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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

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

For the Quarterly Period Ended September 30, 2023

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No.: 001-36534

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**IRADIMED CORPORATION**

(Exact name of Registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**1025 Willa Springs Drive  
Winter Springs, Florida**  
(Address of principal executive offices)

**73-1408526**  
(I.R.S. Employer  
Identification Number)

**32708**  
(Zip Code)

**(407) 677-8022**

(Registrant's telephone number, including area code)

N/A

(Former Name, former address and former fiscal year, if changed since last report)

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 \$0.0001	IRMD	NASDAQ Capital 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 such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company," and "emerging growth company" as defined in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Non-accelerated filer ☒

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. Yes ☐ No ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The registrant had 12,605,577 shares of common stock, par value \$0.0001 per share, outstanding as of October 31, 2023.

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IRADIMED CORPORATION

Table of Contents

	<u>Page</u>
<a href="#"><u>Cautionary Note Regarding Forward-Looking Statements</u></a>	3
<b><a href="#"><u>Part I Financial Information</u></a></b>	5
<a href="#"><u>Item 1 Condensed Financial Statements</u></a>	5
<a href="#"><u>(a) Condensed Balance Sheets as of September 30, 2023 (Unaudited) and December 31, 2022</u></a>	5
<a href="#"><u>(b) Condensed Statements of Operations for the Three and Nine months Ended September 30, 2023 and 2022 (Unaudited)</u></a>	6
<a href="#"><u>(c) Condensed Statements of Comprehensive Income for the Three and Nine months Ended September 30, 2023 and 2022 (Unaudited)</u></a>	7
<a href="#"><u>(d) Condensed Statements of Stockholders' Equity for the Three and Nine months Ended September 30, 2023 and 2022 (Unaudited)</u></a>	8
<a href="#"><u>(e) Condensed Statements of Cash Flows for the Nine months Ended September 30, 2023 and 2022 (Unaudited)</u></a>	9
<a href="#"><u>(f) Notes to Unaudited Condensed Financial Statements</u></a>	10
<a href="#"><u>Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations</u></a>	18
<a href="#"><u>Item 3 Quantitative and Qualitative Disclosures About Market Risk</u></a>	25
<a href="#"><u>Item 4 Controls and Procedures</u></a>	25
<b><a href="#"><u>Part II Other Information</u></a></b>	26
<a href="#"><u>Item 1 Legal Proceedings</u></a>	26
<a href="#"><u>Item 1A Risk Factors</u></a>	26
<a href="#"><u>Item 2 Unregistered Sale of Equity Securities and Use of Proceeds</u></a>	26
<a href="#"><u>Item 3 Default Upon Senior Securities</u></a>	26
<a href="#"><u>Item 4 Mine Safety Disclosures</u></a>	26
<a href="#"><u>Item 5 Other Information</u></a>	26
<a href="#"><u>Item 6 Exhibits</u></a>	27
<a href="#"><u>Signatures</u></a>	28

## CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains “forward-looking statements” that involve substantial risks and uncertainties. The forward-looking statements are contained principally in the sections entitled “Business,” “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” In some cases, you can identify forward-looking statements by the following words: “may,” “will,” “could,” “would,” “should,” “expect,” “intend,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “project,” “potential,” “continue,” “ongoing” or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words. These statements relate to future events or our future financial performance or condition and involve known and unknown risks, uncertainties and other factors that could cause our actual results, levels of activity, performance or achievement to differ materially from those expressed or implied by these forward-looking statements. These forward-looking statements include, but are not limited to, statements about:

- our ability to receive 510(k) clearance for our products and product candidates, complete inspections conducted by the U.S. Food & Drug Administration (“FDA”) or other regulatory bodies resulting in favorable outcomes, additional actions by or requests from the FDA, including a request to cease domestic distribution of products, or other regulatory bodies and unanticipated costs or delays associated with the resolution of these matters;
- the timing and likelihood of regulatory approvals or clearances from the FDA or other regulatory bodies and regulatory actions on our product candidates and product marketing activities;
- unexpected costs, expenses and diversion of management attention resulting from actions or requests posed to us by the FDA or other regulatory bodies;
- our primary reliance on a limited number of products;
- our ability to retain the continued service of our key professionals and to identify, hire and retain additional qualified professionals;
- market and economic uncertainty or financial harm to us caused by any or all public health concerns such as pandemics;
- our expectations regarding the sales and marketing of our products, product candidates and services;
- our expectations regarding the integrity of our supply chain for our products;
- the potential for adverse application of environmental, climate change, health and safety and other laws and regulations of any jurisdiction on our operations;
- our expectations for market acceptance of our new products;
- the potential for our marketed products to be withdrawn due to recalls, patient adverse events or deaths;
- our ability to establish and maintain intellectual property on our products and our ability to successfully defend these in cases of infringement;
- the implementation of our business strategies;
- the potential for exposure to product liability claims;
- our financial performance expectations and interpretations thereof by securities analysts and investors;

## [Table of Contents](#)

- our ability to compete in the development and marketing of our products and product candidates with other companies in our industry;
- difficulties or delays in the development, production, manufacturing and marketing of new or existing products and services, including difficulties or delays associated with obtaining requisite regulatory approvals or clearances associated with those activities;
- changes in laws and regulations or in the interpretation or application of laws or regulations, as well as possible failures to comply with applicable laws or regulations as a result of possible misinterpretations or misapplications;
- cost-containment efforts of our customers, purchasing groups, third-party payers and governmental organizations;
- costs associated with protecting our trade secrets and enforcing our patent, copyright and trademark rights, and successful challenges to the validity of our patents, copyrights or trademarks;
- actions of regulatory bodies and other government authorities, including the FDA and foreign counterparts, that could delay, limit or suspend product development, manufacturing or sales or result in recalls, seizures, consent decrees, injunctions and monetary sanctions including carbon taxes;
- costs or claims resulting from potential errors or defects in our manufacturing that may injure persons or damage property or operations, including costs from remediation efforts or recalls;
- the results, consequences, effects or timing of any commercial disputes, patent infringement claims or other legal proceedings or any government investigations;
- interruption in our ability to manufacture our products or an inability to obtain key components or raw materials or increased costs in such key components or raw materials;
- uncertainties in our industry due to the effects of government-driven or mandated healthcare reform;
- competitive pressures in the markets in which we operate;
- the loss of, or default by, one or more key customers or suppliers; and
- unfavorable changes to the terms of key customer or supplier relationships.

Forward-looking statements are not guarantees of future performance and are subject to substantial risks and uncertainties that could cause the actual results to differ materially from those that we predicted in the forward-looking statements. Investors should carefully review the information contained under the caption “Risk Factors” contained in Item 1A for a description of risks and uncertainties that could cause actual results to differ from those that we predicted. All forward-looking statements are based on information available to us on the date hereof, and we assume no obligation to update forward-looking statements, except as required by Federal Securities laws.

Unless expressly indicated or the context requires otherwise, references in this Quarterly Report to “IRADIMED,” the “Company,” “we,” “our,” and “us” refer to IRADIMED CORPORATION.

