



	Sale	Buy	Grow
	\$285.00	\$314.07	10.20%
	\$375.00	\$480.75	28.00%
	\$625.00	\$663.75	6.80%
Copper	\$769.00	\$818.98	6.50%
Steel	\$424.00	\$552.90	30.40%
Aluminum	\$326.00	\$419.89	28.50%
Manganese	\$400.00	\$448.80	12.20%
Platinum	\$588.00	\$726.77	23.60%
Silver	\$285.00	\$442.26	55.20%
Gold	\$285.00	\$578.01	101.40%
Iron	\$285.00	\$753.24	263.60%



Evolve
Capital Partners

iRhythm Technologies

October 2016

Summary of Initial Public Offering



**SPECIALIZED INVESTMENT BANKERS AT
THE INTERSECTION OF FINANCE & TECHNOLOGY**

iRhythm Technologies IPO – Executive Summary

Initial Public Offering Overview



NASDAQ:IRTC



Description

iRhythm Technologies is a digital healthcare company that provides electrocardiogram (ECG) monitoring products for patients across the US and other markets who are at risk of arrhythmias (irregular heartbeats). The company combines wearable biosensing technology with cloud-based data analytics and machine-learning capabilities to detect irregular heartbeats.



Use of Proceeds

iRhythm Technologies intends to use the proceeds to expand their sales force and operations, invest in research and development, conduct or sponsor clinical studies and trials, and promote international expansion. The funds are also intended to provide working capital and be used for other general corporate purposes.

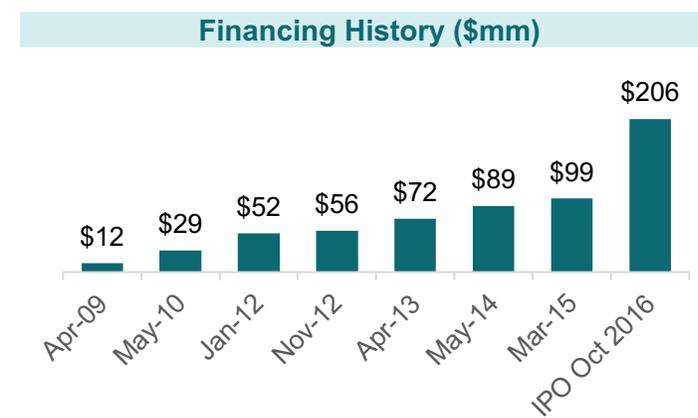
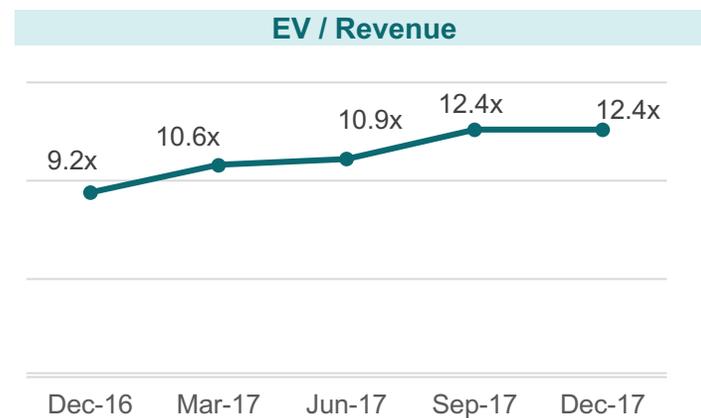
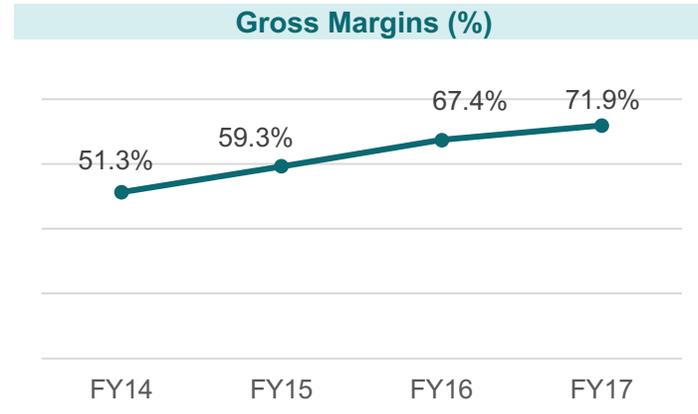
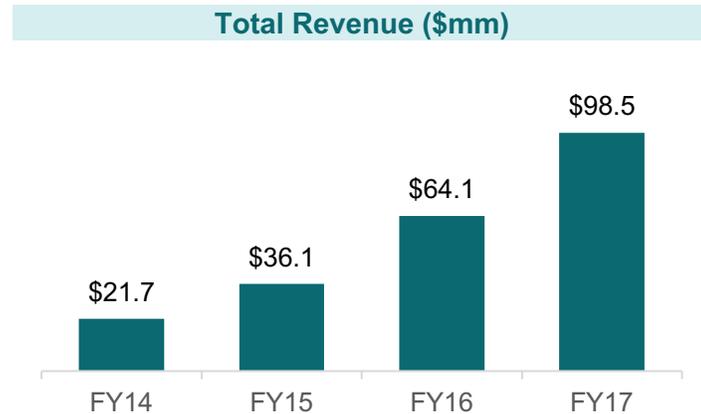
Headquarters	San Francisco, CA
Founded	2006
Employees	406
Listing Date	10/20/2016
Underwriters	CANACCORD Genuity BTIG Morgan Stanley JPMORGAN CHASE & CO.
Offering Price	\$17.00
Shares Offered	6,294,118 (excluding the 944,117 shares reserved for underwriters)
Gross Proceeds	\$107 million (before deducting \$7.5 million on underwriters' discounts and commissions)

