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

FORM 10-Q

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

for the quarterly period ended September 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: 001-35020

INFUSYSTEM HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware **(State or Other Jurisdiction of Incorporation or Organization)**	**20-3341405** **(I.R.S. Employer Identification No.)**

3851 West Hamlin Road
Rochester Hills, Michigan 48309
(Address of Principal Executive Offices)

Registrant's Telephone Number, including Area Code: (248) 291-1210

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 $0.0001 per share	INFU	NYSE American LLC

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 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 ☐ Non-accelerated filer ☒ Smaller reporting company ☒

Emerging growth company ☐

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

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 November 6, 2020, 20,236,932 shares of the registrant's common stock, par value $0.0001 per share, were outstanding.

INFUSYSTEM HOLDINGS, INC. AND SUBSIDIARIES

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

INFUSYSTEM HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(in thousands, except share data)	As of September 30, 2020	As of December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,939	$ 2,647
Accounts receivable, net	13,927	12,097
Inventories	3,973	2,899
Other current assets	1,587	1,662
Total current assets	21,426	19,305
Medical equipment for sale or rental	1,359	1,306
Medical equipment in rental service, net of accumulated depreciation	36,110	33,225
Property & equipment, net of accumulated depreciation	4,286	4,037
Intangible assets, net	12,238	15,463
Operating lease right of use assets	4,784	5,733
Other assets	105	155
Total assets	$ 80,308	$ 79,224
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 6,936	$ 7,962
Current portion of long-term debt	7,759	8,082
Other current liabilities	5,009	5,803
Total current liabilities	19,704	21,847
Long-term debt, net of current portion	27,034	30,295
Deferred income taxes	120	104
Operating lease liabilities, net of current portion	4,061	4,644
Total liabilities	50,919	56,890
Stockholders' equity:		
Preferred stock, $.0001 par value: authorized 1,000,000 shares; none issued	-	-
Common stock, $.0001 par value: authorized 200,000,000 shares; issued and outstanding 23,755,421 and 20,236,932, respectively, as of September 30, 2020 and 23,400,625 and 19,882,136, respectively, as of December 31, 2019	2	2
Additional paid-in capital	84,092	83,699
Retained deficit	(54,705)	(61,367)
Total stockholders' equity	29,389	22,334
Total liabilities and stockholders' equity	$ 80,308	$ 79,224

See accompanying notes to unaudited condensed consolidated financial statements.

INFUSYSTEM HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(in thousands, except share and per share data)	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Net revenues	$ 25,125	$ 21,489	$ 72,677	$ 59,405
Cost of revenues	10,003	9,251	28,914	25,470
Gross profit	15,122	12,238	43,763	33,935
Selling, general and administrative expenses:				
Provision for doubtful accounts	11	160	534	(30)
Amortization of intangibles	1,075	1,077	3,225	3,326
Selling and marketing	2,196	2,402	7,263	7,480
General and administrative	8,587	6,936	24,949	20,945
Total selling, general and administrative	11,869	10,575	35,971	31,721
Operating income	3,253	1,663	7,792	2,214
Other expense:				
Interest expense	(283)	(488)	(1,018)	(1,436)
Other income (expense)	8	(11)	(20)	(71)
Income before income taxes	2,978	1,164	6,754	707
Provision for income taxes	(38)	(29)	(92)	(151)
Net income	$ 2,940	$ 1,135	$ 6,662	$ 556
Net income per share:				
Basic	$ 0.15	$ 0.06	$ 0.33	$ 0.03
Diluted	0.14	0.05	0.31	0.03
Weighted average shares outstanding:				
Basic	20,179,056	19,781,527	20,060,416	19,690,737
Diluted	21,663,414	20,679,431	21,637,481	20,503,933

See accompanying notes to unaudited condensed consolidated financial statements.