# PART I. FINANCIAL INFORMATION

## Item 1. Condensed Financial Statements

### IRADIMED CORPORATION CONDENSED BALANCE SHEETS

	September 30, 2023 (unaudited)	December 31, 2022
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 46,745,124	\$ 57,960,864
Accounts receivable, net of allowance for doubtful accounts of \$297,328 as of September 30, 2023, and \$160,498 as of December 31, 2022	12,783,263	13,274,521
Inventory, net	11,667,713	5,369,233
Prepaid expenses and other current assets	735,124	630,960
Prepaid income taxes	—	254,093
Total current assets	71,931,224	77,489,671
Property and equipment, net	8,887,884	2,399,812
Intangible assets, net	2,459,475	2,069,439
Operating lease right-of-use asset	2,146,117	2,205,286
Deferred tax asset, net	1,803,733	700,867
Other assets	177,663	648,672
Total assets	\$ 87,406,096	\$ 85,513,747
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 2,782,878	\$ 1,799,316
Accrued payroll and benefits	2,290,191	2,871,890
Other accrued taxes	103,223	121,919
Warranty reserve	110,304	94,030
Deferred revenue	1,924,133	3,373,122
Current portion of operating lease liabilities	421,379	293,466
Other current liabilities	250,000	—
Total current liabilities	7,882,108	8,553,743
Deferred revenue	3,231,250	1,375,197
Operating lease liabilities, less current portion	1,724,738	1,911,820
Total liabilities	12,838,096	11,840,760
Stockholders' equity:		
Common stock; \$0.0001 par value; 31,500,000 shares authorized; 12,602,851 shares issued and outstanding as of September 30, 2023, and 12,591,004 shares issued and outstanding as of December 31, 2022	1,260	1,259
Additional paid-in capital	27,872,275	26,407,446
Retained earnings	46,694,465	47,264,282
Total Stockholders' Equity	74,568,000	73,672,987
Total liabilities and stockholders' equity	\$ 87,406,096	\$ 85,513,747

See accompanying notes to unaudited condensed financial statements.

**IRADIMED CORPORATION**  
**CONDENSED STATEMENTS OF OPERATIONS**  
**(Unaudited)**

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	\$ 16,504,640	\$ 13,407,272	\$ 48,110,120	\$ 38,439,551
Cost of revenue	3,667,256	2,864,534	11,364,791	8,377,526
Gross profit	12,837,384	10,542,738	36,745,329	30,062,025
Operating expenses:				
General and administrative	3,615,020	2,881,590	10,848,611	8,000,335
Sales and marketing	2,864,469	3,037,209	8,812,872	9,014,553
Research and development	452,555	491,643	2,208,221	1,673,337
Total operating expenses	6,932,044	6,410,442	21,869,704	18,688,225
Income from operations	5,905,340	4,132,296	14,875,625	11,373,800
Other income, net	503,192	105,183	1,180,988	103,371
Income before provision for income taxes	6,408,532	4,237,479	16,056,613	11,477,171
Provision for income tax expense	1,341,352	810,375	3,403,523	2,322,301
Net income	\$ 5,067,180	\$ 3,427,104	\$ 12,653,090	\$ 9,154,870
Net income per share:				
Basic	\$ 0.40	\$ 0.27	\$ 1.00	\$ 0.73
Diluted	\$ 0.40	\$ 0.27	\$ 0.99	\$ 0.72
Weighted average shares outstanding:				
Basic	12,602,581	12,564,636	12,597,250	12,559,465
Diluted	12,735,837	12,631,129	12,716,988	12,637,325

*See accompanying notes to unaudited condensed financial statements.*

**IRADIMED CORPORATION**  
**CONDENSED STATEMENTS OF COMPREHENSIVE INCOME**  
**(Unaudited)**

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	\$ 5,067,180	\$ 3,427,104	\$ 12,653,090	\$ 9,154,870
Other comprehensive (loss) income:				
Change in fair value of available-for-sale securities, net of tax expense (benefit) of \$0 and \$0 for the three months ended September 30, 2023 and 2022, respectively and \$0 and \$9,098 for the nine months ended September 30, 2023 and 2022, respectively	—	—	—	(10,953)
Realized (gain) loss on available-for-sale securities reclassified to net income, net of tax expense (benefit) of \$0 and \$0 for the three months ended September 30, 2023 and 2022, respectively, and \$0 and \$1,966 for the nine months ended September 30, 2023 and 2022, respectively	—	—	—	(6,059)
Other comprehensive loss	—	—	—	(17,012)
Comprehensive income	<u>\$ 5,067,180</u>	<u>\$ 3,427,104</u>	<u>\$ 12,653,090</u>	<u>\$ 9,137,858</u>

*See accompanying notes to unaudited condensed financial statements.*

**IRADIMED CORPORATION**  
**CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(Unaudited)

	Common Stock		Additional	Retained	Accumulated	Stockholders'
	Shares	Amount	Paid-in	Earnings	Other	Equity
			Capital		Comprehensive	
					Income	
Balances, December 31, 2022	12,591,004	\$ 1,259	\$ 26,407,446	\$ 47,264,282	\$ —	\$ 73,672,987
Net income	—	—	—	3,406,070	—	3,406,070
Dividends paid \$1.05 per share	—	—	—	(13,222,907)	—	(13,222,907)
Stock-based compensation expense	—	—	533,643	—	—	533,643
Net share settlement of restricted stock units	3,572	—	(49,878)	—	—	(49,878)
Balances, March 31, 2023	12,594,576	\$ 1,259	\$ 26,891,211	\$ 37,447,445	\$ —	\$ 64,339,915
Net income	—	—	—	4,179,840	—	4,179,840
Stock-based compensation expense	—	—	568,453	—	—	568,453
Net share settlement of restricted stock units	5,965	1	(97,106)	—	—	(97,105)
Exercise of stock options	1,000	—	7,339	—	—	7,339
Balances, June 30, 2023	12,601,541	\$ 1,260	\$ 27,369,898	\$ 41,627,285	\$ —	\$ 68,998,442
Net income	—	—	—	5,067,180	—	5,067,180
Stock-based compensation expense	—	—	533,749	—	—	533,749
Net share settlement of restricted stock units	1,310	—	(31,372)	—	—	(31,372)
Balances, September 30, 2023	12,602,851	\$ 1,260	\$ 27,872,275	\$ 46,694,465	\$ —	\$ 74,568,000

  

	Common Stock		Additional	Retained	Accumulated	Stockholders'
	Shares	Amount	Paid-in	Earnings	Other	Equity
			Capital		Comprehensive	
					Income	
Balances, December 31, 2021	12,544,024	\$ 1,254	\$ 25,160,618	\$ 46,994,922	\$ 17,012	\$ 72,173,806
Net income	—	—	—	2,486,713	—	2,486,713
Dividends paid \$1.00 per share	—	—	—	(12,559,127)	—	(12,559,127)
Other comprehensive loss	—	—	—	—	(10,885)	(10,885)
Stock-based compensation expense	—	—	453,360	—	—	453,360
Net share settlement of restricted stock units	3,879	1	(67,381)	—	—	(67,380)
Exercise of stock options	12,566	1	71,947	—	—	71,948
Balances, March 31, 2022	12,560,469	\$ 1,256	\$ 25,618,544	\$ 36,922,508	\$ 6,127	\$ 62,548,435
Net income	—	—	—	3,241,052	—	3,241,052
Other comprehensive loss	—	—	—	—	(6,127)	(6,127)
Stock-based compensation expense	—	—	121,003	—	—	121,003
Net share settlement of restricted stock units	556	—	(5,726)	—	—	(5,726)
Balances, June 30, 2022	12,561,025	\$ 1,256	\$ 25,733,821	\$ 40,163,560	\$ —	\$ 65,898,637
Net income	—	—	—	3,427,104	—	3,427,104
Stock-based compensation expense	—	—	393,187	—	—	393,187
Net share settlement of restricted stock units	1,265	—	(22,417)	—	—	(22,417)
Exercise of stock options	3,000	—	74,760	—	—	74,760
Balances, September 30, 2022	12,565,290	\$ 1,256	\$ 26,179,351	\$ 43,590,664	\$ —	\$ 69,771,271

