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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2020

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 Number: 000-55039

BioTelemetry, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**46-2568498**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1000 Cedar Hollow Road **Malvern, Pennsylvania**	**19355**
(Address of principal executive offices)	(Zip Code)

(610) 729-7000
(Registrant's Telephone Number, including Area Code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.001 per share	BEAT	NASDAQ Global Select Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer ☒	Accelerated filer ☐	Emerging growth company ☐
Non-accelerated filer ☐	Smaller reporting company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of July 24, 2020, 34,185,494 shares of the registrant's common stock were outstanding.

BioTelemetry, Inc.
Quarterly Report on Form 10-Q
For the Period Ended June 30, 2020

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*Unless the context otherwise indicates or requires, the terms “**we**,” “**our**,” “**us**,” “**BioTelemetry**” and the “**Company**,” as used in this Quarterly Report on Form 10-Q, refer to BioTelemetry, Inc. and its directly and indirectly owned subsidiaries as a combined entity, except where otherwise stated or where it is clear that the terms mean only BioTelemetry, Inc. exclusive of its subsidiaries. We do not use the ® or ™ symbol in each instance in which one of our registered or common law trademarks appears in this Quarterly Report on Form 10-Q, but this should not be construed as any indication that we will not assert our rights thereto to the fullest extent permissible under applicable law.*

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document includes certain forward-looking statements within the meaning of the "**Safe Harbor**" provisions of the Private Securities Litigation Reform Act of 1995 regarding, among other things, our growth prospects, the prospects for our products and our confidence in our future. These statements may be identified by words such as "**expect**," "**anticipate**," "**estimate**," "**intend**," "**plan**," "**believe**," "**promises**" and other words and terms of similar meaning. Examples of forward-looking statements include statements we make regarding our ability to increase demand for our products and services, to leverage our Mobile Cardiac Outpatient Telemetry platform, to expand into new markets, to grow our market share, our expectations regarding revenue trends in our segments and the achievement of cost efficiencies through process improvement. Such forward-looking statements are based on current expectations and involve inherent risks and uncertainties, including important factors that could delay, divert or change any of these expectations, and could cause actual outcomes and results to differ materially from current expectations. These factors include, among other things:

- our ability to identify acquisition candidates, acquire them on attractive terms and integrate their operations into our business;
- our ability to educate physicians and continue to obtain prescriptions for our products and services;
- changes to insurance coverage and reimbursement levels by Medicare and commercial payors for our products and services;
- our ability to attract and retain talented executive management and sales personnel;
- the commercialization of new competitive products;
- acceptance of our new products and services, such as our mobile cardiac telemetry ("**MCT**") patch;
- the impact of the COVID-19 pandemic;
- the impact of the October 2019 information technology incident;
- our ability to obtain and maintain required regulatory approvals for our products, services and manufacturing facilities;
- changes in governmental regulations and legislation;
- adverse regulatory action;
- our ability to obtain and maintain adequate protection of our intellectual property;
- interruptions or delays in the telecommunications systems and/or information technology systems that we use;
- our ability to successfully resolve outstanding legal proceedings; and
- the other factors that are described in **"Part I; Item 1A. Risk Factors"** of our Annual Report on Form 10-K for the year ended December 31, 2019, as well as the factors that are described in **"Part II; Item 1A. Risk Factors"** of our Quarterly Report on Form 10-Q for the period ended March 31, 2020.

We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise, except as may be required by law.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

BIOTELEMETRY, INC.
CONSOLIDATED BALANCE SHEETS

(*in thousands, except share and par value data*)	(Unaudited) June 30, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 84,003	$ 68,614
Healthcare accounts receivable, net of allowance for credit losses of $37,530 and $31,780, at June 30, 2020 and December 31, 2019, respectively	65,525	71,851
Other accounts receivable, net of allowance for credit losses of $542 and $201, at June 30, 2020 and December 31, 2019, respectively	15,088	15,625
Inventory	6,929	5,738
Prepaid expenses and other current assets	4,371	6,505
Total current assets	175,916	168,333
Property and equipment, net of accumulated depreciation of $78,066 and $76,095, at June 30, 2020 and December 31, 2019, respectively	60,275	56,380
Intangible assets, net	128,324	129,596
Goodwill	301,333	301,321
Deferred tax assets	7,156	12,626
Other assets	36,653	17,464
Total assets	$ 709,657	$ 685,720
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 21,491	$ 24,198
Accrued liabilities	48,006	27,318
Current portion of finance lease obligations	255	394
Current portion of long-term debt	—	3,844
Total current liabilities	69,752	55,754
Long-term portion of finance lease obligations	224	289
Long-term debt	157,655	190,823
Other long-term liabilities	98,198	71,937
Total liabilities	325,829	318,803
Stockholders' equity:		
Common stock—$0.001 par value as of June 30, 2020 and December 31, 2019; 200,000,000 shares authorized as of June 30, 2020 and December 31, 2019; 34,185,144 and 34,023,053 shares issued and outstanding at June 30, 2020 and December 31, 2019, respectively	34	34
Paid-in capital	461,279	453,366
Accumulated other comprehensive loss	(514)	(469)
Accumulated deficit	(76,971)	(86,014)
Total stockholders' equity	383,828	366,917
Total liabilities and stockholders' equity	$ 709,657	$ 685,720

See accompanying Notes to Consolidated Financial Statements.

BIOTELEMETRY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(in thousands, except per share data)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Revenue	$ 89,407	$ 111,803	$ 202,438	$ 215,782
Other revenue	9,702	—	9,702	—
Total revenue	99,109	111,803	212,140	215,782
Cost of revenue	37,582	41,563	80,105	80,764
Gross profit	61,527	70,240	132,035	135,018
Operating expenses:				
General and administrative	31,099	30,587	62,980	58,194
Sales and marketing	10,521	12,795	23,967	25,235
Credit loss expense	6,166	5,379	12,186	10,527
Research and development	2,699	3,532	6,267	6,865
Other charges	5,003	2,234	7,087	5,304
Total operating expenses	55,488	54,527	112,487	106,125
Income from operations	6,039	15,713	19,548	28,893
Other expense:				
Interest expense	(1,702)	(2,538)	(3,809)	(5,020)
Loss on equity method investments	—	(154)	—	(186)
Other non-operating income/(expense), net	(1,400)	86	(469)	(968)
Total other expense, net	(3,102)	(2,606)	(4,278)	(6,174)
Income before income taxes	2,937	13,107	15,270	22,719
Provision for income taxes	(656)	(4,807)	(5,880)	(2,734)
Net income	$ 2,281	$ 8,300	$ 9,390	$ 19,985
Net income per common share:				
Basic	$ 0.07	$ 0.25	$ 0.27	$ 0.59
Diluted	$ 0.06	$ 0.23	$ 0.26	$ 0.55
Weighted average number of common shares outstanding:				
Basic	34,290	33,825	34,238	33,806
Dilutive common stock equivalents	2,319	2,493	2,431	2,638
Diluted	36,609	36,318	36,669	36,444

See accompanying Notes to Consolidated Financial Statements.

BIOTELEMETRY, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(in thousands)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Net income	$ 2,281	$ 8,300	$ 9,390	$ 19,985
Other comprehensive income/(loss):				
Foreign currency translation gain/(loss)	270	(711)	(45)	(713)
Comprehensive income	$ 2,551	$ 7,589	$ 9,345	$ 19,272

See accompanying Notes to Consolidated Financial Statements.

BIOTELEMETRY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
(in thousands)	**2020**	**2019**
OPERATING ACTIVITIES		
Net income	$ 9,390	$ 19,985
Adjustments to reconcile net income to net cash provided by operating activities:		
Credit loss expense	12,186	10,527
Depreciation and amortization	21,364	20,213
Stock-based compensation	7,060	6,026
Accretion of debt discount	498	621
Deferred income taxes	4,100	1,980
Change in fair value of acquisition-related contingent consideration	1,850	(1,810)
Other non-cash items	909	(398)
Changes in operating assets and liabilities:		
Healthcare and other accounts receivable	(5,670)	(19,643)
Inventory	(1,191)	1,286
Prepaid expenses and other assets	(520)	(3,366)
Accounts payable	(2,707)	3,837
Accrued and other liabilities	22,276	(3,128)
Net cash provided by operating activities	69,545	36,130
INVESTING ACTIVITIES		
Acquisition of business, net of cash acquired	—	(44,766)
Purchases of property and equipment and investment in internally developed software	(17,110)	(16,092)
Net cash used in investing activities	(17,110)	(60,858)
FINANCING ACTIVITIES		
Proceeds related to the exercising of stock options and employee stock purchase plan	2,508	4,729
Payments of tax withholdings related to vesting of share-based awards	(1,655)	(4,955)
Principal payments on long-term debt	(197,825)	(2,563)
Principal payments on revolving credit facility	(70,000)	—
Proceeds from borrowings on revolving credit facility	232,000	—
Payment of debt issuance costs	(1,684)	—
Principal payments on finance lease obligations	(332)	(1,659)
Net cash used in financing activities	(36,988)	(4,448)
Effect of exchange rate changes on cash	(58)	(1)
Net increase/(decrease) in cash and cash equivalents	15,389	(29,177)
Cash and cash equivalents - beginning of period	68,614	80,889
Cash and cash equivalents - end of period	$ 84,003	$ 51,712
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Non-cash purchases of property and equipment	$ 4,761	$ 1,645
Non-cash fair value of equity issued for acquisition of business	—	2,142
Non-cash fair value of customer lists acquired	5,470	—
Cash paid for interest	3,065	4,327
Cash paid for taxes	$ 636	$ 312

See accompanying Notes to Consolidated Financial Statements.

BIOTELEMETRY, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

(in thousands, except shares)	Common Stock Shares	Common Stock Amount	Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
Balance at March 31, 2020	**34,138,516**	**$ 34**	**$ 457,000**	**$ (784)**	**$ (79,252)**	**$ 376,998**
Share issuances related to stock compensation plans	51,949	—	789	—	—	789
Stock-based compensation	—	—	3,678	—	—	3,678
Shares withheld to cover taxes on vesting of share-based awards	(5,321)	—	(188)	—	—	(188)
Currency translation adjustment	—	—	—	270	—	270
Net income	—	—	—	—	2,281	2,281
Balance at June 30, 2020	**34,185,144**	**$ 34**	**$ 461,279**	**$ (514)**	**$ (76,971)**	**$ 383,828**

(in thousands, except shares)	Common Stock Shares	Common Stock Amount	Paid-in Capital	Accumulated Other Comprehensive Income/(Loss)	Accumulated Deficit	Total Stockholders' Equity
Balance at March 31, 2019	**33,803,736**	**$ 34**	**$ 436,892**	**$ 254**	**$ (104,173)**	**$ 333,007**
Share issuances related to stock compensation plans	36,022	—	418	—	—	418
Stock-based compensation	—	—	3,477	—	—	3,477
Shares withheld to cover taxes on vesting of share-based awards	(838)	—	(44)	—	—	(44)
Issuance of stock related to business combination	50,000	—	2,142	—	—	2,142
Deferred purchase price consideration - equity portion	—	—	250	—	—	250
Currency translation adjustment	—	—	—	(711)	—	(711)
Net income	—	—	—	—	8,300	8,300
Balance at June 30, 2019	**33,888,920**	**$ 34**	**$ 443,135**	**$ (457)**	**$ (95,873)**	**$ 346,839**

See accompanying Notes to Consolidated Financial Statements.