INFUSYSTEM HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

	Common Stock		Additional		Treasury Stock		Total
(in thousands)	Shares	Par Value Amount	Paid in Capital	Retained Deficit	Shares	Par Value Amount	Stockholders' Equity
Balances at June 30, 2019	**23,237**	**$ 2**	**$ 83,557**	**$ (63,307)**	**(3,518)**	**$ -**	**$ 20,252**
Stock-based shares issued upon vesting - gross	121	-	109	-	-	-	**109**
Stock-based compensation expense	-	-	240	-	-	-	240
Employee stock purchase plan	14	-	70	-	-	-	70
Common stock repurchased to satisfy minimum statutory withholding on stock-based compensation	(16)	-	(87)	-	-	-	(87)
Net income	-	-	-	1,135	-	-	1,135
Balances at September 30, 2019	**23,356**	**$ 2**	**$ 83,889**	**$ (62,172)**	**(3,518)**	**$ -**	**$ 21,719**
Balances at June 30, 2020	**23,651**	**$ 2**	**$ 83,845**	**$ (57,645)**	**(3,518)**	**$ -**	**$ 26,202**
Stock-based shares issued upon vesting - gross	127	-	-	-	-	-	**-**
Stock-based compensation expense	-	-	659	-	-	-	659
Employee stock purchase plan	15	-	116	-	-	-	116
Common stock repurchased to satisfy minimum statutory withholding on stock-based compensation	(38)	-	(528)	-	-	-	(528)
Net income	-	-	-	2,940	-	-	2,940
Balances at September 30, 2020	**23,755**	**$ 2**	**$ 84,092**	**$ (54,705)**	**(3,518)**	**$ -**	**$ 29,389**
Balances at December 31, 2018	**23,096**	**$ 2**	**$ 83,167**	**$ (62,728)**	**(3,518)**	**$ -**	**$ 20,441**
Stock-based shares issued upon vesting - gross	288	-	124	-	-	-	124
Stock-based compensation expense	-	-	770	-	-	-	770
Employee stock purchase plan	33	-	123	-	-	-	123
Common stock repurchased to satisfy minimum statutory withholding on stock-based compensation	(61)	-	(295)	-	-	-	(295)
Net income	-	-	-	556	-	-	556
Balances at September 30, 2019	**23,356**	**$ 2**	**$ 83,889**	**$ (62,172)**	**(3,518)**	**$ -**	**$ 21,719**
Balances at December 31, 2019	**23,401**	**$ 2**	**$ 83,699**	**$ (61,367)**	**(3,518)**	**$ -**	**$ 22,334**
Stock-based shares issued upon vesting - gross	419	-	-	-	-	-	-
Stock-based compensation expense	-	-	1,222	-	-	-	1,222
Employee stock purchase plan	29	-	190	-	-	-	190
Common stock repurchased to satisfy minimum statutory withholding on stock-based compensation	(122)	-	(1,269)	-	-	-	(1,269)
Common stock - issued	28	-	250	-	-	-	250
Net income	-	-	-	6,662	-	-	6,662
Balances at September 30, 2020	**23,755**	**$ 2**	**$ 84,092**	**$ (54,705)**	**(3,518)**	**$ -**	**$ 29,389**

See accompanying notes to unaudited condensed consolidated financial statements.