*See accompanying notes to unaudited condensed financial statements.*



**IRADIMED CORPORATION**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

	Nine Months Ended September 30,	
	2023	2022
Operating activities:		
Net income	\$ 12,653,090	\$ 9,154,870
Adjustments to reconcile net income to net cash provided by operating activities:		
Change in allowance for doubtful accounts	136,830	56,118
Change in provision for excess and obsolete inventory	219,928	29,227
Depreciation and amortization	559,805	1,363,578
Loss (Gain) on disposal of property and equipment	12,535	(3,000)
Stock-based compensation	1,635,845	967,551
Deferred income taxes, net	(1,102,866)	(227,133)
Loss on maturities of investments	—	(8,025)
Changes in operating assets and liabilities:		
Accounts receivable	343,054	(5,570,783)
Inventory	(6,130,592)	(903,792)
Prepaid expenses and other current assets	(40,055)	(306,031)
Other assets	418,274	6,660
Accounts payable	519,648	37,338
Accrued payroll and benefits	(581,699)	(464,788)
Other accrued taxes	(18,696)	3,395
Warranty reserve	16,274	(13,593)
Deferred revenue	407,064	(452,822)
Other current liabilities	250,000	(9,508)
Prepaid income taxes	254,093	3,344,605
Net cash provided by operating activities	<u>9,552,532</u>	<u>7,003,867</u>
Investing activities:		
Proceeds from maturities of investments	—	500,000
Purchases of property and equipment	(6,908,607)	(564,883)
Capitalized intangible assets	(465,744)	(838,438)
Net cash used in investing activities	<u>(7,374,351)</u>	<u>(903,321)</u>
Financing activities:		
Dividends paid	(13,222,907)	(12,559,127)
Proceeds from exercises of stock options	7,341	146,707
Taxes paid related to the net share settlement of equity awards	(178,355)	(95,523)
Net cash used in financing activities	<u>(13,393,921)</u>	<u>(12,507,943)</u>
Net decrease in cash and cash equivalents	(11,215,740)	(6,407,398)
Cash and cash equivalents, beginning of period	57,960,864	61,999,550
Cash and cash equivalents, end of period	<u>\$ 46,745,124</u>	<u>\$ 55,592,152</u>
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ 4,136,152	\$ 757,137
ROU asset recognized in exchange for new lease obligation	\$ 227,983	\$ —
Operating and short-term lease payments recorded within cash flow provided by operating activities	<u>\$ 492,528</u>	<u>\$ 364,825</u>

*See accompanying notes to unaudited condensed financial statements.*

**IRADIMED CORPORATION**  
**Notes to Unaudited Condensed Financial Statements**

**1 — Basis of Presentation**

The accompanying interim condensed financial statements of IRADIMED CORPORATION (“IRADIMED”, the “Company”, “we”, “our”) have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). Certain information and footnote disclosures normally presented in annual financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) have been condensed or omitted pursuant to such rules and regulations. The interim financial information is unaudited, but reflects all normal adjustments that are, in the opinion of management, necessary for the fair presentation of our financial position, results of operations and cash flows for the interim periods presented. Operating results for the three and nine months ended September 30, 2023 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023, and other interim periods, or future years or periods.

The accompanying interim condensed financial statements should be read in conjunction with the financial statements and related footnotes to financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2022. The accounting policies followed in the preparation of these interim condensed financial statements, except as described in Note 1, are consistent in all material respects with those described in Note 1 of our Form 10-K.

We operate in one reportable segment which is the development, manufacture and sale of Magnetic Resonance Imaging (“MRI”) compatible medical devices, related accessories, disposables and service for use primarily by hospitals and acute care facilities during MRI procedures.

***Certain Significant Risks and Uncertainties***

We market our products to end users in the United States and to third-party distributors internationally. Sales to end users in the United States are generally made on open credit terms. Management maintains an allowance for potential credit losses.

We have deposited our cash and cash equivalents with various financial institutions. Our cash and cash equivalents balances exceed federally insured limits regularly throughout the year. We have not incurred any losses related to these balances.

Our medical devices require clearance from the FDA and international regulatory agencies prior to commercialized sales. Our future products may not receive required approvals. If we were denied such approvals, or if such approvals were revoked or delayed or if we were unable to timely renew certain approvals for existing products, it would have a materially adverse impact on our business, results of operations and financial condition.

Certain key components of our products essential to their functionality are sole-sourced. Any disruption in the availability of these components would have a materially adverse impact on our business, results of operations and financial condition.

## Recent Accounting Pronouncements

### Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which requires the Company to measure and recognize expected credit losses for financial assets held and not accounted for at fair value through net income. In November 2018, April 2019 and May 2019, the FASB issued ASU 2018-19, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses*, ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses* and ASU 2019-05, *Financial Instruments - Credit Losses (Topic 326): Targeted Transition Relief*, which provided additional implementation guidance on ASU 2016-03. We have adopted previously mentioned ASU starting January 1, 2023 and it did not result in a material impact on our financial condition, results of operations or cash flows.

## 2 — Revenue Recognition

### Disaggregation of Revenue

We disaggregate revenue from contracts with customers by geographic region and revenue type as we believe it best depicts the nature, amount, timing and uncertainty of our revenue and cash flow.

Revenue information by geographic region is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(unaudited)		(unaudited)	
United States	\$ 13,948,368	\$ 10,810,370	\$ 38,876,418	\$ 31,606,401
International	2,556,272	2,596,902	9,233,702	6,833,150
Total revenue	<u>\$ 16,504,640</u>	<u>\$ 13,407,272</u>	<u>\$ 48,110,120</u>	<u>\$ 38,439,551</u>

Revenue information by type is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(unaudited)		(unaudited)	
Devices:				
MRI Compatible IV Infusion Pump Systems	\$ 3,905,520	\$ 3,866,535	\$ 13,966,905	\$ 11,001,490
MRI Compatible Patient Vital Signs Monitoring Systems	7,738,549	5,519,045	18,564,085	15,635,415
Ferro Magnetic Detection Systems	138,760	62,982	619,539	62,982
Total Devices revenue	<u>11,782,829</u>	<u>9,448,562</u>	<u>33,150,529</u>	<u>26,699,887</u>
Disposables, services and other	4,213,666	3,410,015	13,464,278	10,158,922
Amortization of extended warranty agreements	508,145	548,695	1,495,313	1,580,742
Total revenue	<u>\$ 16,504,640</u>	<u>\$ 13,407,272</u>	<u>\$ 48,110,120</u>	<u>\$ 38,439,551</u>