BIOTELEMETRY, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

(in thousands, except shares)	Common Stock Shares	Common Stock Amount	Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
Balance at December 31, 2019	**34,023,053**	**$ 34**	**$ 453,366**	**$ (469)**	**$ (86,014)**	**$ 366,917**
Cumulative effect of change in accounting principle	—	—	—	—	(347)	(347)
Share issuances related to stock compensation plans	195,129	—	2,508	—	—	2,508
Stock-based compensation	—	—	7,060	—	—	7,060
Shares withheld to cover taxes on vesting of share-based awards	(33,038)	—	(1,655)	—	—	(1,655)
Currency translation adjustment	—	—	—	(45)	—	(45)
Net income	—	—	—	—	9,390	9,390
Balance at June 30, 2020	**34,185,144**	**$ 34**	**$ 461,279**	**$ (514)**	**$ (76,971)**	**$ 383,828**

(in thousands, except shares)	Common Stock Shares	Common Stock Amount	Paid-in Capital	Accumulated Other Comprehensive Income/(Loss)	Accumulated Deficit	Total Stockholders' Equity
Balance at December 31, 2018	**33,406,364**	**$ 33**	**$ 426,054**	**$ 256**	**$ (115,858)**	**$ 310,485**
Share issuances related to stock compensation plans	496,974	1	4,728	—	—	4,729
Stock-based compensation	—	—	6,026	—	—	6,026
Shares withheld to cover taxes on vesting of share-based awards	(64,418)	—	(4,955)	—	—	(4,955)
Issuance of stock related to business combination	50,000	—	2,142	—	—	2,142
Deferred purchase price consideration - equity portion	—	—	9,140	—	—	9,140
Currency translation adjustment	—	—	—	(713)	—	(713)
Net income	—	—	—	—	19,985	19,985
Balance at June 30, 2019	**33,888,920**	**$ 34**	**$ 443,135**	**$ (457)**	**$ (95,873)**	**$ 346,839**

See accompanying Notes to Consolidated Financial Statements.

1. Summary of Significant Accounting Policies

a) Principles of Consolidation & Reclassifications

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("**U.S. GAAP**") for interim financial information, the instructions to Form 10-Q, and Rule 10-01 of Regulation S-X and include the accounts of BioTelemetry, Inc. and its wholly owned subsidiaries ("**BioTelemetry**," the "**Company**," "**we**," "**our**" or "**us**"). In the opinion of management, all adjustments (which are of a normal and recurring nature) considered necessary to present fairly the financial position as of June 30, 2020 and December 31, 2019 and the results of operations, statements of comprehensive income, cash flows, and equity for the interim periods ended June 30, 2020 and 2019 have been included. All intercompany transactions and balances have been eliminated in consolidation. The results of operations for any interim period are not indicative of the results of the full year. Certain information and footnote disclosures normally included in consolidated financial statements presented in accordance with U.S. GAAP, but which are not required for interim reporting purposes, have been omitted. The accompanying unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

A reclassification has been made to prior period statements to conform to the current period presentation. This consists of combining our non-cash depreciation and amortization expenses into one line on our consolidated statements of cash flows. This reclassification had no impact on previously reported working capital, consolidated results of operations, cash flows or accumulated deficit.

b) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires that we make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

c) Fair Value of Financial Instruments

Fair value is defined as the exit price, the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels, as defined below. Observable inputs are inputs a market participant would use in valuing an asset or liability based on market data obtained from sources independent of us. Unobservable inputs are inputs that reflect our own assumptions about the factors a market participant would use in valuing an asset or liability developed using the best information available in the circumstances. The classification of an asset's or liability's level within the fair value hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

Level 1 - Quoted prices in active markets for an identical asset or liability.

Level 2 - Inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the asset or liability.

Level 3 - Inputs that are unobservable for the asset or liability, based on our own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Our financial instruments consist primarily of cash and cash equivalents, Healthcare accounts receivable, other accounts receivable, accounts payable, acquisition-related contingent consideration, current portion of long-term debt and long-term debt. With the exception of acquisition-related contingent consideration and long-term debt, the carrying value of these financial instruments approximates their fair value because of their short-term nature (classified as Level 1).

Our long-term debt (classified as Level 2) is measured using market prices for similar instruments, inputs such as the borrowing rates currently available, benchmark yields, actual trade data, broker/dealer quotes and other similar data obtained from quoted market prices or independent pricing vendors.

The fair value of our acquisition-related contingent consideration (classified as Level 3) is measured on a recurring basis using a Monte Carlo simulation. The Monte Carlo model uses assumptions, including estimated projected revenues, estimated stock price volatility in future periods, estimated discount rates and discounts for the lack of marketability of common stock. These estimates are subject to a significant level of judgment.

In addition to the recurring fair value measurements, the fair value of certain assets acquired and liabilities assumed in connection with an acquisition are recorded at fair value, primarily using a discounted cash flow model (classified as Level 3). This valuation technique requires us to make certain assumptions, including future operating performance, cash flows and revenue growth rates, royalty rates and other such variables, which are discounted to present value using a discount rate that reflects the risk factors associated with future cash flow, the characteristics of the assets acquired and liabilities assumed and the experience of the acquired business.

Non-financial assets such as goodwill, intangible assets, property and equipment and right-of-use ("**ROU**") assets are subsequently measured at fair value when there is an indicator of impairment and recorded at fair value only when an impairment is recognized. We assess the impairment of goodwill, intangible assets, property and equipment and ROU assets annually or whenever events or changes in circumstances indicate that the carrying amount of an intangible asset may not be recoverable.

d) Accounts Receivable and Allowance for Credit Losses

Healthcare accounts receivable, including contract assets, are recorded at the time Healthcare segment revenue is recognized and is presented on the consolidated balance sheet net of an allowance for credit losses. For our contracted payors, we determine revenue based on negotiated prices for the services provided. Based on our history, we have experience collecting substantially all of the negotiated contracted rates and are therefore not providing an implicit price concession. Because of continuing changes in the health care industry and third-party reimbursement, it is possible that our estimates of collectability could change, which could have a material impact on our operations and cash flows.

Other accounts receivable are related to the Research segment and Corporate and Other category and are recorded at the time revenue is recognized, when products are shipped or services are performed.

When calculating an allowance for credit losses, we calculate the expected credit loss based on past events, current conditions, and reasonable and supportable forecasts that affect the collectability of our receivables, even if we believe that no loss has been incurred as of the measurement date. This includes, but is not limited to, historical collection trends, the current state of the healthcare market, and current and projected future industry trends.

We write off receivables when the likelihood for collection is remote, we believe collection efforts have been fully exhausted and we do not intend to devote additional resources in attempting to collect. We assess write-offs on a monthly basis.

e) Accounting for Government Stimulus Receipts

During the second quarter of 2020, we received funding under certain COVID-19 government stimulus programs. Relief Funds distributed by the United States Department of Health and Human Services ("**HHS**"), appropriated under the Coronavirus Aid, Relief and Economic Security Act ("**CARES Act**"), which represent reimbursements for a portion of our lost revenue, are recognized as other revenue in our consolidated statements of operations as cash was received in the second quarter of 2020 and we have met the requisite funding criteria. We also received advanced payments for our future services in the second quarter of 2020 related to our Healthcare segment from the Centers for Medicare and Medicaid Services ("**CMS**") under their Accelerated and Advance Payment Program, which are recorded as contract liabilities as a component of accrued liabilities on our consolidated balance sheet. We currently do not expect to receive additional funds under these programs.

f) Acquisition-Related Contingent Consideration

Acquisition-related contingent consideration is our obligation, arising from an acquisition, to transfer additional assets and/or equity interests to the seller if certain future events occur or conditions are met. The fair value of the contingency is estimated as of the acquisition date using certain unobservable inputs (and therefore classified as Level 3 in the fair value hierarchy) and is recorded as a liability. We re-measure the estimated fair value of acquisition-related contingent consideration at each reporting date. Adjustments subsequent to the acquisition measurement period are recorded in other charges in the consolidated statements of operations. Changes to the inputs used in the measurement of acquisition-related contingent consideration include estimated projected revenues, estimated stock price volatility in future periods, estimated discount rates and discounts for the lack of marketability of common stock. Acquisition-related contingent consideration may change significantly as our inputs and assumptions noted above evolve and additional data is obtained. The inputs and assumptions used in estimating fair value require significant judgment. The use of different assumptions and judgments could result in different fair value estimates that may have a material impact on our results from operations and financial position.

g) Concentrations of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents, Healthcare accounts receivable, including contract assets related to our cardiac monitoring services and other accounts receivable. We maintain our cash and cash equivalents with high quality financial institutions to mitigate this risk. We perform ongoing credit evaluations of our customers and generally do not require collateral. We record an allowance for credit losses in accordance with the procedures described above. Past-due amounts are written off against the allowance for credit losses when collections are believed to be unlikely and all collection efforts have ceased.

At June 30, 2020 and December 31, 2019, one payor, Medicare, accounted for 22% of our total gross accounts receivable.

h) Leases

We lease our administrative and service facilities, as well as certain office equipment, monitoring devices and information technology equipment under arrangements classified as leases under Accounting Standards Codification ("**ASC**") 842 - *Leases* ("**ASC 842**").

We recognize ROU assets at the inception of the arrangement as the present value of the lease payments plus our initial direct costs (if any), less any lease incentives. The corresponding liability is computed as the present value of the lease payments at inception. Assets are classified as either operating or finance ROU assets according to the classification criteria in ASC 842. Upon the adoption of ASC 842, we elected the transition practical expedient to not separate lease and non-lease components where we are the lessor when the requisite criteria is met to be treated as such. The present value of the lease payments is computed using the rate implicit in the lease (if known) or our incremental borrowing rate, which is the rate incurred to borrow on a collateralized basis of a similar term at an amount equal to the lease payments.

Operating lease costs are charged to operations on a straight-line basis over the lease term. Interest charged on the finance lease liabilities is charged to interest expense, while the amortization of the finance lease ROU assets is also charged to operations on a straight-line basis.

Under our policy, we do not record an ROU asset or corresponding liability for arrangements where the initial lease term is one year or less. Those leases are expensed on a straight-line basis over the term of the lease.

For our operating leases, we record the ROU assets as a component of other assets, the current lease liability as a component of accrued liabilities, and the long-term lease liability as a component of other long-term liabilities on our consolidated balance sheet. For our finance leases, we record the ROU asset and the accumulated amortization for the finance ROU asset as a component of property and equipment, net, with the current and long-term portions of the finance lease obligations as separate lines within our consolidated balance sheet. We amortize the finance ROU assets over the shorter of the remaining lease term or the estimated life of the asset.

i) Stock-Based Compensation

ASC 718 - *Compensation - Stock Compensation* ("**ASC 718**"), addresses the accounting for share-based payment transactions in which an enterprise receives employee services in exchange for: (i) equity instruments of the enterprise or (ii) liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments. ASC 718 requires that an entity measure the cost of equity-based service awards issued to employees, such as stock options and restricted stock units ("**RSUs**"), based on the grant-date fair value of the award and recognize the cost of such awards over the requisite service period (generally, the vesting period of the award). The compensation expense associated with performance stock units ("**PSUs**") is recognized ratably over the period between when the performance conditions are deemed probable of achievement and when the awards are vested. Performance stock options ("**PSOs**") are valued and stock-based compensation expense is recorded once the performance conditions of the outstanding PSOs have achieved probability.

We have historically recorded stock-based compensation expense based on the number of stock options or stock units we expect to vest using our historical forfeiture experience and we periodically update those forfeiture rates. We estimate forfeitures under the true-up provision of ASC 718. We record additional expense if the actual forfeiture rate is lower than estimated and record a recovery of prior expense if the actual forfeiture rate is higher than estimated.

We estimate the fair value of our stock options using the Black-Scholes option valuation model. The Black-Scholes option valuation model requires the use of certain subjective assumptions. The most significant of these assumptions are the estimates of the expected volatility of the market price of our stock and the expected term of the award. We base our estimates of expected volatility on the historical average of our stock price. The expected term represents the period of time that share-based awards granted are expected to be outstanding. Other assumptions used in the Black-Scholes option valuation model include the risk-free interest rate and expected dividend yield. The risk-free interest rate for periods pertaining to the expected term of each option is based on the U.S. Treasury yield of a similar duration in effect at the time of grant. We have never paid, and do not expect to pay, dividends in the foreseeable future.