INFUSYSTEM HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(in thousands)	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
OPERATING ACTIVITIES		
Net income	$ 6,662	$ 556
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for doubtful accounts	534	(30)
Depreciation	7,267	5,727
Loss on disposal of medical equipment and other assets	150	390
Gain on sale of medical equipment	(2,949)	(1,264)
Amortization of intangible assets	3,225	3,326
Amortization of deferred debt issuance costs	13	29
Stock-based compensation	1,222	780
Deferred income taxes	16	76
Changes in assets - (Increase)/Decrease:		
Accounts receivable	(1,490)	(735)
Inventories	(1,074)	(514)
Other current assets	75	(233)
Other assets	(114)	(326)
Changes in liabilities - Increase/(Decrease):		
Accounts payable and other liabilities	(869)	1,752
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 12,668	$ 9,534
INVESTING ACTIVITIES		
Purchase of medical equipment	(11,955)	(15,005)
Purchase of property and equipment	(865)	(1,415)
Proceeds from sale of medical equipment, property and equipment	3,870	2,239
NET CASH USED IN INVESTING ACTIVITIES	(8,950)	(14,181)
FINANCING ACTIVITIES		
Principal payments on term loans, equipment line, revolving credit facility and other financing	(35,458)	(3,915)
Cash proceeds from 2019 equipment line, equipment line, revolving credit facility and other financing	31,861	7,462
Debt issuance costs	-	(3)
Common stock repurchased to satisfy statutory withholding on employee stock-based compensation plans	(1,269)	(295)
Cash proceeds from stock plans	190	237
Common stock - issued	250	-
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(4,426)	3,486
Net change in cash and cash equivalents	(708)	(1,161)
Cash and cash equivalents, beginning of period	2,647	4,318
Cash and cash equivalents, end of period	$ 1,939	$ 3,157

See accompanying notes to unaudited condensed consolidated financial statements.

INFUSYSTEM HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation, Nature of Operations and Summary of Significant Accounting Policies

The terms “InfuSystem”, the “Company”, “we”, “our” and “us” are used herein to refer to InfuSystem Holdings, Inc. and its subsidiaries. InfuSystem is a leading provider of infusion pumps and related products and services for patients in the home, oncology clinics, ambulatory surgery centers, and other sites of care. The Company provides products and services to hospitals, oncology practices and facilities and other alternative site health care providers. Headquartered in Rochester Hills, Michigan, the Company delivers local, field-based customer support, and also operates pump service and repair Centers of Excellence in Michigan, Kansas, California, Massachusetts and Ontario, Canada.

The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) for interim financial information. Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and notes required by U.S. Generally Accepted Accounting Principles (“GAAP”) for complete financial statements. The accompanying unaudited condensed consolidated financial statements include all adjustments, composed of normal recurring adjustments, considered necessary by management to fairly state the Company’s results of operations, financial position and cash flows. The operating results for the interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019 as filed with the SEC.

The unaudited condensed consolidated financial statements are prepared in conformity with GAAP, which requires the use of estimates, judgments and assumptions that affect the amounts of assets and liabilities at the reporting date and the amounts of revenue and expenses in the periods presented. The Company believes that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates, actual results could differ from the original estimates, requiring adjustments to these balances in future periods. In particular, the coronavirus (“COVID-19”) pandemic and the resulting adverse impacts to global economic conditions, as well as potential adverse impacts to our operations, may impact future estimates including, but not limited to: revenue recognition; leases; accounts receivable and allowance for doubtful accounts; income taxes; and long-lived asset valuations.

Certain prior period reclassifications were made to conform with the current period presentation. These reclassifications had no effect on reported income (loss), overall cash flows, total assets, total liabilities or stockholders’ equity as previously reported.

2. Recent Accounting Pronouncements and Developments

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No. 2016-13, “Financial Instruments (Topic 326) Credit Losses”. Topic 326 changes the impairment model for most financial assets and certain other instruments. Under the new standard, entities holding financial assets and net investment in leases that are not accounted for at fair value through net income are to be presented at the net amount expected to be collected. An allowance for credit losses will be a valuation account that will be deducted from the amortized cost basis of the financial asset to present the net carrying value at the amount expected to be collected on the financial asset. Topic 326 was originally effective as of January 1, 2020, although in November 2019, the FASB delayed the effective date until fiscal years beginning after December 15, 2022 for SEC filers eligible to be smaller reporting companies under the SEC’s definition. The Company qualifies as a smaller reporting company under the SEC’s definition. Early adoption is permitted. The Company is currently evaluating the impact of Topic 326 on its consolidated balance sheets, statements of operations, statements of cash flows and related disclosures.

