | 1,199 | 1,243 |
| Accrued interest, current portion | 139 | 139 |
| Operating lease liabilities, current portion | 7,384 | — |
| Total current liabilities | 35,654 | 30,236 |
| Debt | 34,927 | 34,899 |
| Deferred rent, noncurrent portion | — | 153 |
| Operating lease liabilities, noncurrent portion | 88,106 | — |
| Total liabilities | <u>158,687</u> | <u>65,288</u> |
| Stockholders' equity: | | |
| Common stock | 23 | 23 |
| Additional paid-in capital | 271,551 | 257,955 |
| Accumulated other comprehensive loss | 35 | (41) |
| Accumulated deficit | (223,001) | (203,515) |
| Total stockholders' equity | <u>48,608</u> | <u>54,422</u> |
| Total liabilities and stockholders' equity | <u>\$ 207,295</u> | <u>\$ 119,710</u> |



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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|-------------|------------------------------|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| Revenue | \$ 53,331 | \$ 35,469 | \$ 100,545 | \$ 66,034 |
| Cost of revenue | 12,825 | 9,490 | 24,555 | 18,101 |
| Gross profit | 40,506 | 25,979 | 75,990 | 47,933 |
| Operating expenses: | | | | |
| Research and development | 8,639 | 4,564 | 15,395 | 8,583 |
| Selling, general and administrative | 43,189 | 33,094 | 79,894 | 61,671 |
| Total operating expenses | 51,828 | 37,658 | 95,289 | 70,254 |
| Loss from operations | (11,322) | (11,679) | (19,299) | (22,321) |
| Interest expense | (440) | (861) | (849) | (1,719) |
| Other income, net | 310 | 334 | 689 | 717 |
| Loss before income taxes | (11,452) | (12,206) | (19,459) | (23,323) |
| Income tax provision | 15 | — | 27 | — |
| Net loss | \$ (11,467) | \$ (12,206) | \$ (19,486) | \$ (23,323) |
| Net loss per common share, basic and diluted | \$ (0.46) | \$ (0.51) | \$ (0.79) | \$ (0.99) |
| Weighted-average shares, basic and diluted | 24,724,808 | 23,747,131 | 24,600,250 | 23,614,281 |