We estimate the fair value of our PSUs using a Monte Carlo simulation. This model uses assumptions, including the risk free interest rate, expected volatility of our stock price and those of the performance group, dividends of the performance group members and expected life of the awards. As noted above, we continue to estimate forfeitures under the true-up provision of ASC 718. If it is deemed probable that the PSU performance targets will be met, compensation expense is recorded for these awards ratably over the requisite service period. The PSUs are forfeited to the extent the performance criteria are not met within the service period.

j) Income Taxes

We account for income taxes under the liability method, as described in ASC 740 - *Income Taxes* (“**ASC 740**”). Deferred income taxes are recognized for the tax consequences of temporary differences between the tax and consolidated financial statement reporting bases of assets and liabilities. When we determine that we will not be able to realize our deferred tax assets, we adjust the carrying value of the deferred tax asset through the valuation allowance.

We record unrecognized tax benefits in accordance with ASC 740 on the basis of a two-step process in which (i) we determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (ii) for those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

Under ASC 740, the effects of changes in tax rates and tax laws on deferred tax balances are recognized in the period in which the new legislation is enacted. The total effect of tax law changes on deferred tax balances is recorded as a component of income tax expense.

k) Net Income/(Loss) Per Share

We compute net income/(loss) per share in accordance with ASC 260 - *Earnings Per Share*. Basic net income/(loss) per share is computed by dividing net income/(loss) by the weighted average number of common shares outstanding during the period. Diluted net income per share is computed by giving effect to all potential dilutive common stock equivalents, including stock options, RSUs, PSOs and PSUs, using the treasury stock method and shares expected to be issued in connection with acquisition-related contingent consideration arrangements when dilutive.

Certain stock options, which are priced higher than the average market price of our shares for the periods ended June 30, 2020 and 2019 would be anti-dilutive and therefore have been excluded from the weighted average shares used in computing diluted net income per share. These options could become dilutive in future periods. Similarly, certain recently granted RSUs and PSUs are also excluded using the treasury stock method as their impact would be anti-dilutive. The dilutive effect of weighted average shares outstanding excludes approximately 0.9 million and 0.8 million shares for the three and six month period ended June 30, 2020, respectively, and excludes approximately 0.6 million and 0.4 million shares for the three and six month period ended June 30, 2019, respectively, as their effect would have been anti-dilutive on our net income per share.

l) Segment Information

ASC 280 **-** *Segment Reporting*, establishes standards for reporting information regarding operating segments in annual consolidated financial statements. Operating segments are identified as components of an enterprise for which separate discrete financial information is available for evaluation by the chief operating decision maker, or decision-making group, in making decisions on how to allocate resources and assess performance.

We report our business under two segments: Healthcare and Research. The Healthcare segment is focused on remote cardiac monitoring to identify cardiac arrhythmias or heart rhythm disorders and to monitor the functionality of implantable cardiac devices. We offer cardiologists, electrophysiologists, neurologists and primary care physicians a full spectrum of solutions, which provides them with a single source of cardiac monitoring services. The Research segment is engaged in centralized core laboratory services providing cardiac monitoring, imaging services, scientific consulting and data management services for drug and medical device trials. Included in the Corporate and Other category is the manufacturing, testing and marketing of cardiac and blood glucose monitoring devices to medical companies, clinics and hospitals and corporate overhead and other items not allocated to any of our reportable segments.

m) Recent Accounting Pronouncements

Accounting Pronouncements Recently Adopted

In March 2020, the Financial Accounting Standards Board ("**FASB**") issued Accounting Standards Update ("**ASU**") 2020-03, *Codification Improvements to Financial Instruments* ("**ASU 2020-03**"). ASU 2020-03 clarifies a number of issues, including certain issues related to leases and revolving credit arrangements. Our adoption of this update upon its release did not have a material impact to our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement* ("**ASU 2018-13**"). This update eliminates certain disclosures related to transfers and valuation processes, clarifies the requirement for measurement uncertainty disclosures, and requires additional disclosures for Level 3 fair value measurements, including the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. ASU 2018-13 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Our adoption of this update on January 1, 2020 did not have a material impact to our consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses*. This update, along with subsequent updates and amendments, introduces the current expected credit loss model, which requires an entity to measure credit losses for certain financial instruments and financial assets, including trade receivables. Under this update, upon initial recognition and at each reporting period, an entity is required to recognize an allowance that reflects the entity's current estimate of credit losses expected to be incurred over the life of the financial instrument. Our adoption of this update on January 1, 2020 resulted in an immaterial adjustment to accumulated deficit, and we have modified our disclosures in accordance with the new guidance.

Accounting Pronouncements Not Yet Adopted

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("**ASU 2020-04**"). ASU 2020-04 provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) the transition from LIBOR and other interbank offered rates to alternative reference interest rates. This ASU can be applied immediately; however, the guidance will only be available until December 31, 2022. We are in the process of evaluating the impact of this update on our consolidated financial statements and related disclosures.

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2. Revenue Recognition

We recognize revenue in accordance with ASC 606 - *Revenue from Contracts with Customers* ("**ASC 606**"), which requires revenue recognized to represent the transfer of promised goods or services to customers at an amount that reflects the consideration that a company expects to receive in exchange for those goods or services.

Disaggregation of Revenue

We disaggregate revenue from contracts with customers by payor type and major service line. We determined that disaggregating revenue into these categories achieves the disclosure objective of illustrating the differences in the nature, amount, timing and uncertainty of our revenue streams. During the second quarter of 2020, we received Relief Funds distributed by HHS that represent reimbursements for a portion of our lost revenue and are recognized as other revenue in our consolidated statements of operations as cash was received and we met the requisite funding requirements. Other revenue is outside of the scope of ASC 606.

Disaggregated revenue by payor type and major service line was as follows:

	Three Months Ended June 30, 2020			
	Reporting Segment		Corporate and Other	
(in thousands)	Healthcare	Research		Total
Payor/Service Line				
Remote cardiac monitoring services - Medicare	$ 33,281	$ —	$ —	$ 33,281
Remote cardiac monitoring services - commercial payors	41,399	—	—	41,399
Clinical trial support and related services	—	11,459	—	11,459
Technology devices, consumables and related services	—	—	3,268	3,268
Subtotal	74,680	11,459	3,268	89,407
Other revenue	9,702	—	—	9,702
Total revenue	$ 84,382	$ 11,459	$ 3,268	$ 99,109

	Three Months Ended June 30, 2019			
	Reporting Segment		Corporate and Other	
(in thousands)	Healthcare	Research		Total
Payor/Service Line				
Remote cardiac monitoring services - Medicare	$ 36,096	$ —	$ —	$ 36,096
Remote cardiac monitoring services - commercial payors	58,908	—	—	58,908
Clinical trial support and related services	—	13,879	—	13,879
Technology devices, consumables and related services	—	—	2,920	2,920
Total revenue	$ 95,004	$ 13,879	$ 2,920	$ 111,803

	Six Months Ended June 30, 2020			
	Reporting Segment		Corporate and Other	
(in thousands)	Healthcare	Research		Total
Payor/Service Line				
Remote cardiac monitoring services - Medicare	$ 73,409	$ —	$ —	$ 73,409
Remote cardiac monitoring services - commercial payors	96,978	—	—	96,978
Clinical trial support and related services	—	25,279	—	25,279
Technology devices, consumables and related services	—	—	6,772	6,772
Subtotal	170,387	25,279	6,772	202,438
Other revenue	9,702	—	—	9,702
Total revenue	$ 180,089	$ 25,279	$ 6,772	$ 212,140

	Six Months Ended June 30, 2019			
	Reporting Segment		Corporate and Other	Total
(in thousands)	Healthcare	Research		
Payor/Service Line				
Remote cardiac monitoring services - Medicare	$ 70,031	$ —	$ —	$ 70,031
Remote cardiac monitoring services - commercial payors	112,982	—	—	112,982
Clinical trial support and related services	—	26,843	—	26,843
Technology devices, consumables and related services	—	—	5,926	5,926
Total revenue	$ 183,013	$ 26,843	$ 5,926	$ 215,782

Remote Cardiac Monitoring Services Revenue (Healthcare segment)

Healthcare segment revenue is generated by remote cardiac monitoring to identify cardiac arrhythmias or heart rhythm disorders and monitoring the functionality of implantable cardiac devices. We offer cardiologists, electrophysiologists, neurologists and primary care physicians a full spectrum of solutions, which provides them with a single source of cardiac monitoring services.

Performance obligations are determined based on the nature of the services provided. With our remote cardiac monitoring services, the patient receives the benefits of the service over time, resulting in revenue recognition over time based on the output method. We believe that this method provides an accurate depiction of the transfer of value over the term of the performance obligation because the level of effort in providing these services is consistent during the service period.

A summary of the payment arrangements with payors is as follows:

- **Contracted payors (including Medicare)**: We determine the transaction price based on negotiated prices for services provided, on a case rate basis, as provided for under the relevant Current Procedural Terminology ("**CPT**") codes.
- **Non-contracted payors:** Non-contracted commercial and government insurance carriers often reimburse out-of-network rates provided for under the relevant CPT codes on a case rate basis. Our transaction price includes implicit price concessions based on our historical collection experience for our non-contracted patients.

We are utilizing the portfolio approach practical expedient in ASC 606 for our patient contracts in the Healthcare segment. We account for the contracts within each portfolio as a collective group, rather than individual contracts. Based on our history with these portfolios and the similar nature and characteristics of the patients within each portfolio, we have concluded that the financial statement effects are not materially different than if accounting for revenue on a contract-by-contract basis.

For the contracted portfolio, we have historical experience of collecting substantially all of the negotiated contractual rates and determined at contract inception that these customers have the intention and ability to pay the promised consideration. We have also concluded that historical information is largely representative of forward-looking information. As such, we are not providing an implicit price concession but, rather, have chosen to accept the risk of default, and adjustments to the transaction price are recorded as credit loss expense.

For our non-contracted portfolio, we are providing an implicit price concession because we do not have a contract with the underlying payor, the result of which requires us to estimate our transaction price based on historical cash collections utilizing the expected value method. Subsequent adjustments to the transaction price are recorded as an adjustment to Healthcare segment revenue and not as credit loss expense.

We have not made any significant changes to judgments in applying ASC 606 to the Healthcare segment during the three and six months ended June 30, 2020 and 2019.

Clinical Trial Support and Related Services Revenue (Research segment)

Research segment revenue is generated by providing centralized core laboratory services, including cardiac monitoring, imaging services, scientific consulting and data management services for drug and medical device trials. These amounts are due from pharmaceutical companies and contract research organizations. We bill our customers on a fee-for-service basis. Under a typical contract, some customers pay us a portion of our fee upon contract execution as an upfront refundable deposit. Upfront deposits are deferred and then recognized as the services are performed. If a contract is canceled prior to service being provided, the upfront deposit is refunded.

Performance obligations are determined based on the nature of the services provided. Our core laboratory services are provided over time as the customer receives benefits resulting in revenue recognition over the term of the contract. Our research customer contracts have legally enforceable terms that are predominately thirty days due to termination for convenience clauses, which are held by the customer with no significant penalty. Given the short-term nature of these contracts and the structure of our billing practices, our billing practices approximate our performance if measured by an output method, where each output is an individual occurrence of each performance obligation. Accordingly, we utilize the invoice practical expedient as defined in ASC 606, resulting in recognition of revenue in the amount that we have the right to invoice.

We have historical experience of collecting substantially all of the fees for services incurred and thus believe that no material loss has been incurred as of the measurement date. As such, we are not providing an implicit price concession but, rather, have chosen to accept the risk of default, and adjustments to the transaction price are recorded as credit loss expense.

We have not made any significant changes to judgments in applying ASC 606 to the Research segment during the three and six months ended June 30, 2020 and 2019.

Technology Device, Consumable and Related Service Revenue (Corporate and Other category)

Our Corporate and Other category revenue is primarily derived from the sale of non-invasive cardiac monitors to healthcare companies, wireless blood glucose meters and test strips to wholesale distributors of diabetes supplies and diabetic patients, as well as product repairs. Performance obligations are primarily the sale of devices, related goods and repairs provided by us. These contracts transfer control to a customer at a point in time based on the transfer of title for the underlying good or service. We provide standard warranty provisions.