Source(s): NASDAQ, Company website, iRhythm S-1, Capital IQ

iRhythm Technologies IPO – Executive Summary

Key Metrics – IPO

Shares Offered through the IPO	6,294,118
Issue Price	\$17.00
Total Shares Outstanding after the IPO	21,123,112
Market Value ⁽¹⁾	\$359.1 million
Enterprise Value ⁽²⁾	\$385 million
EV / Revenue ⁽³⁾	8.5x
Listing Date	10/20/2016
Listing Price	\$26.05
Listing Discount	\$0.50



Source(s): Capital IQ, iRhythm Technologies S-1 Filing, Pitchbook

(1) Market Value based on shares outstanding and IPO offer price of \$17.00 per share

(2) Enterprise Value calculated by adding net debt to share's market value. Net debt as of September 30, 2016 is taken into account.

(3) Revenue up to December 31, 2017 is taken for calculation.

iRhythm Technologies IPO – Executive Summary

Company Overview

OVERVIEW

- iRhythm Technologies is a leading provider of ECG monitoring for patients experiencing irregular heartbeats. Its platform, ZIO Service, offers an easy-to-wear biosensor combined with proprietary algorithms that transform data from millions of heartbeats into clinically actionable information. This biosensor, ZIO Patch, can be worn for up to 14 days.
- ZIO enables patients to regularly monitor their heart rhythm during routine tasks such as sleeping, exercising and taking a shower. Their heart rhythm data is saved in the cloud and they can instantly generate reports based on it through the ZIO app.
- Healthcare professionals can also access these reports, enabling them to improve their own outcomes and provide diagnosis to patients at reduced costs.
- The company is headquartered in San Francisco, CA, and has offices in Lincolnshire, IL and Houston, TX. iRhythm's device production facilities are located in Cypress, CA. It also has research centers in 9 locations.



Patients can inform about symptoms through a paper symptom diary or through two digital platforms: myZIO website and iPhone app.

Key Statistics

 Revenue Growth	iRhythm Technologies experienced revenue growth of 54% from \$64.1 million in 2016 to \$98.5 million in 2017. The increase in revenue is attributed to increased volume of the ZIO service.
 Increase in operating expenses	Operating expenses in 2017 increased by 67% as compared to 2016. The growth was driven by selling, general and administrative expenses.
 Locations	The company has research centers in 9 locations namely US, UK, Canada, Germany, Ireland, Israel, Italy, Scotland and Spain