3. Revenue Recognition

The following table presents the Company's disaggregated revenue by offering type (in thousands):

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Third-Party Payer Rentals	$ 12,672	$ 10,662	$ 36,660	$ 29,147
Direct Payer Rentals	7,933	6,617	22,733	19,444
Product Sales	4,520	4,210	13,284	10,814
Total - Net revenues	$ 25,125	$ 21,489	$ 72,677	$ 59,405

Third-Party Payer Rentals are entirely attributed to revenues of the Integrated Therapy Services ("ITS") segment. Product Sales are entirely attributed to revenues of the Durable Medical Equipment Services ("DME Services") segment. For the three months ended September 30, 2020, $3.0 million and $4.9 million of Direct Payer Rentals were attributed to the ITS and DME Services segments, respectively. For the three months ended September 30, 2019, $2.8 million and $3.8 million were attributed to the ITS and DME Services segments, respectively.

For the nine months ended September 30, 2020, $8.7 million and $14.0 million of Direct Payer Rentals were attributed to the ITS and DME Services segments, respectively. For the nine months ended September 30, 2019, $8.0 million and $11.4 million were attributed to the ITS and DME Services segments, respectively.

The following table presents the Company's disaggregated revenue by offering type as a percentage of total net revenues:

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Third-Party Payer Rentals	50.4%	49.6%	50.4%	49.1%
Direct Payer Rentals	31.6%	30.8%	31.3%	32.7%
Product Sales	18.0%	19.6%	18.3%	18.2%
Total - Net revenues	100.0%	100.0%	100.0%	100.0%

4. Medical Equipment

Medical equipment consisted of the following (in thousands):

	September 30, 2020	December 31, 2019
Medical Equipment for sale or rental	$ 1,385	$ 1,334
Medical Equipment for sale or rental - pump reserve	(26)	(28)
Medical Equipment for sale or rental - net	1,359	1,306
Medical Equipment in rental service	82,445	75,853
Medical Equipment in rental service - pump reserve	(786)	(720)
Accumulated depreciation	(45,549)	(41,908)
Medical Equipment in rental service - net	36,110	33,225
Total	$ 37,469	$ 34,531

Depreciation expense for medical equipment for the three and nine months ended September 30, 2020 was $2.3 million and $6.7 million, respectively, compared to $2.0 million and $5.4 million for the same prior year periods, respectively, which were recorded in “cost of revenues” for each period.

5. Property and Equipment

Property and equipment consisted of the following (in thousands):

	September 30, 2020			December 31, 2019		
	Gross Assets	Accumulated Depreciation	Total	Gross Assets	Accumulated Depreciation	Total
Furniture, fixtures, and equipment	$ 3,897	$ (2,267)	$ 1,630	$ 3,202	$ (1,928)	$ 1,274
Automobiles	117	(99)	18	117	(90)	27
Leasehold improvements	3,409	(771)	2,638	3,366	(630)	2,736
Total	$ 7,423	$ (3,137)	$ 4,286	$ 6,685	$ (2,648)	$ 4,037

Depreciation expense for property and equipment for the three and nine months ended September 30, 2020 was $0.2 million and $0.6 million, respectively, compared to $0.1 million and $0.3 million for the same prior year periods, respectively. This expense was recorded in “general and administrative expenses” for each period.

6. Intangible Assets

The carrying amount and accumulated amortization of intangible assets consisted of the following (in thousands):

	September 30, 2020			December 31, 2019		
	Gross Assets	Accumulated Amortization	Net	Gross Assets	Accumulated Amortization	Net
Nonamortizable intangible assets						
Trade names	$ 2,000	$ -	$ 2,000	$ 2,000	$ -	$ 2,000
Amortizable intangible assets:						
Trade names	23	(23)	-	23	(23)	-
Physician and customer relationships	36,534	(28,331)	8,203	36,534	(26,550)	9,984
Software	11,230	(9,195)	2,035	11,230	(7,751)	3,479
Total nonamortizable and amortizable intangible assets	$ 49,787	$ (37,549)	$ 12,238	$ 49,787	$ (34,324)	$ 15,463