Contract Liabilities

Our contract liabilities consist of:

	September 30, 2023 (unaudited)	December 31, 2022
Advance payments from customers	\$ 519,835	\$ 896,617
Shipments in-transit	11,374	14,696
Extended warranty agreements	4,624,174	3,837,006
Total	<u>\$ 5,155,383</u>	<u>\$ 4,748,319</u>

Changes in the contract liabilities during the periods presented are as follows:

	Deferred Revenue (unaudited)
Contract liabilities, December 31, 2022	\$ 4,748,319
Increases due to cash received from customers	3,716,326
Decreases due to recognition of revenue	(3,309,262)
Contract liabilities, September 30, 2023	<u>\$ 5,155,383</u>
	Deferred Revenue (unaudited)
Contract liabilities, December 31, 2021	\$ 4,232,439
Increases due to cash received from customers	2,927,868
Decreases due to recognition of revenue	(3,391,557)
Contract liabilities, September 30, 2022	<u>\$ 3,768,750</u>

Capitalized Contract Costs

Our capitalized contract costs totaled \$125,278 and \$340,044 as of September 30, 2023 and December 31, 2022, respectively, and are classified as other assets on the unaudited condensed balance sheets.

**3 — Basic and Diluted Net Income per Share**

Basic net income per share is based upon the weighted-average number of common shares outstanding during the period. Diluted net income per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. Stock options, restricted stock units and performance-based restricted stock units granted by us represent the only dilutive effect reflected in diluted weighted-average shares outstanding.

The following table presents the computation of basic and diluted net income per share:

[Table of Contents](#)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(unaudited)		(unaudited)	
Net income	\$ 5,067,180	\$ 3,427,104	\$ 12,653,090	\$ 9,154,870
Weighted-average shares outstanding — Basic	12,602,581	12,564,636	12,597,250	12,559,465
Effect of dilutive securities:				
Stock options	18,727	18,196	18,860	21,198
Restricted stock units	73,478	48,297	63,300	56,662
Performance-based restricted stock units	41,051	—	37,578	—
Weighted-average shares outstanding — Diluted	12,735,837	12,631,129	12,716,988	12,637,325
Basic net income per share	\$ 0.40	\$ 0.27	\$ 1.00	\$ 0.73
Diluted net income per share	\$ 0.40	\$ 0.27	\$ 0.99	\$ 0.72

Stock options and restricted stock units excluded from the calculation of diluted net income per share because the effect would have been anti-dilutive are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(unaudited)		(unaudited)	
Anti-dilutive stock options and restricted stock units	438	26,402	352	31,254

#### 4 — Inventory, net

Inventory consists of:

	September 30, 2023	December 31, 2022
	(unaudited)	
Raw materials	\$ 9,508,117	\$ 4,827,113
Work in process	938,534	369,761
Finished goods	1,680,277	411,647
Inventory before allowance for excess and obsolete	12,126,928	5,608,521
Allowance for excess and obsolete	(459,215)	(239,288)
Total	\$ 11,667,713	\$ 5,369,233

## 5 — Property and Equipment, net

Property and equipment consist of:

	September 30, 2023 (unaudited)	December 31, 2022
Land	\$ 6,253,790	\$ —
Computer software and hardware	1,332,580	1,121,455
Furniture and fixtures	1,721,860	1,573,587
Leasehold improvements	270,486	259,146
Machinery and equipment	2,430,448	2,210,181
Fixed assets in-process	784,513	665,773
	<u>12,793,677</u>	<u>5,830,142</u>
Accumulated depreciation	(3,905,793)	(3,430,330)
Total	<u>\$ 8,887,884</u>	<u>\$ 2,399,812</u>

Depreciation expense of property and equipment was \$164,595 and \$142,389 for the three months ended September 30, 2023 and 2022, respectively, and \$484,094 and \$419,970 for the nine months ended September 30, 2023 and 2022, respectively.

### Land Acquisition

On February 2, 2023, the Company entered into a reinstatement and amendment (“Reinstatement”) to the previously announced sale and purchase agreement with O Property, Ltd., a Florida limited partnership dated as of November 1, 2022, pursuant to which the parties agreed to consummate a sale of real property located in Orange County, Florida. Pursuant to the terms of the Reinstatement, the parties consummated the sale of approximately 26.5 acres of land to the Company for a purchase price of \$6,200,000. The property was acquired as a site for future development of manufacturing, research labs, and office space to accommodate our increased operations and anticipated growth.

Property and equipment, net, information by geographic region is as follows:

	September 30, 2023 (unaudited)	December 31, 2022
United States	\$ 8,541,457	\$ 2,248,308
International	346,427	151,504
Total property and equipment, net	<u>\$ 8,887,884</u>	<u>\$ 2,399,812</u>

Long-lived assets held outside of the United States consist principally of tooling and machinery and equipment, which are components of property and equipment, net.

## 6 — Intangible Assets, net

The following table summarizes the components of intangible asset balances:

	September 30, 2023 (unaudited)	December 31, 2022
Patents — in use	\$ 321,874	\$ 321,873
Patents — fully amortized	70,164	70,164
Patents — in process	127,785	123,153
Internally developed software — in use	872,218	872,218
Internally developed software — in process	1,950,434	1,489,322
Trademarks	27,697	27,697
	3,370,172	2,904,427
Accumulated amortization	(910,697)	(834,988)
Total	\$ 2,459,475	\$ 2,069,439

Amortization expense of intangible assets was \$25,236 and \$25,236 for the three months ended September 30, 2023 and 2022, respectively, and \$75,708 and \$75,886 for the nine months ended September 30, 2023 and 2022, respectively.

Expected annual amortization expense for the remaining portion of 2023 and the next five years related to intangible assets is as follows (excludes in process intangible assets):

Three months ending December 31, 2023	\$ 25,236
2024	\$ 100,544
2025	\$ 97,374
2026	\$ 85,658
2027	\$ 11,945
2028	\$ 9,343

## 7 — Fair Value Measurements

The fair values of cash equivalents, accounts receivables, net and accounts payable approximate their carrying amounts due to their short duration.

As of September 30, 2023, we did not have any asset or liabilities subject to recurring fair value measurements.

## 8 — Accumulated Other Comprehensive Income

There was no accumulated other comprehensive income for the three months ended September 30, 2023 and 2022.

There was no accumulated other comprehensive income for the nine months ended September 30, 2023. The components of accumulated other comprehensive income, net of tax, for the nine months ended September 30, 2022 are as follows:

	Unrealized (Losses) Gains on Available-For-Sale Securities (unaudited)
Balance at December 31, 2021	\$ 17,012
(Gain) Loss on available-for-sale securities, net	(10,953)
Reclassification realized in net earnings	(6,059)
Balance at September 30, 2022	\$ —

## 9 — Stock-Based Compensation

Stock-based compensation was recognized as follows in the unaudited Condensed Statements of Operations:

	Three Months Ended September 30, (unaudited)		Nine Months Ended September 30, (unaudited)	
	2023	2022	2023	2022
Cost of revenue	\$ 63,119	\$ 50,007	\$ 187,292	\$ 137,386
General and administrative	290,370	186,293	871,100	393,668
Sales and marketing	129,340	116,255	435,707	315,929
Research and development	50,919	40,633	141,746	120,568
Total	\$ 533,748	\$ 393,188	\$ 1,635,845	\$ 967,551

As of September 30, 2023, we had \$2,908,549 of unrecognized compensation cost related to unvested restricted stock units, which is expected to be recognized over a weighted-average period of 2.31 years. As of September 30, 2023, we had \$636,992 of unrecognized compensation cost related to unvested performance-based restricted stock units, which is expected to be recognized over a weighted-average period of 1.99 years.