We determine the transaction price based on fixed consideration in our contractual agreements with our customers and allocate the transaction price to each performance obligation based on the relative stand-alone selling price. We determine the relative stand-alone selling price utilizing our observable prices for the sale of the underlying goods. We have historical experience of collecting substantially all of the transaction price and thus believe that no material loss has been incurred as of the measurement date. As such, we are not providing an implicit price concession but, rather, have chosen to accept the risk of default, and adjustments to the transaction price are recorded as credit loss expense.

We have not made any significant changes to judgments in applying ASC 606 to the Corporate and Other category during the three and six months ended June 30, 2020 and 2019.

Contract Assets and Contract Liabilities

ASC 606 requires an entity to present a revenue contract as a contract asset when the entity performs its obligations under the contract by transferring goods or services to a customer before the customer pays consideration or before payment is due. ASC 606 also requires an entity to present a revenue contract as a contract liability in instances when a customer pays consideration, or an entity has a right to an amount of consideration that is unconditional (e.g., receivable), before the entity transfers a good or service to the customer.

As of June 30, 2020 and December 31, 2019, we had contract assets of $9.9 million and $15.1 million, respectively, related to cardiac monitoring services, which are included as a component of Healthcare accounts receivable on our consolidated balance sheets. As of June 30, 2020 and December 31, 2019, we also had contract assets of $2.0 million and $1.7 million, respectively, related to our Corporate and Other category revenue contracts, which are included as a component of other accounts receivable on our consolidated balance sheets.

As of June 30, 2020 and December 31, 2019, we had contract liabilities of $25.4 million and $1.6 million, respectively. Generally, our contract liabilities primarily relate to the Research segment where customers paid upfront deposits upon contract execution for future services to be performed by us; however, during the second quarter of 2020, we received and held $23.7 million of advanced payments from CMS under their Accelerated and Advance Payment Program for our future services related to our Healthcare segment which are recorded as contract liabilities, in addition to $1.7 million of Research segment upfront deposits, as of June 30, 2020. We expect to begin applying these advanced payments for our future services in the third quarter of 2020.

If the Research contract is canceled, those upfront deposits are refundable if service was not yet provided. Our contract liabilities are included as a component of accrued liabilities on our consolidated balance sheets.

For the three months ended June 30, 2020, the amount recognized as revenue from the contract liabilities balance as of March 31, 2020 was $0.7 million, while for the six months ended June 30, 2020, the amount recognized as revenue from the contract liabilities as of December 31, 2019 was $0.8 million. Similarly, for the three months ended June 30, 2019, the amount recognized as revenue from the contract liabilities balance as of March 31, 2019 was $0.9 million, while for the six months ended June 30, 2019, the amount recognized as revenue from the contract liabilities as of December 31, 2018 was $1.6 million. There were no significant changes or impairment losses incurred related to contract balances during the six months ended June 30, 2020.

Allowance For Credit Losses

We record an allowance for credit losses based on historical collection trends, the current state of the healthcare market and current and projected future industry trends. Disaggregated allowance by portfolio was as follows:

	Three Months Ended June 30, 2020		
	Portfolio		
(in thousands)	Healthcare	Other	Total
Beginning balance	$ 37,980	$ 548	$ 38,528
Current period credit loss expense*	6,105	61	6,166
Write-offs	(6,555)	(67)	(6,622)
Ending Balance	$ 37,530	$ 542	$ 38,072

	Six Months Ended June 30, 2020		
	Portfolio		
(in thousands)	Healthcare	Other	Total
Beginning balance	$ 31,780	$ 201	$ 31,981
Cumulative effect of change in accounting principle	—	347	347
Current period credit loss expense*	12,125	61	12,186
Write-offs	(6,555)	(67)	(6,622)
Recoveries collected	180	—	180
Ending Balance	$ 37,530	$ 542	$ 38,072

* *formerly bad debt expense*

3. Acquisitions

ADEA Medical AB

During the second quarter of 2019, we acquired all of the remaining outstanding equity of ADEA Medical AB, now known as BioTel Europe AB ("**ADEA**" or "**BioTel Europe**"), a limited company incorporated and registered under the laws of Sweden. BioTel Europe provides cardiac monitoring in northern Europe.

Pursuant to the acquisition agreement, we agreed to issue the owners of ADEA 50,000 shares of our common stock, with a fair value of approximately $2.1 million, as well as to pay $0.2 million in cash. The shares that were issued came with restrictions: the restrictions related to 10,000 shares expired in the fourth quarter of 2019, and the restrictions on the remaining 40,000 shares, which are currently available to satisfy indemnification obligations, are set to expire in the second quarter of 2022.

Prior to the second quarter of 2019, we accounted for our 23.8% stake in ADEA as an equity method investment. We accounted for the acquisition of the remaining equity of ADEA as a step acquisition, which required us to re-measure our previous ownership interest to fair value prior to application of purchase accounting, and we recognized the immaterial difference between the fair value and the carrying value of the equity method investment at that time. The total purchase price of ADEA was $3.3 million, primarily consisting of the equity and cash consideration paid in the second quarter of 2019, plus the amounts paid for our initial investment in ADEA in 2018. We then allocated this purchase price to the assets acquired and liabilities assumed. The acquired net assets consisted primarily of customer relationships and non-compete agreements. The excess of the fair value of the purchase price over the fair value of the net assets acquired has been recognized as goodwill, which represents the expected future benefits arising from the assembled workforce and other synergies attributable to cost savings opportunities. We have recognized $2.6 million of goodwill as a result of the acquisition, all of which has been assigned to the Healthcare segment. None of this goodwill will be deductible for tax purposes.

We finalized our fair value estimates related to the ADEA acquisition during the three months ended September 30, 2019. There were no changes to the total purchase price, and the measurement period adjustment related to deferred income taxes during the three months ended September 30, 2019 was not material.

We do not consider this acquisition to be significant to our results of operations. The transaction costs related to this acquisition and revenues and results of operations of ADEA prior to our acquisition were all immaterial.

Geneva Healthcare, Inc.

On March 1, 2019, we acquired Geneva Healthcare, Inc., now known as Geneva Healthcare, LLC (“**Geneva**”), for cash consideration of $45.9 million. In addition, pursuant to the terms of the Agreement and Plan of Merger, dated January 25, 2019, by and among Geneva, BioTelemetry, Inc., Tyersall Merger Sub, Inc., and the Securityholders’ Representative (the “**Geneva Agreement**”), on the third anniversary date of the closing date, the Securityholders (as defined in the Geneva Agreement) are eligible to receive additional consideration in the form of cash payments, as well as shares of BioTelemetry common stock, with a total estimated present value of $32.0 million as of the March 1, 2019 acquisition date, for a total aggregate purchase price of $77.9 million. Concurrent with the closing of the acquisition, the Securityholders made elections as to the percentage mix of their total additional consideration to be settled in cash or common stock.

The estimated additional consideration of $32.0 million, as of the March 1, 2019 acquisition date, consists of the following:

- The Securityholders will, subject to potential deductions pursuant to the Geneva Agreement, receive additional consideration of $20.0 million, a total of $11.1 million of which will be paid in cash, and the remaining value will be settled in shares. We will issue a total of 131,594 shares of our common stock to settle the share-related portion of the obligation, based on the elections made by the Securityholders and the formulas within the Geneva Agreement.
- The estimated present value of the future cash payment of $11.1 million, which totals $9.7 million as of the acquisition date, as well as the estimated fair value of our common stock of $9.1 million, has been included within the purchase price for Geneva. The estimated present value of the future cash payment is recorded as a component of other long-term liabilities and will be accreted to its redemption value through interest expense through the payment date. The estimated fair value of the 131,594 shares our common stock has been recorded within paid-in-capital.
- The Securityholders will also be eligible to receive additional consideration, in the form of both cash and shares, based on a predetermined formula that is driven by the future revenues of

Geneva and does not have a predetermined limit. The total estimated acquisition-related contingent consideration as of the March 1, 2019 acquisition date was $13.2 million, which is also included in the purchase price of Geneva. The $13.2 million is recorded within other long-term liabilities and will be marked to market through earnings on a quarterly basis throughout the earn-out period. The equity portion of the acquisition-related contingent consideration requires liability classification and mark-to-market accounting pursuant to the provisions of ASC 815 - *Derivatives and Hedging*.

We acquired Geneva as part of our business strategy to go deeper and wider into the cardiac monitoring market. Geneva has developed an innovative proprietary cloud-based platform that aggregates data from the leading cardiac device manufacturers, enabling the Company to remotely monitor a physician's patients with implantable cardiac devices such as pacemakers, defibrillators and loop recorders. Geneva's platform provides physicians a single portal to order patient monitoring, review monitoring results and request routine device checks, helping drive significant in-office efficiencies and patient compliance. We have continued to merge this functionality with that of the Healthcare segment user interface, which we believe will drive greater workflow and data management efficiencies to the clients we serve.

We accounted for the transaction as a business combination, and as such, all assets acquired and liabilities assumed were recorded at their estimated fair values. The excess of the fair value of the purchase price over the fair value of the net assets acquired has been recognized as goodwill, which represents the expected future benefits arising from the assembled workforce and other synergies attributable to cost savings opportunities. We have recognized $59.9 million of goodwill as a result of the acquisition, all of which has been assigned to the Healthcare segment. None of this goodwill will be deductible for tax purposes.

The amounts in the table below represent our final fair value estimates related to the Geneva acquisition as of March 1, 2019. Measurement period adjustments recorded during 2019 consisted primarily of decreasing additional consideration by $2.2 million and increasing net deferred tax assets by $2.9 million. We finalized our fair value estimates related to the Geneva acquisition during the three months ended December 31, 2019.

(in thousands, except years)		Amount	Weighted Average Life (Years)
Fair value of assets acquired:			
Cash and cash equivalents	$	1,376	
Healthcare accounts receivable		1,500	
Prepaid expenses and other current assets		234	
Identifiable intangible assets:			
Customer relationships		3,500	12
Technology		8,900	7
Trade names		2,500	15
Total identifiable intangible assets		14,900	
Deferred tax assets		1,013	
Total assets acquired		19,023	
Fair value of liabilities assumed:			
Accounts payable		215	
Accrued liabilities		872	
Total liabilities assumed		1,087	
Total identifiable net assets		17,936	
Goodwill		59,944	
Net assets acquired	$	77,880	

We incurred $1.4 million of acquisition-related costs associated with Geneva for the year ended December 31, 2019. The costs were included in other charges in our consolidated statements of income. The revenues and income of Geneva for periods prior to our acquisition were immaterial to our consolidated operating results.

4. Inventory

Inventory consists of the following:

(in thousands)		June 30, 2020		December 31, 2019
Raw materials and supplies	$	4,741	$	4,429
Finished goods		2,188		1,309
Total inventory	$	6,929	$	5,738

5. Fair Value Measurements

We have determined that our long-term debt, classified as Level 2, has a fair value consistent with its carrying value, net of debt discount and deferred charges, of $157.7 million and $194.7 million as of June 30, 2020 and December 31, 2019, respectively.

Acquisition-related contingent consideration represents our contingent payment obligations related to our acquisitions and is measured at fair value, based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The valuation of acquisition-related contingent consideration uses assumptions we believe would be made by a market participant. We assess these estimates on an ongoing basis as additional data impacting the assumptions is obtained. The balance of the fair value of acquisition-related contingent consideration is recognized within other long-term liabilities on our consolidated balance sheet. Changes in the fair value of the acquisition-related contingent consideration, after the final determination as of the acquisition date, resulting from changes in the variables used to compute the fair value, are recorded in other charges in the consolidated statements of operations.

The following table provides a reconciliation of the beginning and ending balances of acquisition-related contingent consideration:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	**2020**	**2019**	**2020**	**2019**
Beginning balance	$ 12,650	$ 15,990	$ 12,940	$ —
Acquisition-related contingent consideration	—	—	—	15,990
Measurement period adjustments to acquisition-related contingent consideration	—	(2,820)	—	(2,820)
Change in fair value of acquisition-related contingent consideration	2,140	(1,810)	1,850	(1,810)
Ending balance	$ 14,790	$ 11,360	$ 14,790	$ 11,360

In conjunction with the Geneva acquisition, and after a measurement period adjustment recorded in the second quarter of 2019, we recognized $13.2 million of acquisition-related contingent consideration on March 1, 2019 as a component of other long-term liabilities as the contingency will be finalized after the third anniversary of the closing date.