Amortization expense for the three and nine months ended September 30, 2020 was $1.1 million and $3.2 million, respectively, compared to $1.1 million and $3.3 million for the same prior year periods, respectively. Expected annual amortization expense for intangible assets recorded as of September 30, 2020 is as follows (in thousands):

	10/1 - 12/31/2020	2021	2022	2023	2024	2025 and thereafter	Total
Amortization expense	$ 1,060	$ 3,930	$ 2,051	$ 548	$ 548	$ 2,101	$ 10,238

7. Debt

On February 5, 2019, the Company and its primary lender entered into the fifth amendment (the “Fifth Amendment”) to its Credit Agreement, entered into on March 23, 2015 (as amended, the “Credit Agreement”). The Fifth Amendment amended the Credit Agreement to, among other things:

- increase our borrowing capacity under the equipment line to $8.0 million, which allows for capital expenditure financing to the Company for the sole purpose of purchasing medical equipment (the “Equipment Line”);
- revise the definition of earnings before interest, taxes, depreciation and amortization (“EBITDA”), a non-GAAP financial measure, to include additional add-back adjustments for the years ended December 31, 2018 and 2019;
- revise the definition of fixed charge coverage ratio for the year ended December 31, 2019 to include an unfinanced portion of capital expenditures of up to $7.0 million for the year ended December 31, 2019;
- revise the Credit Agreement’s maximum permitted indebtedness to finance the acquisition, construction or improvement of any fixed or capital assets; and
- revise the maximum leverage ratio for each of the quarters during December 31, 2018 and December 31, 2019.

On April 15, 2019, the Company sold for $2.0 million and immediately leased back certain medical equipment in rental service to a third party specializing in such transactions. The leaseback term is 36 months. Because the arrangement contains a purchase option that the Company is reasonably certain to exercise, this transaction did not qualify for the sale-leaseback accounting under ASC 842. The medical equipment remains recorded on the accompanying condensed consolidated balance sheet and the proceeds received have been classified as an Other Financing liability, which is being paid off monthly over the term of the lease. The balance of Other Financing as of September 30, 2020 was $1.1 million.

On November 7, 2019, the Company and its primary lender entered into the sixth amendment (the “Sixth Amendment”) to its Credit Agreement. The Sixth Amendment amended the Credit Agreement to, among other things:

- provide for a 2019 capital expenditure loan (the “2019 Equipment Line”) commitment of $10.0 million (in addition to the existing Equipment Line of $8.0 million), which may be drawn upon until the earlier of the full commitment being advanced or December 31, 2020, to be used solely to purchase eligible equipment to be used in the Company’s business and in amounts not to exceed 90.0% of the invoiced hard costs of such acquired equipment;

- increase the commitment for the revolving credit facility (the "Revolver") under the Credit Agreement to $11.8 million;
- revise the definition of EBITDA to include the following additional or revised add-back adjustments: (i) one-time charges in an aggregate amount not to exceed $0.3 million and incurred prior to December 31, 2019 relating to the Company's integration of business previously served by another major provider of electronic oncology pumps; (ii) one-time charges in an aggregate amount not to exceed $0.3 million and incurred prior to December 31, 2019 relating to the Company's facility move; (iii) lease buyout expenses not to exceed: (x) $0.1 million incurred on or prior to December 31, 2018; (y) $0.2 million incurred after December 31, 2018 but on or prior to March 31, 2019; and (z) $0.2 million incurred after September 30, 2019 but on or prior to December 31, 2020; and (iv) any other non-cash charges for such period (but excluding certain non-cash charges);
- revise the definition of Fixed Charge Coverage Ratio to mean, for any period, the ratio of (a) EBITDA minus Maintenance Capital Expenditures (defined to mean, for any period, 50.0% of depreciation expense) to (b) Fixed Charges, all calculated for the Company and its subsidiaries on a consolidated basis in accordance with GAAP;
- revise the definitions of Revolving Credit Maturity Date and Term Maturity Date to mean the date five years after the Sixth Amendment Effective Date and add a definition for the 2019 Equipment Line Maturity Date to provide for the same maturity date;
- reflect the refinancing of the Term A Loans, Term B Loans and Term C Loan as a single term loan (the "Term Loan") on the Sixth Amendment Effective Date and, commencing on the last Business Day of December 2019, the consecutive quarterly principal installment payments changed to approximately $1.2 million; and
- revise Section 5.01(e) of the Credit Agreement, which governs the Company's obligation to deliver financial statements to the lender, to require the Company to provide financial statements (x) as soon as possible but in any event within 30 days of the end of each fiscal quarter, or within 30 days of the end of each calendar month if any revolving loans were outstanding in the month, (y) in connection with, and prior to, requesting any letter of credit and (z) at such other times as may be requested by the lender.