The following table presents a summary of our equity award activity for the nine months ended September 30, 2023 (shares):

	Stock Options	Restricted Stock Units	Performance Based Restricted Stock Units
Outstanding beginning of period	24,010	151,337	27,884
Awards granted	—	4,272	—
Awards exercised/vested	(1,000)	(14,982)	—
Awards canceled/ forfeited	—	(240)	—
Outstanding end of period	23,010	140,387	27,884



## 10 — Income Taxes

For the three and nine months ended September 30, 2023, we recorded a provision for income tax expense of \$1,341,352 and \$3,403,523, respectively. Our effective tax rate was 20.9 percent and 21.2 percent, respectively, and differed from the U.S. Federal statutory rate primarily due to U.S. state income tax expense, partially offset by benefits from research and development tax credits.

For the three and nine months ended September 30, 2022, we recorded a provision for income tax expense of \$810,375 and \$2,322,301 respectively. Our effective tax rate was 19.1 percent and 20.2 percent respectively and differed from the U.S. Federal statutory rate primarily due to U.S. Federal income tax expense, partially offset by benefits from foreign derived intangible income and research and development tax credits.

As of September 30, 2023 and December 31, 2022, we had not identified or accrued for any uncertain tax positions. We are currently unaware of any uncertain tax positions that could result in significant payments, accruals, or other material deviations in this estimate over the next 12 months. We believe that our tax positions comply in all material respects with applicable tax law. However, tax law is subject to interpretation, and interpretations by taxing authorities could be different from ours, which could result in the imposition of additional taxes and penalties.

We file tax returns in the United States Federal jurisdiction and many U.S. state jurisdictions. Our returns are not currently under examination by the Internal Revenue Service. The Company remains subject to income tax examinations for our United States Federal and certain U.S. state income taxes for 2019 and subsequent years.

## 11 — Leases

We have entered into operating lease contracts for our manufacturing plant, office space, and various office equipment with one material lease contract outstanding.

In January 2014, we entered into a non-cancelable operating lease, commencing July 1, 2014, for our manufacturing and headquarters facility in Winter Springs, Florida owned by Susi, LLC, an entity controlled by our President, Chief Executive Officer, and Chairman of the Board, Roger Susi. Pursuant to the terms of our lease for this property, the monthly base rent is \$34,133, adjusted annually for changes in the consumer price index. The Company paid Susi, LLC \$127,817 for the three months ended September 30, 2023 and 2022. For the nine months ended September 30, 2023 and 2022, the Company paid Susi, LLC \$386,958 and \$364,825 respectively. For the year ended December 31, 2022, the Company paid Susi, LLC \$492,643 related to this lease. Under the terms of the lease, we are responsible for insurance and maintenance expenses. Prior to May 31, 2019, the expiration date of the initial lease term, and pursuant to the terms of the lease contract, we renewed the lease for an additional five years, resulting in a new lease expiration date of May 31, 2024. Unless advance written notice of termination is timely provided, the lease will automatically renew for one additional successive term of five years beginning in 2024, and thereafter, will be renewed for successive terms of one year each. At the time we adopted ASU 2016-02, *Leases* (Topic 842), we concluded that we would exercise the remaining five-year option, resulting in a remaining lease term of 6.5 years as of September 30, 2023. This lease agreement does not contain any residual value guarantee or material restrictive covenants.

In February 2023, we entered into two, two-year, non-cancelable operating leases with non-related parties for additional office space in Winter Springs, Florida. Pursuant to the lease terms the total monthly base rent is \$10,055. For the three months ended September 30, 2023 and 2022, the Company paid \$30,165 and \$0 respectively. For the nine months ended September 30, 2023 and 2022, the Company paid \$83,140 and \$0 respectively. Under the terms of the leases, we are responsible for insurance and maintenance expenses. Pursuant to the contract terms, the leases will expire February 2025 and do not contain any residual value guarantee or material restrictive covenants.

We will reassess the lease accounting terms and assumptions once the details regarding completion of a new manufacturing facility and planned departure of the current primary facility is finalized.

Operating lease cost recognized in the unaudited Condensed Statements of Operations is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(unaudited)		(unaudited)	
Cost of revenue	\$ 58,086	\$ 58,086	\$ 174,258	\$ 165,794
General and administrative	87,639	57,474	255,562	164,046
Sales and marketing	3,251	3,251	9,752	9,279
Research and development	9,006	9,006	27,019	25,706
Total	<u>\$ 157,982</u>	<u>\$ 127,817</u>	<u>\$ 466,591</u>	<u>\$ 364,825</u>

Lease costs for short-term leases were immaterial for the three and nine months ended September 30, 2023, and 2022.

Maturity of our operating lease liability as of September 30, 2023, is as follows:

Three months ending December 31, 2023	\$ 133,988
2024	535,954
2025	415,294
2026	409,596
2027	409,596
Thereafter	596,127
Total lease payments	<u>2,500,555</u>
Imputed interest	<u>(354,440)</u>
Present value of lease liability	<u>\$ 2,146,115</u>

## 12 — Commitments and Contingencies

*Purchase commitments.* We had various purchase orders for goods or services totaling \$13,109,292 and \$8,021,403 as of September 30, 2023 and December 31, 2022, respectively. Amounts recognized in our balance sheet related to these purchase orders were immaterial.

*Legal matters.* We may, from time to time, become a party to various legal proceedings or claims that arise in the ordinary course of business. As of September 30, 2023 and December 31, 2022, we had accrued approximately \$250,000 and \$0, respectively, related to various matters.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*The following discussion and analysis should be read in conjunction with our condensed financial statements and the related notes to those statements included in this Quarterly Report, the discussion of certain risks and uncertainties contained in Part II, Item 1A of this Quarterly Report, the discussion under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" included in our Annual Report filed on Form 10-K for the fiscal year ended December 31, 2022 and the cautionary information regarding forward-looking statements at the beginning of this Quarterly Report.*

### Our Business

We develop, manufacture, market and distribute MRI compatible medical devices and accessories, disposables and services relating to them.

## [Table of Contents](#)

We are a leader in the development of innovative MRI compatible medical devices. We are the only known provider of a non-magnetic intravenous (“IV”) infusion pump system that is specifically designed to be safe for use during MRI procedures. We were the first to develop an infusion delivery system that largely eliminates many of the dangers and problems present during MRI procedures. Standard infusion pumps contain magnetic and electronic components which can create radio frequency interference and are dangerous to operate in the presence of the powerful magnet that drives an MRI system. Our patented MRidium® MRI compatible IV infusion pump system has been designed with a non-magnetic ultrasonic motor, uniquely designed non-ferrous parts and other special features to safely and predictably deliver anesthesia and other IV fluids during various MRI procedures. Our pump solution provides a seamless approach that enables accurate, safe and dependable fluid delivery before, during and after an MRI scan, which is important to critically ill patients who cannot be removed from their vital medications, and children and infants who must generally be sedated to remain immobile during an MRI scan.