Source(s): Company website, iRhythm Technologies S-1 Filing

iRhythm Technologies IPO – Executive Summary

Key Services

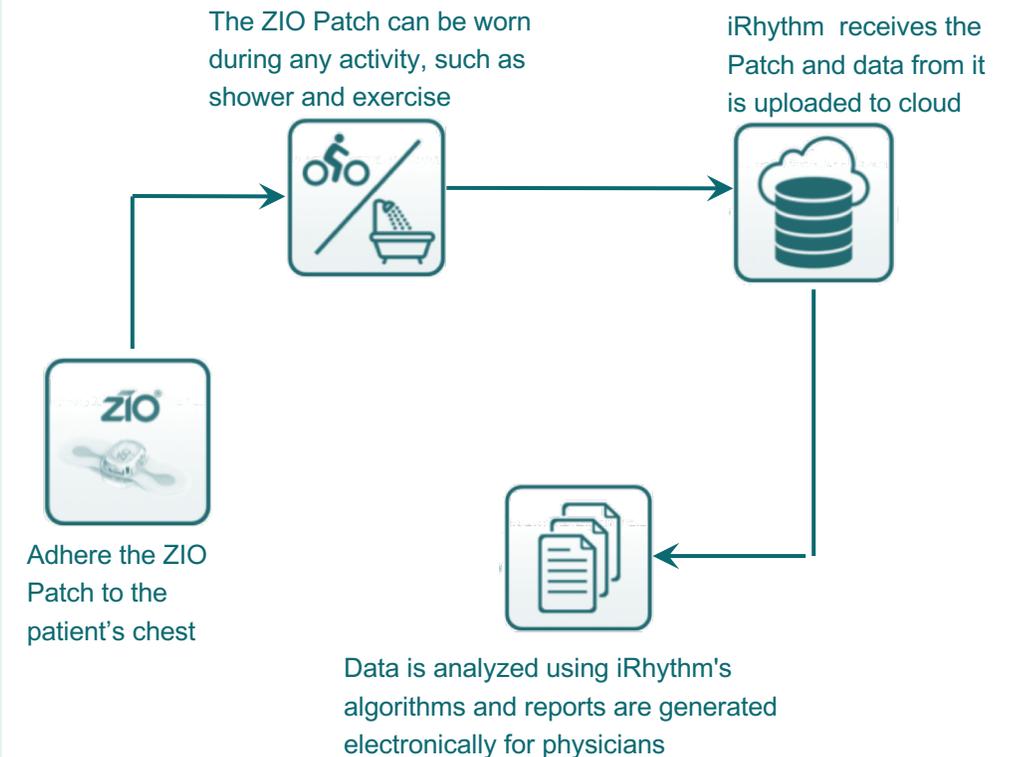
- iRhythm Technologies seamlessly integrates patients' heart rhythm data between the patient, cloud and physician through the ZIO Patch.
- ZIO is lightweight, water resistant, and its battery lasts the entire 14-day wear period.

Key benefits from ZIO

- Customized timeframe of 3-to-14 days for monitoring, based on individual symptoms
- Easy monitoring during normal activities such as sleeping and exercising
- High clinical accuracy through an uninterrupted data supply to healthcare professionals
- Data transparency through integration of ZIO with EHR data
- Direct insurance billing by some healthcare providers from consumer using the ZIO patch
- Cost-effective solution with high diagnostic yields

Source(s): Company website, iRhythm Technologies S-1 Filing

HOW THE ZIO PATCH WORKS



iRhythm Technologies IPO – Executive Summary

Recognitions and Initiatives

Date	Organization	Details
7/10/2017	 Stanford University	iRhythm Technologies announced collaboration with the Stanford Machine Learning Group on July 10, 2017. This partnership leveraged iRhythm data science and clinical teams' expertise in electrocardiogram (ECG) analysis, as well as its ECG data set, to produce an irregular heartbeat detection algorithm that is capable of expert level detection of 14 cardiac output classes.
6/21/2017	 Heart Rhythm Society  ESC European Society of Cardiology	Ten professional healthcare organizations, including Heart Rhythm Society (HRS), European Heart Rhythm Association (EHRA) and European Cardiac Arrhythmia Society (ECAS) have recognized ZIO by iRhythm an effective tool for atrial fibrillation (AF) monitoring following a cardiac ablation procedure.
5/18/17	 ESO EUROPEAN STROKE ORGANISATION	European Stroke Organization announced at a conference in Prague in May 2017, that ZIO Patch is a better device than Holter for monitoring heart patients with cryptogenic strokes.
4/10/2017	 AMERICAN COLLEGE OF CARDIOLOGY  American Heart Association	The American College of Cardiology (ACC), the American Heart Association (AHA) and the Heart Rhythm Society (HRS) issued guidelines that recommended the use of cardiac monitors such as ZIO by iRhythm for evaluating patients with syncope (fainting).

Source(s): Company website

iRhythm Technologies IPO – Executive Summary

Market Opportunity

Factors that strengthen iRhythm's market position

Growing number of patients experiencing irregular heartbeats

The population of patients experiencing symptoms of irregular heartbeat has grown consistently in recent years. Sudden cardiac arrest or fibrillation is considered to be the most common cause for death worldwide.