The estimated fair value of the acquisition-related contingent consideration related to the Geneva acquisition was determined using a Monte Carlo simulation, that considered numerous variables, including estimated projected revenues, future stock price, discount rates and discounts for lack of marketability of common stock. These estimates are subject to a significant level of judgment.

The changes in the acquisition-related contingent consideration related to the Geneva acquisition during the three and six months ended June 30, 2020 and 2019, are primarily due to changes in estimates associated with our future stock price, with the impact being recognized as a component of other charges.

6. Goodwill and Intangible Assets

Goodwill was recognized at the time of our acquisitions. The following table presents the carrying amount of goodwill allocated to our reportable segments, as well as the changes to goodwill during the six months ended June 30, 2020:

	Reporting Segment			
(in thousands)	Healthcare	Research	Corporate and Other	Total
Balance at December 31, 2019	$ 276,014	$ 16,293	$ 9,014	$ 301,321
Currency translation	12	—	—	12
Balance at June 30, 2020	$ 276,026	$ 16,293	$ 9,014	$ 301,333

The gross carrying amounts and accumulated amortization of our intangible assets are as follows:

(in thousands, except years)	Weighted Average Life (Years)	June 30, 2020	December 31, 2019
Gross Carrying Value:			
Customer relationships	10.1	$ 154,894	$ 149,420
Technology, including internally developed software	6.7	24,399	21,892
Backlog	4.0	3,100	3,100
Trade names	15.0	2,500	2,500
Covenants not to compete	4.7	425	424
Total intangible assets, gross		185,318	177,336
Accumulated Amortization:			
Customer relationships		(45,548)	(38,270)
Technology, including internally developed software		(7,727)	(6,153)
Backlog		(3,100)	(2,842)
Trade names		(222)	(138)
Covenants not to compete		(397)	(337)
Total accumulated amortization		(56,994)	(47,740)
Total intangible assets, net		$ 128,324	$ 129,596

During the quarter ended June 30, 2020, we acquired customer relationships in exchange for future payments included in other long-term liabilities on our consolidated balance sheet.

The estimated amortization for our finite-lived intangible assets for the remainder of 2020, the next four fiscal years, and thereafter, is summarized as follows as of June 30, 2020:

(in thousands)		
Remainder of 2020	$	10,127
2021		20,050
2022		19,541
2023		18,763
2024		17,231
Thereafter		42,612
Total estimated amortization	$	128,324

7. Accrued Liabilities

Accrued liabilities consist of the following:

(in thousands)		**June 30, 2020**		**December 31, 2019**
Compensation	$	11,630	$	13,167
Right of use liabilities - operating leases		5,497		5,187
Professional fees		3,151		4,128
Contract liabilities		25,427		1,584
Non-income taxes		489		427
Interest		—		569
Operating costs		998		637
Other		814		1,619
Total	$	48,006	$	27,318

8. Credit Agreement

2020 Credit Agreement

On January 27, 2020, we entered into an Amended and Restated Credit Agreement (the "**2020 Credit Agreement**") with Truist Bank (successor to SunTrust Bank) as agent (the "**Agent**") for the lenders (the "**Lenders**"), and as issuing bank and swingline lender, which amends the SunTrust Credit Agreement (as defined below) entered into by the parties on July 12, 2017.

Pursuant to the 2020 Credit Agreement, the Lenders agreed to provide us a $400.0 million senior secured revolving credit facility, which includes a $25.0 million sublimit for the issuance of standby letters of credit and a $40.0 million sublimit for swingline loans. The proceeds of the revolving facility were used to refinance indebtedness under the SunTrust Credit Agreement (as defined below) and to fund working capital and general corporate purposes.

Our revolving credit facility bears interest, at our election, of (i) with respect to Eurodollar borrowings, LIBOR plus the applicable Eurodollar margin and (ii) with respect to base rate borrowings, the Base Rate (the “prime rate” as published in the Wall Street Journal) plus the applicable Base Rate margin. The applicable margin for both LIBOR and Base Rate loans is determined by reference to our Consolidated Total Net Leverage Ratio, as defined in the 2020 Credit Agreement. As of June 30, 2020, the applicable margin is 1.125% for Eurodollar borrowings and 0.125% for base rate borrowings.

The outstanding balance of our revolving credit facility is due on January 27, 2025. Optional prepayments may be made at any time, without premium or penalty, upon written notice as prescribed in the 2020 Credit Agreement. Interest on base rate borrowings is payable quarterly while interest on Eurodollar borrowings is generally payable monthly.

The outstanding balance of the facility is secured by substantially all of our assets and a pledge of our capital stock, as well as a pledge of 65% of the capital stock of our first tier material foreign subsidiaries.

The carrying amount of our revolving credit facility was $157.7 million as of June 30, 2020, which is the principal amount outstanding, net of $4.3 million of unamortized deferred financing costs to be amortized over the remaining term of the 2020 Credit Agreement. The revolving credit facility is subject to an unused commitment fee, which is determined by reference to our Consolidated Total Net Leverage Ratio, as defined in the 2020 Credit Agreement. Our unused commitment fee as of June 30, 2020 was 0.175%.

We may increase commitments to the revolving facility or establish new incremental term loans at any time on or before the final maturity date of the revolving facility, which is January 27, 2025. Incremental commitments to the revolving facility or term loans under the 2020 Credit Agreement will be used to fund future acquisitions, working capital and general corporate purposes.

2017 SunTrust Credit Agreement

In 2017, we entered into a credit agreement with SunTrust Bank, as a lender and an agent for the lenders (the “**SunTrust Credit Agreement**”). Pursuant to the SunTrust Credit Agreement, the lenders agreed to make loans to us as follows: (i) a term loan in an aggregate principal amount equal to $205.0 million; and (ii) a $50.0 million revolving credit facility for ongoing working capital purposes.

The loans bore interest at an annual rate, at our election, of (i) with respect to LIBOR rate loans, LIBOR plus the applicable margin and (ii) with respect to base rate loans, the Base Rate (the “prime rate” as published in the Wall Street Journal) plus the applicable margin. The applicable margin for both LIBOR and Base Rate loans was determined by reference to our Consolidated Total Net Leverage Ratio, as defined in the SunTrust Credit Agreement.

Debt Modification

In connection with our 2020 Credit Agreement, we repaid the outstanding indebtedness under the SunTrust Credit Agreement. Our refinancing via the 2020 Credit Agreement was accounted for as a debt modification pursuant to the provisions of ASC 470-50 - *Debt - Modifications and Extinguishments*.

Covenants

The 2020 Credit Agreement contains affirmative and financial covenants regarding the operations of our business and certain negative covenants that, among other things, limit our ability to incur additional indebtedness, grant certain liens, make certain investments, merge or consolidate, make certain restricted payments and engage in certain asset dispositions, including a sale of all, or substantially all, of our property. As of June 30, 2020, we were in compliance with our covenants.

9. Leases

We lease our administrative and service facilities, as well as certain office equipment, monitoring devices and information technology equipment under arrangements classified as leases under ASC 842.

We have non-cancelable operating leases expiring at various dates through 2031. Certain leases are renewable at the end of the lease term at our option, none of which are certain at this time. We have also entered into and acquired finance leases with various expiration dates through 2025, which are used primarily to finance office equipment, monitoring devices and other information technology equipment.

The components of our lease expense are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2020	2019	2020	2019
Operating lease cost:				
Operating lease cost	$ 1,856	$ 1,513	$ 3,435	$ 2,921
Short-term lease cost	109	19	298	165
Total operating lease cost	1,965	1,532	3,733	3,086
Finance lease cost:				
Amortization of right-of-use assets	86	848	175	1,713
Interest on lease liabilities	5	14	11	38
Total finance lease cost	91	862	186	1,751
Total lease cost	$ 2,056	$ 2,394	$ 3,919	$ 4,837

Supplemental balance sheet information related to leases as of June 30, 2020 and December 31, 2019 is as follows:

	June 30, 2020		December 31, 2019	
(in thousands, except percentages and years)	**Operating Leases**	**Finance Leases**	**Operating Leases**	**Finance Leases**
Property and equipment, net	$ —	$ 386	$ —	$ 493
Other assets	35,420	—	16,400	—
Total right-of-use assets	35,420	386	16,400	493
Accrued liabilities	5,497	—	5,187	—
Current portion of finance lease obligations	—	255	—	394
Long-term portion of finance lease obligations	—	224	—	289
Other long-term liabilities	32,888	—	14,029	—
Total lease obligations	$ 38,385	$ 479	$ 19,216	$ 683
Weighted average remaining lease term (years)	8.0	2.0	5.0	1.9
Weighted average discount rate	3.6%	4.0%	4.4%	4.5%

Future maturities of lease liabilities as of June 30, 2020 are as follows:

(in thousands)	**Operating Leases**	**Finance Leases**
Remainder of 2020	$ 3,472	$ 159
2021	6,632	210
2022	5,570	109
2023	4,851	10
2024	4,624	9
Thereafter	19,166	1
Total minimum lease payments	44,315	498
Less imputed interest	(5,930)	(19)
Present value of lease liabilities	$ 38,385	$ 479

Supplemental cash flow information related to leases is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2020	2019	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	$ (1,720)	$ (1,393)	$ (3,278)	$ (2,865)
Operating cash flows from finance leases	(5)	(14)	(11)	(38)
Financing cash flows from finance leases	(153)	(496)	(332)	(1,659)
Right-of-use assets obtained in exchange for lease obligations, net of incentives:				
Operating leases	2,051	6	19,106	21,816
Finance leases	$ —	$ —	$ 68	$ 787

10. Other Charges

We account for expenses associated with our acquisitions and activity associated with certain ongoing litigation as other charges as incurred. These expenses were primarily a result of activities surrounding our acquisitions and legal fees related to patent litigation in which we are the plaintiff. Integration costs are primarily due to employee-related costs. Other charges are costs that are not considered necessary to the ongoing business operations. We have reclassified the disclosure of our 2019 costs to more closely align with the discussion in **"Part I; Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations"** of this report and in our earnings release, and this reclassification did not change the total amount of other charges, which are summarized as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2020	2019	2020	2019
Acquisition and integration costs	$ 1,137	$ 1,422	$ 1,300	$ 2,982
Information technology incident costs, net of insurance proceeds	255	—	(21)	—
Change in fair value of acquisition-related contingent consideration	2,140	(1,810)	1,850	(1,810)
Patent and other litigation	839	2,622	2,745	3,651
Other costs	632	—	1,213	481
Total	$ 5,003	$ 2,234	$ 7,087	$ 5,304

11. Equity

Common Stock

As of June 30, 2020 and December 31, 2019, we were authorized to issue 200,000,000 shares of common stock. As of June 30, 2020 and December 31, 2019, we had 34,185,144 and 34,023,053, respectively, shares issued and outstanding.

Preferred Stock

As of June 30, 2020 and December 31, 2019, we were authorized to issue 10,000,000 shares of preferred stock. As of June 30, 2020 and December 31, 2019, there were no shares of preferred stock issued or outstanding.

12. Stock-Based Compensation

We have three stock plans: our 2017 Omnibus Incentive Plan ("**OIP**"), our 2008 Equity Incentive Plan (the "**2008 Plan**") and our 2003 Equity Incentive Plan (the "**2003 Plan**") (collectively, the "**Plans**"). The OIP is the only remaining stock plan actively granting new stock options or units. The purpose of these stock plans was, and the OIP is, to grant incentive stock options to employees and non-qualified stock options, RSUs, PSOs, PSUs and other stock-based incentive awards to officers, directors, employees and consultants. The Plans are administered by our Board of Directors (the "**Board**") or its delegates. The number, type, exercise price and vesting terms of awards are determined by the Board or its delegates in accordance with the terms of the Plans. The stock options granted expire on a date specified by the Board but generally not more than ten years from the grant date. Stock option grants to employees generally vest over four years while RSUs generally vest after three years.