Each IV infusion pump system consists of an MRidium® MRI compatible IV infusion pump, non-magnetic mobile stand, proprietary disposable IV tubing sets and many of these systems contain additional optional upgrade accessories.

Our 3880 MRI compatible patient vital signs monitoring system has been designed with non-magnetic components and other special features to safely and accurately monitor a patient’s vital signs during various MRI procedures. The IRADIMED 3880 system operates dependably in magnetic fields up to 30,000 gauss, which means it can operate virtually anywhere in the MRI scanner room. The IRADIMED 3880 has a compact, lightweight design allowing it to travel with the patient from their critical care unit to the MRI and back, resulting in increased patient safety through uninterrupted vital signs monitoring and decreasing the amount of time critically ill patients are away from critical care units. The features of the IRADIMED 3880 include: wireless ECG with dynamic gradient filtering; wireless SpO2 using Masimo® algorithms; non-magnetic respiratory CO2; invasive and non-invasive blood pressure; patient temperature, and optional advanced multi-gas anesthetic agent unit featuring continuous Minimum Alveolar Concentration measurements. The IRADIMED 3880 MRI compatible patient vital signs monitoring system has an easy-to-use design and allows for the effective communication of patient vital signs information to clinicians.

We generate revenue from the sale of MRI compatible medical devices and accessories, extended warranty agreements, services related to maintaining our products and the sale of disposable products used with our devices. The principal customers for our MRI compatible products include hospitals and acute care facilities, both in the United States and internationally. As of September 30, 2023 our direct U.S. sales force consisted of 28 field sales representatives, 3 regional sales directors and supplemented by 5 clinical application specialists. Internationally, we have distribution agreements with independent distributors selling our products.

Selling cycles for our devices have varied widely and have historically ranged between three and nine months in duration. We also enter into agreements with integrated delivery health systems and healthcare supply contracting companies in the U.S. Our agreements with healthcare supply contracting companies enable us to sell and distribute our products and services to their member hospitals. Under these agreements, we are required to pay these group purchasing organizations (“GPOs”) a fee of three percent of the sales of our products to their member hospitals.

### **Financial Highlights**

For the third quarter ended September 30, 2023, our revenue increased \$3.1 million, or 23.1 percent, to \$16.5 million, compared to \$13.4 million for the third quarter last year. Income before the provision for income taxes was \$6.4 million for the third quarter 2023, compared to \$4.2 million for the third quarter last year. Net income was \$5.1 million, or \$0.40 per diluted share in the third quarter ended September 30, 2023, compared to \$3.4 million, or \$0.27 per share in the third quarter last year.

For the remainder of 2023, we expect higher revenue when compared to the same period in 2022 due to higher sales of our medical devices, related accessories, disposables, and services. We also expect higher operating expenses compared to the same period in 2022 primarily due to higher sales and marketing, regulatory, and general and administrative expenses.

## Application of Critical Accounting Policies

We prepare our financial statements in conformity with generally accepted accounting principles (“GAAP”). The preparation of these financial statements requires us to make estimates and use assumptions that affect the reported amounts of assets, liabilities, and related disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

We believe revenue recognition, accounts receivable, allowance for doubtful accounts, inventory valuation, product warranties, stock compensation, and income taxes are critical accounting policies requiring the use of significant estimates, assumptions, and judgments.

These critical accounting policies are described in more detail in our Annual Report filed on Form 10-K, under *Management’s Discussion and Analysis and Results of Operations*. Except as disclosed in Note 1 to the unaudited condensed financial statements contained herein related to the adoption of recent accounting pronouncements, there have been no changes to these policies during the nine months ended September 30, 2023.

The use of different estimates, assumptions, and judgments could have a material effect on the reported amounts of assets, liabilities, and related disclosures as of the date of the financial statements and revenue and expenses during the reporting period.

## Results of Operations

The following table sets forth selected statements of operations data as a percentage of total revenue for the periods indicated. Our historical operating results are not necessarily indicative of the results for any future period.

	Percent of Revenue Three Months Ended September 30,		Percent of Revenue Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	100.0 %	100.0 %	100.0 %	100.0 %
Cost of revenue	22.2	21.4	23.6	21.8
Gross profit	77.8	78.6	76.4	78.2
Operating expenses:				
General and administrative	21.9	21.5	22.5	20.8
Sales and marketing	17.4	22.6	18.3	23.4
Research and development	2.7	3.7	4.6	4.4
Total operating expenses	42.0	47.8	45.4	48.6
Income from operations	35.8	30.8	30.9	29.6
Other income (expense), net	3.0	0.8	2.5	0.3
Income before provision for income taxes	38.8	31.6	33.4	29.9
Provision for income tax expense	8.1	6.0	7.1	6.0
Net income	30.7 %	25.6 %	26.3 %	23.8 %

## Three and Nine months Ended September 30, 2023 and 2022

### Revenue by Geographic Region

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023 (unaudited)	2022	2023 (unaudited)	2022
United States	\$ 13,948,368	\$ 10,810,370	\$ 38,876,418	\$ 31,606,401
International	2,556,272	2,596,902	9,233,702	6,833,150
Total revenue	\$ 16,504,640	\$ 13,407,272	\$ 48,110,120	\$ 38,439,551

### Revenue by Type

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(unaudited)		(unaudited)	
Devices:				
MRI Compatible IV Infusion Pump Systems	\$ 3,905,520	\$ 3,866,535	\$ 13,966,905	\$ 11,001,490
MRI Compatible Patient Vital Signs Monitoring Systems	7,738,549	5,519,045	18,564,085	15,635,415
Ferro Magnetic Detection Systems	138,760	62,982	619,539	62,982
Total Devices revenue	11,782,829	9,448,562	33,150,529	26,699,887
Disposables, services and other	4,213,666	3,410,015	13,464,278	10,158,922
Amortization of extended warranty agreements	508,145	548,695	1,495,313	1,580,742
Total revenue	\$ 16,504,640	\$ 13,407,272	\$ 48,110,120	\$ 38,439,551

For the three months ended September 30, 2023, revenue increased \$3.1 million, or 23.1 percent, to \$16.5 million from \$13.4 million for the same period in 2022. This is attributed to pricing adjustments made to absorb raw material and other production cost increases, continued robust demand for our Patient Vital Signs Monitor, disposable sales, and the release of our Ferro Magnetic Detection System.

Revenue from sales in the U.S. increased \$3.1 million, or 29.0 percent, to \$13.9 million for the third quarter 2023, from \$10.8 million for the third quarter 2022. Revenue from sales internationally was unchanged in the third quarter 2023, consistent with the \$2.6 million for the third quarter 2022. Domestic sales accounted for 84.5 percent of revenue for the third quarter 2023, compared to 80.6 percent for the third quarter 2022.

Revenue from sales of devices increased \$2.4 million, or 24.7 percent, to \$11.8 million for the three months ended September 30, 2023, from \$9.4 million for the same period in 2022.

Revenue from sales of our disposables, service and other increased \$0.8 million, or 23.6 percent, to \$4.2 million for the three months ended September 30, 2023, from \$3.4 million for the same period in 2022. Revenue from the amortization of extended warranty agreements was consistent at \$0.5 million for the three months ended September 30, 2023 and 2022.