These debt amendments were accounted for as debt modifications. As of September 30, 2020, the Company was in compliance with all debt-related covenants under the Credit Agreement.

As of September 30, 2020, the Company's Term Loan, Equipment Line and 2019 Equipment Line under the Credit Agreement had balances of $23.1 million, $6.4 million and $4.3 million, respectively. The availability under the Revolver is subject to a borrowing base, which is calculated as the sum of the Company's eligible accounts receivable and eligible inventory as defined by the Credit Agreement. As of September 30, 2020, the borrowing base was approximately $15.5 million, which exceeded the gross available borrowing amount of $11.8 million. The following table illustrates the net availability under the Revolver as of the applicable balance sheet date (in thousands):

	September 30, 2020	December 31, 2019
Revolver:		
Gross availability	$ 11,750	$ 11,750
Outstanding draws	-	-
Letters of credit	(1,750)	(1,750)
Landlord reserves	(162)	(150)
Availability on Revolver	$ 9,838	$ 9,850

The Company had future maturities of loans and other financings as of September 30, 2020 as follows (in thousands):

	2020	2021	2022	2023	2024 and thereafter	Total
Term Loan	$ 1,154	$ 4,615	$ 4,615	$ 4,615	$ 8,074	$ 23,073
Equipment Line	400	1,600	1,600	1,600	1,200	6,400
2019 Equipment Line	214	855	855	855	1,495	4,274
Unamortized value of the debt issuance costs	(4)	(17)	(17)	(17)	(15)	(70)
Other financing	169	725	222	-	-	1,116
Total	$ 1,933	$ 7,778	$ 7,275	$ 7,053	$ 10,754	$ 34,793

The following is a breakdown of the Company's current and long-term debt (in thousands):

	September 30, 2020				December 31, 2019		
	Current Portion	Long-Term Portion	Total		Current Portion	Long-Term Portion	Total
Term Loan	$ 4,615	$ 18,458	$ 23,073	Term Loan	$ 5,768	$ 21,919	$ 27,687
Equipment Line	1,600	4,800	6,400	Equipment Line	1,600	6,000	7,600
2019 Equipment Line	855	3,419	4,274	2019 Equipment Line	79	1,495	1,574
Unamortized value of debt issuance costs	(17)	(53)	(70)	Unamortized value of debt issuance costs	(17)	(66)	(83)
Other financing	706	410	1,116	Other financing	652	947	1,599
Total	$ 7,759	$ 27,034	$ 34,793	Total	$ 8,082	$ 30,295	$ 38,377

As of September 30, 2020, interest on the credit facility is payable at our option as a (i) Eurodollar Loan, which bears interest at a per annum rate equal to the applicable 30-day London Interbank Offered Rate ("LIBOR") plus an applicable margin ranging from 2.00% to 3.00% or (ii) CB Floating Rate ("CBFR") Loan, which bears interest at a per annum rate equal to the greater of (a) the lender's prime rate or (b) LIBOR plus 2.50%, in each case, plus a margin ranging from -1.00% to 0.25% based on our leverage ratio as defined in the Credit Agreement. The actual Eurodollar Loan rate at September 30, 2020 was 2.44% (LIBOR of 0.19% plus 2.25%). The actual CBFR Loan rate at September 30, 2020 was 2.50% (lender's prime rate of 3.25% minus 0.75%).