2017 Omnibus Incentive Plan (OIP)

On May 11, 2017, our stockholders approved the OIP, which replaced the 2008 Plan. Stock options, RSUs, PSUs and PSOs have been granted under the OIP. Under the terms of the OIP, any cancellation, forfeiture or expiry of equity awards granted under the 2008 Plan roll into the availability under the OIP. There were 1,500,308 shares available for grant under the OIP as of June 30, 2020.

2008 Equity Incentive Plan

Our 2008 Plan became effective on March 18, 2008 and replaced our 2003 Plan. Under the terms of the 2008 Plan, all available shares in the 2003 Plan share reserve automatically rolled into the 2008 Plan. Any cancellations or forfeitures of granted stock options under the 2003 Plan also automatically rolled into the 2008 Plan. There are no shares available to grant under the 2008 Plan subsequent to the approval of the OIP.

Stock option and PSO activity is summarized as follows:

Stock Options	**Number of Stock Options**	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Term (Years)**	**Aggregate Intrinsic Value (in thousands)**
Outstanding as of December 31, 2019	2,691,059	$ 22.67		
Granted	253,403	47.93		
Forfeited	(9,874)	55.59		
Exercised	(36,926)	23.31		
Outstanding as of June 30, 2020	2,897,662	$ 24.76	5.6	$ 69,702
Exercisable as of June 30, 2020	1,992,447	$ 13.69	4.2	$ 65,132
Expected to vest as of June 30, 2020	840,114	$ 49.12	8.5	$ 4,242

Performance Stock Options	Number of PSOs	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding as of December 31, 2019	30,000	$ 21.45		
Granted	—	—		
Forfeited	—	—		
Exercised	—	—		
Outstanding as of June 30, 2020	30,000	$ 21.45	6.5	$ 712
Exercisable as of June 30, 2020	30,000	$ 21.45	6.5	$ 712

The table below summarizes certain additional information with respect to our options:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands, except per option amounts)	2020	2019	2020	2019
Aggregate intrinsic value of options exercised	$ 648	$ 864	$ 842	$ 16,923
Cash received from the exercise of stock options	789	418	860	3,341
Weighted average grant date fair value per option	$ 20.99	$ 30.24	$ 26.58	$ 40.76

The total compensation cost of options granted but not yet vested was $21.4 million as of June 30, 2020, which is expected to be recognized over a weighted average period of approximately three years.

RSU and PSU activity is summarized as follows:

	Restricted Stock Units		Performance Stock Units	
	Number of RSUs	Weighted Average Grant Date Fair Value	Number of PSUs	Weighted Average Grant Date Fair Value
Units outstanding as of December 31, 2019	270,052	$ 41.70	90,020	$ 55.06
Granted	140,747	47.30	51,839	60.36
Forfeited	(2,061)	42.64	(561)	56.57
Vested	(114,078)	32.90	—	—
Units outstanding as of June 30, 2020	294,660	$ 47.78	141,298	$ 57.00

Consistent with prior years, during 2020, we granted awards to certain participants in the form of PSUs. These PSUs will vest at the end of a three-year performance period only if long-term financial goals have been achieved, with the vested shares then increased or decreased based on our total stockholder return relative to the companies in the Russell 2000 Index during the same period. At grant date, 51,839 2020 PSUs were granted at "target" levels; however, for share pool purposes, we have reserved an additional 51,839 shares in the event that the combined financial performance and market conditions achieve maximum levels. For the 2018, 2019 and 2020 PSUs combined, we have 141,298 shares reserved as of June 30, 2020 in the event that actual results achieve "maximum" levels. Should any PSU grant not achieve the maximum level, the excess of the maximum shares reserved over the "achieved" level will be returned to the share pool availability.

Additional information about our RSUs is summarized as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2020	2019	2020	2019
Aggregate market value of RSUs vested	$ 1,556	$ 1,279	$ 5,691	$ 12,833

The total compensation cost of RSUs and PSUs granted but not yet vested, inclusive of the PSUs for which vesting has been deemed probable as of June 30, 2020, was $10.7 million, which is expected to be recognized over a weighted average period of approximately two years. Additionally, there were 603,931 RSUs vested but not released at June 30, 2020.

Employee Stock Purchase Plan

In May 2020, our stockholders approved the BioTelemetry, Inc. Amended and Restated 2017 Employee Stock Purchase Plan (the "**ESPP**") to increase the number of shares reserved for issuance to 1,000,000. Substantially all of our employees are eligible to participate in the ESPP. Under the ESPP, each participant may purchase option value of our shares, through payroll deductions, not to exceed $25,000 of grant date fair value in a calendar year. The purchase price per share is equal to the lower of 85% of the closing market price on the first day of the offering period, or 85% of the closing market price on the day of purchase. Proceeds received from the issuance of shares are credited to stockholders' equity in the period that the shares are issued. Purchases under the ESPP are made in March and September. For the six months ended June 30, 2020, an aggregate of 59,697 shares were purchased in accordance with the ESPP. Net proceeds from the issuance of shares of common stock under the ESPP for the six months ended June 30, 2020 were $1.6 million. At June 30, 2020, 672,974 shares remain available for purchase under the ESPP.

Our aggregate stock-based compensation expense is summarized as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2020	2019	2020	2019
Stock options	$ 2,041	$ 1,820	$ 4,715	$ 3,279
Restricted stock units	1,296	1,074	2,603	1,993
Performance stock units	70	152	(761)	71
Employee stock purchase plan	271	431	503	683
Total stock-based compensation expense	$ 3,678	$ 3,477	$ 7,060	$ 6,026

13. Income Taxes

The income tax provision for interim periods is determined using an estimated annual effective tax rate adjusted for discrete items, if any, which are taken into account in the quarterly period in which they occur. We review and update our estimated annual effective tax rate each quarter. We recorded an income tax provision of $0.7 million and $5.9 million for the three and six months ended June 30, 2020, respectively, based on our estimated annual 2020 effective tax rate. We recognized an income tax provision of $4.8 million and $2.7 million for the three and six months ended June 30, 2019, respectively, based on our estimated annual 2019 effective tax rate adjusted for discrete items.

At June 30, 2020 and December 31, 2019, we had deferred tax assets, net of deferred tax liabilities and valuation allowance, of $7.2 million and $12.6 million, respectively.

We recognize interest and penalties related to unrecognized tax benefits within the provision for income taxes line in the consolidated statements of operations. During the six months ended June 30, 2020, we recognized an immaterial amount of interest expense in the consolidated statements of operations associated with our unrecognized tax benefits.

At June 30, 2020 and December 31, 2019, we had net reserves of $35.4 million and $34.8 million, respectively, for unrecognized tax benefits, which are recorded as a component of other long-term liabilities within our consolidated balance sheets.

14. Segment Information

We operate under two reportable segments: Healthcare and Research. The Healthcare segment is focused on remote cardiac monitoring to identify cardiac arrhythmias or heart rhythm disorders and to monitor the functionality of implantable cardiac devices. We offer cardiologists, electrophysiologists, neurologists and primary care physicians a full spectrum of solutions, which provides them with a single source of remote cardiac monitoring services. These services include MCT, event, traditional Holter, extended Holter, Pacemaker, International Normalized Ratio and Implantable Loop Recorder and other implantable cardiac device monitoring. The Research segment is engaged in centralized core laboratory services providing cardiac monitoring, imaging services, scientific consulting and data management services for drug and medical device trials. Included in the Corporate and Other category is the manufacturing, testing and marketing of cardiac and blood glucose monitoring devices to medical companies, clinics and hospitals and corporate overhead and other items not allocated to any of our reportable segments.

Expenses that can be specifically identified with a segment have been included as deductions in determining pre-tax segment income/(loss). Any remaining expenses including integration and other charges, as well as the elimination of costs associated with intercompany revenue, are included in Corporate and Other. Also included in Corporate and Other is our net interest expense and other financing expenses. We do not allocate assets to the individual segments.

	Three Months Ended June 30, 2020			
	Reporting Segment			
(in thousands)	Healthcare	Research	Corporate and Other	Consolidated
Total revenue	$ 84,382	$ 11,459	$ 3,268	$ 99,109
Gross profit	56,341	4,426	760	61,527
Income/(loss) before income taxes	26,005	919	(23,987)	2,937
Depreciation and amortization	8,962	923	994	10,879
Capital expenditures	8,692	395	1,039	10,126

	Three Months Ended June 30, 2019			
	Reporting Segment		Corporate and Other	Consolidated
(in thousands)	Healthcare	Research		
Total revenue	$ 95,004	$ 13,879	$ 2,920	$ 111,803
Gross profit	64,387	5,335	518	70,240
Income/(loss) before income taxes	32,514	1,052	(20,459)	13,107
Depreciation and amortization	8,327	1,004	861	10,192
Capital expenditures	9,080	1,306	372	10,758

	Six Months Ended June 30, 2020			
	Reporting Segment		Corporate and Other	Consolidated
(in thousands)	Healthcare	Research		
Total revenue	$ 180,089	$ 25,279	$ 6,772	$ 212,140
Gross profit	120,765	10,101	1,169	132,035
Income/(loss) before income taxes	55,881	2,962	(43,573)	15,270
Depreciation and amortization	17,397	1,989	1,978	21,364
Capital expenditures	14,903	786	1,421	17,110

	Six Months Ended June 30, 2019			
	Reporting Segment		Corporate and Other	Consolidated
(in thousands)	Healthcare	Research		
Total revenue	$ 183,013	$ 26,843	$ 5,926	$ 215,782
Gross profit	124,251	9,669	1,098	135,018
Income/(loss) before income taxes	62,122	1,816	(41,219)	22,719
Depreciation and amortization	16,618	1,932	1,663	20,213
Capital expenditures	13,522	1,788	782	16,092

15. Subsequent Event

On July 27, 2020, we entered into an Asset Purchase Agreement, between BioTelemetry, Inc., Telcare Medical Supply, LLC, Centene Corporation and Envolve PeopleCare, Inc. (the "**Centene Agreement**"), to acquire the On.Demand™ remote patient monitoring and coaching platform. On.Demand™ is a mHealth solution that combines real-time monitoring of biometric data with cellular- and web-based technology, proactive and reactive health coaching, population health reporting and customizable interventions.

Pursuant to the terms of the Centene Agreement, we acquired certain assets and assumed certain liabilities that were utilized in the On.Demand business for $6.5 million in cash as well as a maximum of $2.5 million of contingent consideration. We plan to assign On.Demand to our Corporate and Other category.

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 Annual Report on Form 10-K for the year ended December 31, 2019, and in conjunction with the accompanying quarterly unaudited consolidated financial statements and related notes. This discussion contains forward-looking statements reflecting our current expectations that involve risks and uncertainties. Our actual results and the timing of certain events could differ materially from those contained in these forward-looking statements due to a number of factors, including, but not limited to, those set forth herein and elsewhere in this report and in our other filings with the U.S. Securities and Exchange Commission ("**SEC**"). See the **"Cautionary Note Regarding Forward-Looking Statements"** at the beginning of this report. Unless otherwise noted, the figures in the following discussions are unaudited.*

Company Background

We are the leading remote medical technology company focused on the delivery of health information to improve quality of life and reduce cost of care. We provide remote cardiac monitoring, centralized core laboratory services for clinical trials, remote blood glucose monitoring and original equipment manufacturing that serves both healthcare and clinical research customers.

A more detailed description of our business is included in **"Part I; Item 1. Business"** of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Executive Summary

The following is a summary of certain financial highlights and trends related to the quarter ended June 30, 2020:

- Recognized $99.1 million in total revenue, a decrease of 11.4% compared to the prior year period, reflecting the impact of COVID-19.
- April was the low point for revenue after which we saw incremental improvement in May and June.
- In April, we scaled back our operations to mitigate the impact of the reduction in revenue. As volume has begun to recover, we have recalled furloughed and reduced-hour employees.
- We generated positive cash flow in the quarter and repaid $70.0 million on our credit facility.