For the nine months ended September 30, 2023, revenue increased \$9.7 million, or 25.2 percent, to \$48.1 million from \$38.4 million for the same period in 2022. This is attributed to the demand increases in our Patient Vital Signs Monitor, and disposable sales as well as the release of our Ferro Magnetic Detection System.

Revenue from sales in the U.S. increased \$7.3 million, or 23.0 percent, to \$38.9 million for the nine months ended September 30, 2023, from \$31.6 million for the same period 2022. Revenue from sales internationally increased \$2.4 million, or 35.1 percent, to \$9.2 million for the nine months ended September 30, 2023, from \$6.8 million for the nine months ended September 30, 2022. Domestic sales accounted for 80.8 percent of revenue for the third quarter 2023, compared to 82.2 percent for the nine months ended September 30, 2022.

Revenue from sales of devices increased \$6.5 million, or 24.2 percent, to \$33.2 million for the nine months ended September 30, 2023, from \$26.7 million for the same period in 2022.

Revenue from sales of our disposables, service and other increased \$3.3 million, or 32.5 percent, to \$13.5 million for the nine months ended September 30, 2023, from \$10.2 million for the same period in 2022. Revenue from the amortization of extended warranty agreements was consistent at \$1.5 million for the nine months ended September 30, 2023 and 2022.

### Cost of Revenue and Gross Profit

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	\$ 16,504,640	\$ 13,407,272	\$ 48,110,120	\$ 38,439,551
Cost of revenue	3,667,256	2,864,534	11,364,791	8,377,526
Gross profit	\$ 12,837,384	\$ 10,542,738	\$ 36,745,329	\$ 30,062,025
Gross profit percentage	77.8 %	78.6 %	76.4 %	78.2 %

For the three months ended September 30, 2023 and 2022, cost of revenue increased \$0.8 million, or 28.0 percent to \$3.7 million from \$2.9 million for the same period 2022. Gross profit increased \$2.3 million, or 21.8 percent, to \$12.8 million for the third quarter 2023 from \$10.5 million for the same period in 2022. Gross profit margin was 77.8 percent for third quarter 2023, compared to 78.6 percent for the third quarter 2022. The decrease in gross profit margin is primarily due to an unfavorable overhead variance, sales mix, and increased raw material costs.

For the nine months ended September 30, 2023, cost of revenue increased \$3.0 million, or 35.7 percent, to \$11.4 million from \$8.4 million for the same period last year. Gross profit increased \$6.6 million, or 22.2 percent, to \$36.7 million for the nine months ended September 30, 2023 from \$30.1 million for the same period in 2022. Gross profit margin was 76.4 percent for nine months ended September 30, 2023, compared to 78.2 percent for the same period in 2022. The decrease in gross profit margin is primarily due to variable geographic sales and product mix, increased raw material costs, movement of new product inventory parts and overhead variances. Also attributing to the reduction in gross profit margin is international revenue as a percentage of total revenue which increased to 19.2 percent from 16.9 respectively for the nine months ended September 30, 2023 and 2022.

### Operating Expenses

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
General and administrative	\$ 3,615,020	\$ 2,881,590	\$ 10,848,611	\$ 8,000,335
Percentage of revenue	21.9 %	21.5 %	22.5 %	20.8 %
Sales and marketing	\$ 2,864,469	\$ 3,037,209	\$ 8,812,872	\$ 9,014,553
Percentage of revenue	17.4 %	22.7 %	18.3 %	23.5 %
Research and development	\$ 452,555	\$ 491,643	\$ 2,208,221	\$ 1,673,337
Percentage of revenue	2.7 %	3.7 %	4.6 %	4.4 %

#### General and Administrative

For the three months ended September 30, 2023, general and administrative expense increased \$0.7 million, or 25.5 percent, to \$3.6 million from \$2.9 million for the same period last year. This increase is primarily due to higher regulatory, legal and professional expenses, and increased payroll and benefit expenses.

For the nine months ended September 30, 2023, general and administrative expense increased \$2.8 million, or 35.6 percent, to \$10.8 million from \$8.0 million for the same period last year. This increase is primarily due to higher regulatory, payroll and benefits expenses, and legal and professional expenses.

#### Sales and Marketing

For the three months ended September 30, 2023, sales and marketing expense decreased \$0.17 million, or 5.7 percent, to \$2.9 million from \$3.0 million for the same period last year. This decrease is primarily due to lower sales commissions, offset by sales activities expenses, and payroll and benefits expenses.

## [Table of Contents](#)

For the nine months ended September 30, 2023, sales and marketing expense decreased \$0.20 million, or 2.2 percent, to \$8.8 million from \$9.0 million for the same period last year. This decrease is primarily due to lower sales commissions, offset by sales activities expenses, and payroll and benefits expenses.

### *Research and Development*

For the three months ended September 30, 2023 and 2022, research and development expense decreased \$0.04 million, or 8.0 percent to \$0.45 million from \$0.49 million for the same period last year. This is primarily due to no longer allocating recently approved product parts related to the next generation pump to research and development. These approved parts are now included in raw material inventory.

For the nine months ended September 30, 2023, research and development expense increased \$0.5 million, or 32.0 percent, to \$2.2 million from \$1.7 million for the same period last year. This is primarily due to increased payroll and benefit expenses offset by no longer allocating recently approved product parts related to the next generation pump to research and development.

### *Other Income, Net*

Other income, net consists of interest income, foreign currency gains and losses, and other miscellaneous income. For the three months ended September 30, 2023, other income, net increased \$0.4 million, to \$0.5 million from \$0.1 million for the same period last year. This increase is due to higher interest rates earned by money market fund investments that comprise a significant portion of our cash balances.

For the nine months ended September 30, 2023 and 2022, we reported other income, net, of \$1.2 million and \$0.01 million. The change is primarily due to higher interest rates earned by money market fund investments.

### *Income Taxes*

For the three and nine months ended September 30, 2023, we recorded a provision for income tax expense of \$1,341,352 and \$3,403,523 respectively. Our effective tax rate was 20.9 percent and 21.2 percent respectively and differed from the U.S. Federal statutory rate primarily due to U.S. state income tax expense, partially offset by benefits from foreign derived intangible income and research and development tax credits.

For the three and nine months ended September 30, 2022, we recorded a provision for income tax expense of \$810,375 and \$2,322,300 respectively. Our effective tax rate was 19.1 percent and 20.2 percent respectively and differed from the U.S. Federal statutory rate primarily due to U.S. Federal income tax expense partially offset by benefits from foreign derived intangible income and research and development tax credits.

As of September 30, 2023, and December 31, 2022, we had not identified or accrued for any uncertain tax positions. We are currently unaware of any uncertain tax positions that could result in significant payments, accruals or other material deviations in this estimate over the next 12 months. We believe that our tax positions comply in all material respects with applicable tax law. However, tax law is subject to interpretation, and interpretations by taxing authorities could be different from ours, which could result in the imposition of additional taxes and penalties.

We file tax returns in the United States Federal jurisdiction and many U.S. state jurisdictions. Our returns are not currently under examination by the Internal Revenue Service. The Company remains subject to income tax examinations for our United States Federal and certain U.S. state income taxes for 2019 and subsequent years.