Market for AED's is growing rapidly

The use of an Automated External Defibrillator (AED), a portable electronic device that automatically diagnoses life-threatening irregular heartbeats is increasing because of its easy-to-use case. It is also publicly available, compared to performing CPR and getting medical help.

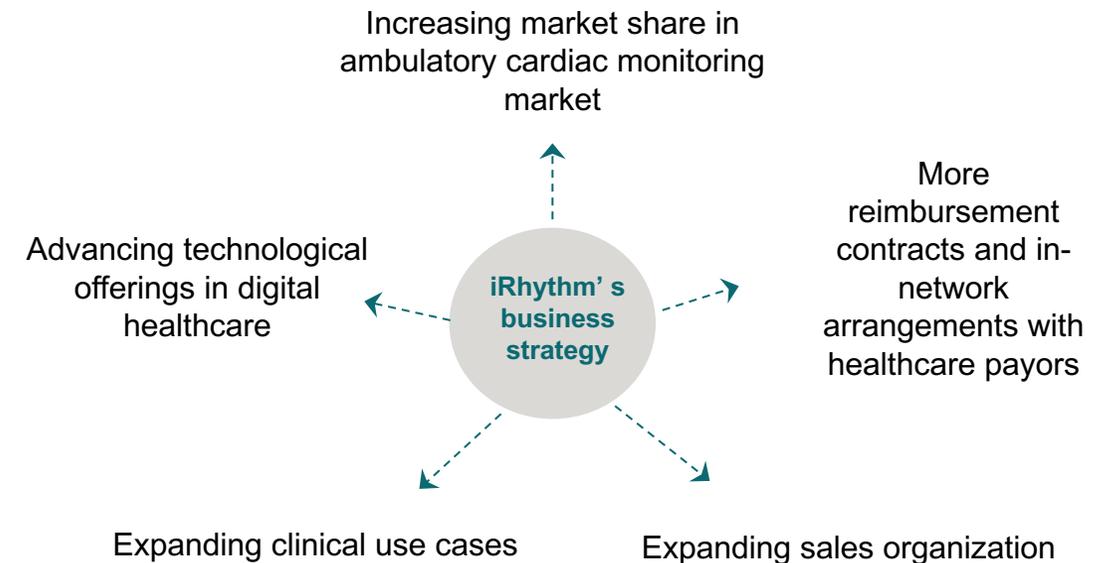
Increasing use cases for AED's

Researchers are working on new technological solutions to cure patients experiencing irregular heartbeats, that has an increasing use case for AEDs. For example, Max Planck Institute developed a new imaging technique in February 2018 that can be combined with existing AEDs to help doctors identify heart rhythm disorders.

ZIO's advantage over other traditional monitoring devices

iRhythm's ZIO has a market advantage over other traditional devices like Holter Monitor and Mobile Telemetry that monitor heartbeats. ZIO is a non-bulky device with short monitoring periods and a continuous data collection capability.

iRhythm is a leading provider of ECG monitoring for irregular heartbeats and is strategically looking to partner with more health and insurance players to expand across global markets



Source(s): iRhythm's S-1 Filing

iRhythm Technologies IPO – Executive Summary

Financing History

Date	Series/Type	Amount (\$mm)	Investors	Transaction Notes
3/2/15	Series E	\$10	Undisclosed	The company raised \$10 million of Series E venture funding from undisclosed investors on March 12, 2015, putting the company's pre-money valuation at \$141 million.
5/22/14	Series E	\$17	 	The proceeds were used to accelerate the market growth for the company's ZIO Service and to expand its technology development.
4/10/13	Series D	\$16		iRhythm used the funds for marketing, technology expansion, distribution and investing in new uses for the ZIO Service.
11/1/12	Venture	\$3		The company raised \$4 million of venture funding from St. Jude Medical on November 1, 2012, putting the pre-money valuation at \$68 million.
1/11/12	Series C	\$23	 	The company raised \$23 million of Series C venture funding led by Kaiser Permanente Ventures and New Leaf Venture Partners on January 11, 2012. The funding was raised in tranches.
5/7/10	Series B	\$10		The company raised \$10 million of Series B funding from lead investor St. Jude Medical on May 17, 2010, putting the pre-money valuation at \$54 million.
4/23/09	Series A	\$19	 and others	The company raised \$19 million of Series A venture funding from Mohr Davidow Ventures, Synergy Life Science Partners, Stanford University and other undisclosed investors on April 23, 2009.

Source(s): Pitchbook

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