Recent Developments

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a global pandemic, and, in the following weeks, many U.S. states and localities issued lockdown orders impacting demand for our services. We are following the guidelines from public health officials and government agencies, including implementation of enhanced cleaning measures, social distancing guidelines and work from home policies. To date, we have not seen a significant impact to our supply chain with regards to our ability to obtain supplies, inventory or materials or a significant change in prices. We continue to monitor the situation closely.

Our second quarter results reflect the impact the pandemic had on BioTelemetry. We expect the ultimate significance of the impact on our financial condition, results of operations and cash flows will be dictated by the length of time that such circumstances continue and any further governmental and public actions taken in response, including how quickly state governments decide to lift or replace restrictions.

While these unknowns make it more challenging for us to estimate future performance, our business is flexible in terms of our ability to adjust the cost structure to the appropriate level in response to the demand for our services. During the second quarter of 2020, we received $9.7 million from the United States Department of Health and Human Services ("**HHS**") Relief Funds appropriated under the Coronavirus Aid, Relief and Economic Security Act ("**CARES Act**") for a portion of our lost revenues, as well as $23.7 million of advanced payments for our future services from the Centers for Medicare and Medicaid Services ("**CMS**") under their Accelerated and Advance Payment Program. We believe we will have sufficient liquidity available through our operating cash flow and access to our credit facility.

On January 27, 2020, we entered into an Amended and Restated Credit Agreement with Truist Bank (successor to SunTrust Bank) (the "**2020 Credit Agreement**"), which amends the SunTrust Credit Agreement entered into by the parties on July 12, 2017. The 2020 Credit Agreement provides us with a $400.0 million senior secured revolving credit facility. We used this revolving credit facility to repay the debt under the SunTrust Credit Agreement. For more details, refer to "**Part I; Item 1. Financial Statements and Supplementary Data; Notes to Consolidated Financial Statements; Note 8. Credit Agreement**" of this report.

Critical Accounting Policies and Estimates

We have prepared the consolidated financial statements and accompanying notes included in **"Part I; Item 1. Financial Statements"** of this report in accordance with U.S. generally accepted accounting principles. This requires us to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. These estimates and assumptions are based on historical experience, analysis of current trends, and various other factors that we believe to be reasonable under the circumstances. Actual results could differ from those estimates under different assumptions or conditions.

We periodically reevaluate our accounting policies, assumptions, and estimates and make adjustments when facts and circumstances warrant. Our significant accounting policies are described in **"Part II; Item 8. Financial Statements and Supplementary Data; Notes to Consolidated Financial Statements; Note 2. Summary of Significant Accounting Policies"** of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019. The accounting policies and related assumptions that we consider to be more critical to the preparation of our consolidated financial statements and accompanying notes and involve the most significant management judgments and estimates are described in **"Part II;**

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations; Critical Accounting Policies and Estimates" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Results of Operations

Three Months Ended June 30, 2020 and June 30, 2019

Revenue

	Three Months Ended June 30,		Change	
(in thousands, except percentages)	**2020**	**2019**	**$**	**%**
Healthcare	$ 74,680	$ 95,004	$ (20,324)	(21.4)%
Research	11,459	13,879	(2,420)	(17.4)%
Corporate and Other	3,268	2,920	348	11.9 %
Subtotal	89,407	111,803	(22,396)	(20.0)%
Other revenue	9,702	—	9,702	
Total revenue	$ 99,109	$ 111,803	$ (12,694)	(11.4)%

Total revenue for the three months ended June 30, 2020 decreased 11.4% due to the impact of the COVID-19 pandemic across most of our businesses. The decrease in Healthcare revenue was driven by generally lower demand for our monitoring services, as patients were hampered in their ability to see prescribing medical professionals. Since the stay-at-home orders have begun to be lifted and medical professionals have adjusted their practices to the pandemic, we saw an increase in overall demand for our monitoring services as the quarter progressed. Research revenue declined due to study close outs coupled with the delay in new study starts, primarily due to COVID–19. Corporate and Other revenue increased due to continued growth of diabetic product sales. Additionally, during the quarter we received Relief Funds distributed by HHS that represent reimbursements for a portion of our lost revenue and are recognized as other revenue.

Gross Profit

	Three Months Ended June 30,		Change	
(in thousands, except percentages)	**2020**	**2019**	**$**	**%**
Gross profit	$ 61,527	$ 70,240	$ (8,713)	(12.4)%
Percentage of total revenue	62.1%	62.8%		

Gross profit for the three months ended June 30, 2020 decreased due to lower revenues, partially offset by the other revenue and cost reductions, including the deferral of pay increases, cancellation of travel and furloughing of a limited number of employees in certain operational areas that were directly impacted by our decreased volume.

General and Administrative Expense

(in thousands, except percentages)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Change $	Change %
General and administrative expense	$ 31,099	$ 30,587	$ 512	1.7%
Percentage of total revenue	31.4%	27.4%		

General and administrative expense for the three months ended June 30, 2020 increased primarily due to increased headcount and related costs, increased spending on software and cloud hosting services, and increased facility and rent expenses. Increases in technology expenses are being driven by our ongoing growth and investment in our business systems and infrastructure.

Sales and Marketing Expense

(in thousands, except percentages)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Change $	Change %
Sales and marketing expense	$ 10,521	$ 12,795	$ (2,274)	(17.8)%
Percentage of total revenue	10.6%	11.4%		

Sales and marketing expense for the three months ended June 30, 2020 decreased primarily due to a reduction in revenue-based commissions and reduced travel by our sales teams resulting from the various restrictions in place due to the COVID-19 pandemic.

Credit Loss Expense

(in thousands, except percentages)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Change $	Change %
Credit loss expense	$ 6,166	$ 5,379	$ 787	14.6%
Percentage of total revenue	6.2%	4.8%		

Credit loss expense (formerly bad debt expense) for the three months ended June 30, 2020 increased primarily due to the timing of Healthcare collections, which was slowed due, in part, to the economic impact of COVID-19. Credit loss expense for the three months ended June 30, 2020 in Research and the Corporate and Other category was minimal.

Research and Development Expense

(in thousands, except percentages)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Change $	Change %
Research and development expense	$ 2,699	$ 3,532	$ (833)	(23.6)%
Percentage of total revenue	2.7%	3.2%		

Research and development expense for the three months ended June 30, 2020 decreased primarily due to the increased allocation of labor costs to projects capitalized as technology assets. Our research and development team continues to focus on bringing new products and technologies to market, including the further incorporation of artificial intelligence and machine learning into our services.

Other Charges

(in thousands, except percentages)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Change $	Change %
Other charges	$ 5,003	$ 2,234	$ 2,769	123.9%
Percentage of total revenue	5.0%	2.0%		

Other charges for the three months ended June 30, 2020 increased primarily due to the change in the fair value of acquisition-related contingent consideration, partially offset by a decrease in patent and other litigation costs. For further details, please see **"Part I; Item 1, Financial Statements; Note 10. Other Charges."**

Other Expense

(in thousands, except percentages)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Change $	Change %
Interest expense	$ (1,702)	$ (2,538)	$ 836	(32.9)%
Loss on equity method investment	—	(154)	154	(100.0)%
Other non-operating income/(expense), net	(1,400)	86	(1,486)	(1,727.9)%
Total other expense, net	$ (3,102)	$ (2,606)	$ (496)	19.0 %
Percentage of total revenue	3.1%	2.3%		

Total other expense, net for the three months ended June 30, 2020 increased primarily due to the effect of non-cash foreign currency transaction losses. This was partially offset by a decline in our current year interest expense as a result of the decrease in the LIBOR rate and the impact of our 2020 Credit Agreement. The 2020 Credit Agreement reduced our applicable LIBOR margin at the current Consolidated Total Net Leverage Ratio (as defined in the 2020 Credit Agreement) by 37.5 basis points. For further details regarding the 2020 Credit Agreement, please see **"Part I; Item 1, Financial Statements; Note 8. Credit Agreement."**

Income Taxes

(in thousands, except percentages)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Change $	Change %
Provision for income taxes	$ (656)	$ (4,807)	$ 4,151	(86.4)%
Effective tax rate	22.3%	36.7%		

For the three months ended June 30, 2020 and 2019, we recorded an income tax provision based on our estimated annual effective tax rate adjusted for discrete items.

Six Months Ended June 30, 2020 and June 30, 2019

Revenue

	Six Months Ended June 30,		Change	
(in thousands, except percentages)	2020	2019	$	%
Healthcare	$ 170,387	$ 183,013	$ (12,626)	(6.9)%
Research	25,279	26,843	(1,564)	(5.8)%
Corporate and Other	6,772	5,926	846	14.3 %
Subtotal	202,438	215,782	(13,344)	(6.2)%
Other revenue	9,702	—	9,702	
Total revenue	$ 212,140	$ 215,782	$ (3,642)	(1.7)%

Total revenue for the six months ended June 30, 2020 decreased 1.7% due to the impact of the COVID-19 pandemic across most of our businesses. The decrease in Healthcare revenue was driven by the lower demand for our MCT and Event services as patients were hampered in their ability to see prescribing medical professionals. This was partially offset by an increase in our extended Holter (ePatch™) and long-term cardiac monitoring services. Research revenue declined due to study close outs coupled with the delay in new study starts, primarily due to COVID–19. Corporate and Other revenue increased due to continued growth of diabetic product sales. Additionally, during the six months ended June 30, 2020, we received Relief Funds distributed by HHS that represent reimbursements for a portion of our lost revenue and are recognized as other revenue.

Gross Profit

	Six Months Ended June 30,		Change	
(in thousands, except percentages)	2020	2019	$	%
Gross profit	$ 132,035	$ 135,018	$ (2,983)	(2.2)%
Percentage of total revenue	62.2%	62.6%		

Gross profit for the six months ended June 30, 2020 decreased due to lower revenues, partially offset by other revenue and cost reductions, including the deferral of pay increases, cancellation of travel and furloughing a limited number of employees in certain operational areas that were directly impacted by our decreased volume.

General and Administrative Expense

	Six Months Ended June 30,		Change	
(in thousands, except percentages)	2020	2019	$	%
General and administrative expense	$ 62,980	$ 58,194	$ 4,786	8.2%
Percentage of total revenue	29.7%	27.0%		

General and administrative expense for the six months ended June 30, 2020 increased primarily due to additional headcount and related costs, as well as increased technology expenses driven by our ongoing growth and investment in our business systems and infrastructure.

Sales and Marketing Expense

(in thousands, except percentages)	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	Change $	Change %
Sales and marketing expense	$ 23,967	$ 25,235	$ (1,268)	(5.0)%
Percentage of total revenue	11.3%	11.7%		

Sales and marketing expense for the six months ended June 30, 2020 decreased primarily due to a reduction in revenue-based commissions and reduced travel by our sales teams resulting from the various restrictions in place due to the COVID-19 pandemic.

Credit Loss Expense

(in thousands, except percentages)	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	Change $	Change %
Credit loss expense	$ 12,186	$ 10,527	$ 1,659	15.8%
Percentage of total revenue	5.7%	4.9%		

Credit loss expense (formerly bad debt expense) for the six months ended June 30, 2020 increased primarily due to the timing of Healthcare collections, which was slowed due, in part, to the economic impact of COVID-19. Credit loss expense for the six months ended June 30, 2020 in Research and the Corporate and Other category was minimal.

Research and Development Expense

(in thousands, except percentages)	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	Change $	Change %
Research and development expense	$ 6,267	$ 6,865	$ (598)	(8.7)%
Percentage of total revenue	3.0%	3.2%		

Research and development expense for the six months ended June 30, 2020 decreased primarily due to the increased allocation of labor costs to projects capitalized as technology assets. Our research and development team continues to focus on bringing new products and technologies to market, including the further incorporation of artificial intelligence and machine learning into our services.