### *Liquidity and Capital Resources*

Our principal sources of liquidity have historically been our cash and cash equivalents balances, cash flow from operations and access to the financial markets. Our principal uses of cash are operating expenses, working capital requirements, capital expenditures and dividend payments, if any.

## [Table of Contents](#)

As of September 30, 2023, we had cash and cash equivalents of \$46.7 million, stockholders' equity of \$74.6 million, and working capital of \$64.0 million. As of December 31, 2022, we had cash and investments of \$57.9 million, stockholders' equity of \$73.7 million, and working capital of \$68.9 million.

We believe that our current cash, and any cash generated from operations will be sufficient to meet our ongoing operating requirements for at least the next 12 months. We have acquired land from an unrelated party and plan to make subsequent improvements thereon in the next two years to accommodate our increased operations and expand capacity. We anticipate using available cash for that investment in our future growth. We do not anticipate requiring additional capital; however, if required or desirable, we may seek to obtain a credit facility, raise debt, or issue additional equity in private or public markets.

	Nine Months Ended September 30,	
	2023	2022
Net cash provided by operating activities	\$ 9,552,532	\$ 7,003,865
Net cash used in investing activities	(7,374,351)	(903,321)
Net cash used in financing activities	(13,393,921)	(12,507,943)

Cash provided by operating activities increased \$2.6 million, to \$9.6 million for the nine months ended September 30, 2023, compared to \$7.0 million for the same period in 2022. During the nine months ended September 30, 2023, cash provided by operations was negatively impacted by cash outflows related to income tax payments, inventory purchases, and collection of accounts receivable.

Cash used in investing activities increased \$6.5 million, to \$7.4 million for the nine months ended September 30, 2023, compared to \$0.9 million for the same period in 2022. During the nine months ended September 30, 2023, cash used in investing was primarily the result of the \$6.2 million land purchase to be used for future manufacturing, research lab and office space.

Cash used in financing activities increased \$0.9 million, to \$13.4 for the nine months ended September 30, 2023, compared to approximately \$12.5 for the same period in 2022. In both periods, the company paid special dividends to our shareholders.

We market our products to end users in the U.S. and to distributors internationally. Sales to end users in the U.S. are generally made on open credit terms. Management maintains an allowance for potential credit losses.

Our current manufacturing and headquarters facility has been leased from Susi, LLC, an entity controlled by our Chairman of the Board and Chief Executive Officer, Roger Susi. Pursuant to the terms of our lease, the monthly base rent is \$34,133, adjusted annually for changes in the consumer price index.

### **Off-Balance Sheet Arrangements**

As of September 30, 2023 and December 31, 2022, we did not have any off-balance sheet arrangements, as such term is defined under Item 303 of Regulation S-K, that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

### **Contractual Obligations**

There have been no material changes outside the ordinary course of business to our contractual obligations and commercial commitments since December 31, 2022.



## **Recent Accounting Pronouncements**

See Note 1 to the unaudited condensed financial statements contained herein for a full description of recent accounting pronouncements including the respective expected dates of adoption and status of evaluation of expected effects on results of our operations and financial condition.

## **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

### ***Foreign Currency Exchange Risk***

We have foreign currency risks related to our cost of revenue denominated in currencies other than the U.S. Dollar, principally the Japanese yen (“Yen”). The volatility of the Yen depends on many factors that we cannot forecast with reliable accuracy. We have experienced and will continue to experience fluctuations in our net income as a result of transaction gains and losses related to revaluing Yen denominated accounts payable balances. In the event our Yen denominated accounts payable or expenses increase, our operating results may be affected by fluctuations in the Yen exchange rate. If the U.S. Dollar uniformly increased or decreased in strength by 10 percent relative to the Yen, our net income would have correspondingly increased or decreased by an immaterial amount for the three and nine months ended September 30, 2023 and 2022.

## **Item 4. Controls and Procedures**

### **Evaluation of Disclosure Controls and Procedures**

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), are designed to ensure that: (1) information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms; and (2) such information is accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2023. Our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures as of September 30, 2023 were effective.

### **Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **Item 1. Legal Proceedings**

We may from time to time become party to various legal proceedings or claims that arise in the ordinary course of business. Our management reviews these matters if and when they arise, and believes that the resolution of any such matters currently known will not have a material effect on our results of operations or financial position.

### **Item 1A. Risk Factors**

We operate in a rapidly changing environment that involves a number of risks that could materially affect our business, financial condition or future results, some of which are beyond our control. The occurrence of any of these risks could harm our business, financial condition, results of operations and/or growth prospects or cause our actual results to differ materially from those contained in forward-looking statements we have made in this report and those we may make from time to time. In evaluating the Company and its business, you should carefully consider the information included in this Quarterly Report on Form 10-Q and the factors discussed under Part I, Item 1A “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, as well as in other documents we file with the SEC. Except as described below, there have been no material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

### **Item 2. Unregistered Sale of Equity Securities and Use of Proceeds**

None.

### **Item 3. Default Upon Senior Securities**

Not Applicable.

### **Item 4. Mine Safety Disclosures.**

Not Applicable.

### **Item 5. Other Information**

None.

**Item 6. Exhibits**

<b>Exhibit Number</b>	<b>Description of Document</b>
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Exchange Act Rule, 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2	<a href="#">Certification of Chief Financial Officer pursuant to Exchange Act Rule, 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1*	<a href="#">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.</a>
101.INS**	Inline XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document
104**	Inline XBRL for the cover page of this Quarterly Report on Form 10-Q, included as part of this Exhibit 101 inline XBRL Document set

\* This exhibit shall not be deemed “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any filings.

\*\* In accordance with Rule 402 of Regulation S-T, this interactive data file is deemed not filed or part of this Quarterly Report on Form 10-Q for purposes of Sections 11 or 12 of the Securities Act or Section 18 of the Exchange Act and otherwise is not subject to liability under these sections.

**IRADIMED CORPORATION**

**SIGNATURES**

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

Dated: November 03, 2023

**IRADIMED CORPORATION**

/s/ Roger Susi

By: Roger Susi

Its: Chief Executive Officer and President  
(Principal Executive Officer and Authorized Officer)

/s/ John Glenn

By: John Glenn

Its: Chief Financial Officer  
(Principal Financial and Accounting Officer)

**Certification of Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Roger Susi, hereby certify that:

1. I have reviewed this quarterly report on Form 10-Q of IRADIMED CORPORATION;
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 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 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 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: November 3, 2023

/s/ Roger Susi

By: Roger Susi

Chief Executive Officer and President  
(Principal Executive Officer)

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**Certification of Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, John Glenn, hereby certify that:

1. I have reviewed this quarterly report on Form 10-Q of IRADIMED CORPORATION;
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 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 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 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: November 3, 2023

/s/ John Glenn

By: John Glenn

Chief Financial Officer

(Principal Financial and Accounting Officer)

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**Certification 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 IRADIMED CORPORATION (the "Company") on Form 10-Q for the quarter ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities and on the date indicated below, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Roger Susi

\_\_\_\_\_  
By: Roger Susi  
Chief Executive Officer and President  
(Principal Executive Officer)  
November 3, 2023

/s/ John Glenn

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By: John Glenn  
Chief Financial Officer  
(Principal Financial and Accounting Officer)  
November 3, 2023

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