8. Income Taxes

During the three and nine months ended September 30, 2020, the Company recorded provision for income taxes of less than $0.1 million and $0.1 million, respectively. The income tax provision relates principally to the Company's state and local taxes and foreign operations in Canada. During the three and nine months ended September 30, 2019, the Company recorded expense provision for income taxes of less than $0.1 million and $0.2 million, respectively.

The Company's realization of its deferred tax assets is dependent upon many factors, including, but not limited to, the Company's ability to generate sufficient taxable income. Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. At December 31, 2019, there were cumulative losses in recent years and no assurance of future taxable income which provided the basis for the Company's assessment that the Company will not recognize the benefits of its federal and state deferred tax assets. During 2020, primarily in the second and third quarters, the Company has generated significant pre-tax income. Management will continue to evaluate both positive and negative evidence in the fourth quarter of 2020, including actual operating results and projections of future taxable results, to assess the realization of its deferred tax assets and if a full or partial release of its valuation allowance is warranted. The Company had a full valuation allowance for all deferred tax assets at September 30, 2020 and December 31, 2019.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted in response to the COVID-19 pandemic. The CARES Act, along with earlier issued IRS guidance, includes provisions related to refundable payroll tax credits, deferral of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. The Company assessed the impact of these CARES Act provisions and the subsequently released government guidance related to COVID-19 on our financial position and results of operations and determined their impact was not material. The Company continues to evaluate certain effects from the qualified investment property deduction. On April 15, 2020, the Company received a $4.1 million loan under the Federal Paycheck Protection Program ("PPP") created under the CARES Act. In response to revised eligibility guidelines announced by the U.S. Small Business Administration shortly thereafter, the Company repaid this loan in full on May 7, 2020.

9. Commitments, Contingencies and Litigation

From time to time in the ordinary course of its business, the Company may be involved in legal proceedings, the outcomes of which may not be determinable. The results of litigation are inherently unpredictable. Any claims against the Company, whether meritorious or not, could be time consuming, result in costly litigation, require significant amounts of management time and result in diversion of significant resources. The Company is not able to estimate an aggregate amount or range of reasonably possible losses for those legal matters for which losses are not probable and estimable, primarily for the following reasons: (i) many of the relevant legal proceedings are in preliminary stages and, until such proceedings develop further, there is often uncertainty regarding the relevant facts and circumstances at issue and potential liability; and (ii) many of these proceedings involve matters of which the outcomes are inherently difficult to predict. The Company has insurance policies covering potential losses where such coverage is cost effective.

The Company is not at this time involved in any legal proceedings that the Company currently believes could have a material effect on the Company's financial condition, results of operations or cash flows.

10. Earnings Per Share

Basic income per share is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted income per share assumes the issuance of potentially dilutive shares of common stock during the period. The following table reconciles the numerators and denominators of the basic and diluted income per share computations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Numerator:	2020	2019	2020	2019
Net income *(in thousands)*	$ 2,940	$ 1,135	$ 6,662	$ 556
Denominator:				
Weighted average common shares outstanding:				
Basic	20,179,056	19,781,527	20,060,416	19,690,737
Dilutive effect of common stock equivalents	1,484,358	897,904	1,577,065	813,196
Diluted	21,663,414	20,679,431	21,637,481	20,503,933
Net income per share:				
Basic	$ 0.15	$ 0.06	$ 0.33	$ 0.03
Diluted	$ 0.14	$ 0.05	$ 0.31	$ 0.03

For both the three and nine months ended September 30, 2020, less than 0.1 million of outstanding options and restricted stock units with an exercise price above the current market value of the Company's common stock were not included in the calculation because they would have an anti-dilutive effect. For the three and nine months ended September 30, 2019, 0.1 million and less than 0.1 million, respectively, of outstanding options and restricted stock units with an exercise price above the current market value of the Company's common stock were not included in the calculation because they would have an anti-dilutive effect.