Other Charges

(in thousands, except percentages)	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	Change $	Change %
Other charges	$ 7,087	$ 5,304	$ 1,783	33.6%
Percentage of total revenue	3.3%	2.5%		

Other charges for the six months ended June 30, 2020 increased primarily due to the change in the fair value of acquisition-related contingent consideration, partially offset by a decrease in acquisition and integration costs. For further details, please see **“Part I; Item 1, Financial Statements; Note 10. Other Charges.”**

Other Expense

(in thousands, except percentages)	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	Change $	Change %
Interest expense	$ (3,809)	$ (5,020)	$ 1,211	(24.1)%
Loss on equity method investment	—	(186)	186	(100.0)%
Other non-operating expense, net	(469)	(968)	499	(51.5)%
Total other expense, net	$ (4,278)	$ (6,174)	$ 1,896	(30.7)%
Percentage of total revenue	2.0%	2.9%		

Total other expense, net for the six months ended June 30, 2020 decreased primarily due to the decline in our interest expense as a result of the decrease in the LIBOR rate and the impact of our 2020 Credit Agreement. The 2020 Credit Agreement reduced our applicable LIBOR margin at the current Consolidated Total Net Leverage Ratio (as defined in the 2020 Credit Agreement) by 37.5 basis points. For further details regarding the 2020 Credit Agreement, please see **“Part I; Item 1, Financial Statements; Note 8. Credit Agreement.”**

Income Taxes

(in thousands, except percentages)	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	Change $	Change %
Provision for income taxes	$ (5,880)	$ (2,734)	$ (3,146)	115.1%
Effective tax rate	38.5%	12.0%		

For the six months ended June 30, 2020 and 2019, we recorded an income tax provision based on our estimated annual effective tax rate adjusted for discrete items. The change in the provision for income taxes is driven by higher stock compensation deductions in the prior year.

Liquidity and Capital Resources

The following table highlights certain information related to our liquidity and capital resources:

(in thousands, except ratios)	June 30, 2020	December 31, 2019
Cash and cash equivalents	$ 84,003	$ 68,614
Healthcare accounts receivable, net of allowance for credit losses	65,525	71,851
Other accounts receivable, net of allowance for credit losses	15,088	15,625
Availability under revolving credit facility	238,000	50,000
Working capital	$ 106,164	$ 112,579
Current ratio	2.5	3.0
Total operating lease obligations	$ 38,385	$ 19,216
Total finance lease obligations	479	683
Total debt	$ 157,655	$ 194,667

The following table highlights certain cash flow activities:

	Six Months Ended	
(in thousands)	June 30, 2020	June 30, 2019
Net income	$ 9,390	$ 19,985
Non-cash adjustments to net income	47,967	37,159
Cash provided by/(used for) working capital	12,188	(21,014)
Cash provided by operating activities	69,545	36,130
Cash used in investing activities	(17,110)	(60,858)
Cash used in financing activities	$ (36,988)	$ (4,448)

Cash Provided By Operating Activities

The increase in cash provided by operating activities was partially due to the receipt of funds from government stimulus programs. We received $9.7 million in HHS funding for a portion of our lost revenue, as well as $23.7 million of advanced payments for our future services from CMS under their Accelerated and Advance Payment Program. We expect to begin applying these advanced payments for our future services in the third quarter of 2020.

Non-cash adjustments to net income increased for the six months ended June 30, 2020 primarily due to the changes in acquisition-related contingent consideration, increases in other non-cash expenses, credit loss expense, depreciation and amortization, deferred income taxes and stock-based compensation.

Cash Used In Investing Activities

During the six months ended June 30, 2020 we slightly increased our purchases for equipment and internally developed software, consistent with our continuation of the launch of our next generation products used in our monitoring services. During the six months ended June 30, 2019, we spent $44.8 million, net of cash acquired, related to our Geneva acquisition, with no cash outflows related to acquisitions in the current year period.

Cash Used In Financing Activities

The increase in cash used in financing activities during the six months ended June 30, 2020 was primarily due to the net effect of the borrowings and repayments resulting from the amendment of our credit facility (as defined below). As a result of our cash flows from operations, during the second quarter of 2020 we were able to repay $70.0 million on our revolver, including the $35.0 million we borrowed in the first quarter of 2020.

On January 27, 2020, we entered into an Amended and Restated Credit Agreement (the "**2020 Credit Agreement**") with Truist Bank (successor to SunTrust Bank) in the form of a revolving credit facility. The 2020 Credit Agreement provides us more favorable financial terms, giving us more flexibility in the future. As of June 30, 2020, we had $238.0 million of availability under our revolving credit facility. For further details regarding this agreement, please see **"Part I; Item 1. Financial Statements; Notes to Consolidated Financial Statements; Note 8. Credit Agreement"** of this report.

We believe that our operating cash receipts will be sufficient to cover our operating cash needs. We do not expect the cash receipts in the second quarter related to certain COVID-related government stimulus programs to be reoccurring.

Contractual Obligations and Commitments

Our contractual obligations payable reflected in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 have materially changed as a result of the **2020 Credit Agreement**.

The following table describes our long-term contractual obligations and commitments as of June 30, 2020:

	Payments due by period				
(in thousands)	**Total**	**Less than 1 year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**
Operating lease obligations	$ 44,315	$ 6,787	$ 11,311	$ 9,008	$ 17,209
Finance lease obligations	498	264	218	14	2
Purchase obligations[1]	27,950	4,821	9,643	13,486	—
Deferred consideration - cash	11,068	—	11,068	—	—
Debt and interest obligations[2]	172,555	2,111	4,222	166,222	—
Total[3][4][5]	$ 256,386	$ 13,983	$ 36,462	$ 188,730	$ 17,211

[1] Represents minimum annual volume commitments to purchase equipment and supplies under certain of our supplier contracts.

[2] Our debt bears a variable interest rate, at our election, with an applicable margin determined by the 2020 Credit Agreement. The amounts above assume the principal, rate and margin as of June 30, 2020 throughout the remaining term. The principal, rate and margin may fluctuate, as may our election of LIBOR or Base Rate pricing, throughout the term of the loan. Excluded from the amounts in the table is the 0.175% commitment fee payable on the unused portion of our line of credit.

[3] In connection with certain acquisitions completed in 2019 and 2018, we have acquisition-related contingent consideration obligations payable to the sellers in these transactions upon the achievement of certain revenue-based milestones that are not

reflected in the table above. The maximum aggregate undiscounted amounts potentially payable not included in the table above total $2.0 million, with the exception of Geneva, which is uncapped. As of June 30, 2020, the estimate of the cash portion of the Geneva contingent consideration is $9.7 million, which is scheduled to be paid in early 2022 and subject to certain indemnification obligations. See **"Part I; Item 1. Financial Statements; Notes to Consolidated Financial Statements; Note 3. Acquisitions"** in this Quarterly Report on Form 10-Q for further discussion related to the Geneva contingent consideration.

(4) As of June 30, 2020, our other long-term liabilities in our consolidated balance sheet includes reserves for unrecognized tax benefits. We are unable to make reasonably reliable estimates of both the timing of tax audit outcomes and if unfavorable, the timing of payments; therefore, such amounts are not included in the above contractual obligation table. See **"Part II; Item 8. Financial Statements and Supplementary Data; Notes to Consolidated Financial Statements; Note 17. Income Taxes"** in our Annual Report on Form 10-K for further discussion related to uncertain tax positions.

(5) In conjunction with an acquisition of customer relationships in the second quarter of 2020, we entered into a royalty agreement. The cash to be paid related to this royalty is uncapped but is estimated to be approximately $4.1 million over the five year term of the agreement. As the obligation is based on revenue, which can vary from year to year, and there are no minimum or maximum royalty payments, no amounts are included in the above contractual obligations table.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our cash and cash equivalents as of June 30, 2020 were $84.0 million. We do not invest in any short-term or long-term securities, nor do we hold any derivative financial instruments for trading or speculative purposes.

At June 30, 2020, we had $157.7 million of variable rate debt, inclusive of debt discounts and deferred charges, at a rate of LIBOR plus the applicable margin, or the prime rate plus the applicable margin. A 1.0% change in either the LIBOR rate, prime rate, or the applicable margin would result in a change in interest expense of approximately $1.6 million. For further details regarding our debt, rates or applicable margin, please refer to **"Part I; Item 1, Financial Statements; Notes to Consolidated Financial Statements; Note 8. Credit Agreement"** within this Quarterly Report on Form 10-Q.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended ("**Exchange Act**"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. It should be noted that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(b) of the Exchange Act as of the end of the period covered by this report. Based on that evaluation, our Chief

Executive Officer (the Principal Executive Officer) and Chief Financial Officer (the Principal Financial Officer) have concluded that our disclosure controls and procedures were effective as of June 30, 2020.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, in the ordinary course of business, and like others in the industry, we receive requests for information from government agencies in connection with their regulatory or investigational authority or are involved in traditional employment or business litigation. We review such requests and notices and take appropriate action.

On April 5, 2019, a complaint filed under seal in the U.S. District Court for the Eastern District of Pennsylvania against the Company by private relators under the Federal False Claims Act, and analogous state acts, was unsealed. The U.S. Department of Justice notified the District Court of its decision not to intervene in the case at this time, and the case is currently stayed until November 2020 while the U.S. Department of Justice determines whether it will intervene in the case.

The relators' complaint alleges, among other things, that the Company engaged in the offshoring of certain activities and improper performance of work at certain U.S. locations in violation of applicable law. The relators seek unspecified damages on behalf of the U.S. and various states and municipalities.

The Company is evaluating the complaint, but, at this point, it believes the allegations in the complaint are without merit and intends to vigorously defend the litigation. The Company also does not believe these claims will have a material impact on its business operations or strategic plans.

The final outcome of any current or future litigation or governmental or internal investigations cannot be accurately predicted, nor can we predict any resulting penalties, fines or other sanctions that may be imposed at the discretion of federal or state regulatory authorities. We record accruals for such contingencies to the extent that we conclude it is probable that a liability has been incurred and the amount of the loss can be estimated.

Item 1A. Risk Factors

In evaluating an investment in BioTelemetry common stock, investors should consider carefully, among other things, **"Part I; Item 1A. Risk Factors"** of our Annual Report on Form 10-K for the year ended December 31, 2019, as well as the information contained in our Quarterly Report on Form 10-Q, for the period ended March 31, 2020, which could materially affect our business, financial condition or future results. The risks described in those reports are not the only risks facing BioTelemetry. Additional risks and uncertainty not currently known to us or that we currently deem immaterial also may materially adversely affect our business, financial condition or future results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

EXHIBIT INDEX

Exhibit Number	Description	Incorporated by Reference				Filed/Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
31.1	Certification of Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities and Exchange Act of 1934, as amended					†
31.2	Certification of Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities and Exchange Act of 1934, as amended					†
32	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					+
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded withing the Inline XBRL document.					†
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.					†
101.SCH	XBRL Taxonomy Extension Schema Document.					†
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.					†
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.					†
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.					†
104	Cover Page Interactive Data File, formatted in Inline XBRL (contained in Exhibit 101).					

† Filed herewith.

\+ Furnished herewith.

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.

BIOTELEMETRY, INC.

Date: July 30, 2020	By:	/s/ Heather C. Getz
		Heather C. Getz, CPA
		Executive Vice President, Chief Financial and Administrative Officer
		(Principal Financial Officer and authorized officer of the Registrant)

Exhibit 31.1

CERTIFICATION PURSUANT TO

RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Joseph H. Capper, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BioTelemetry, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2020

/s/ Joseph H. Capper

Joseph H. Capper
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO

RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Heather C. Getz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BioTelemetry, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2020

/s/ Heather C. Getz

Heather C. Getz, CPA
Executive Vice President, Chief Financial and Administrative Officer
(Principle Financial and Accounting Officer)

Exhibit 32

CERTIFICATION 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 BioTelemetry, Inc. on Form 10-Q for the quarter ended June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the “**Report**”), each of Joseph H. Capper, the President and Chief Executive Officer of BioTelemetry, Inc. and Heather C. Getz, the Executive Vice President, Chief Financial and Administrative Officer of BioTelemetry, Inc. hereby certifies, pursuant to and for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his or her 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 BioTelemetry, Inc.

/s/ Joseph H. Capper	/s/ Heather C. Getz
Joseph H. Capper *President and Chief Executive Officer*	Heather C. Getz, CPA *Executive Vice President, Chief Financial and Administrative Officer*
July 30, 2020	July 30, 2020

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