11. Leases

The Company's operating leases are primarily for office space, service facility centers and equipment under operating lease arrangements that expire at various dates over the next ten years. The Company's leases do not contain any restrictive covenants. The Company's office leases generally contain renewal options for periods ranging from one to five years. Because the Company is not reasonably certain to exercise these renewal options, the options are not considered in determining the lease term, and payments associated with the option years are excluded from lease payments. The Company's office leases do not contain any material residual value guarantees. The Company's equipment leases generally do not contain renewal options.

Payments due under the Company’s operating leases include fixed payments as well as variable payments. For the Company’s office leases, variable payments include amounts for the Company’s proportionate share of operating expenses, utilities, property taxes, insurance, common area maintenance and other facility-related expenses. For the Company’s equipment leases, variable payments may consist of sales taxes, property taxes and other fees.

The components of lease costs for the three and nine months ended September 30, 2020 and 2019 are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Operating lease cost	$ 410	$ 533	$ 1,238	$ 1,425
Variable lease cost	64	56	253	182
Total lease cost	$ 474	$ 589	$ 1,491	$ 1,607

Supplemental cash flow information and non-cash activity related to the Company’s leases are as follows (in thousands):

	Nine Months Ended September 30,	
	2020	2019
Cash paid for amounts included in the measurement of lease liabilities and ROU assets:		
Operating cash flow from operating leases	$ 1,130	$ 1,201
ROU assets obtained in exchange for lease obligations:		
Operating leases	$ 260	$ 3,338

Weighted average remaining lease terms and discount rates for the Company’s leases are as follows:

	As of September 30,	
	2020	2019
	Years	Years
Weighted average remaining lease term:		
Operating leases	7.1	7.5
	Rate	Rate
Weighted average discount rate:		
Operating leases	7.8%	7.6%

Future maturities of lease liabilities as of September 30, 2020 are as follows (in thousands):

		Operating Leases
2020	$	371
2021		1,107
2022		1,043
2023		940
2024		948
Thereafter		3,166
Total undiscounted lease payments		7,575
Less: Imputed interest		(2,435)
Total lease liabilities	$	5,140

12. Business Segment Information

During the fourth quarter of 2019, the Company reorganized its segment reporting from one reportable segment to two reportable segments, ITS and DME Services, due to changes in the Company's internal reporting and the information evaluated by its chief operating decision-maker. The Company's reportable segments are organized based on service platforms, with the ITS segment reflecting higher margin rental revenues that generally include payments made by third-party and direct payers and the DME Services segment reflecting lower margin product sales and direct payer rental revenues. Resources are allocated and performance is assessed for these segments by the Company's Chief Executive Officer, whom the Company has determined to be its chief operating decision-maker. The Company believes that reporting performance at the gross profit level is the best indicator of segment performance.

The financial information summarized below is presented by reportable segment for the three months ended September 30, 2020 and 2019:

2020

(in thousands)		ITS		DME Services		Corporate/ Eliminations		Total
Net revenues - external	$	15,638	$	9,487	$	-	$	25,125
Net revenues - internal		-		1,459		(1,459)		-
Total net revenues		15,638		10,946		(1,459)		25,125
Gross profit		10,095		5,027		-		15,122
Selling , general and administrative expenses						11,869		11,869
Interest expense						(283)		(283)
Other income						8		8
Provision for income taxes						(38)		(38)
Net income							$	2,940
Total Assets	$	51,547	$	26,761	$	2,000	$	80,308
Purchases of medical equipment	$	1,685	$	1,487	$	-	$	3,172
Depreciation and amortization of intangible assets	$	2,694	$	866	$	-	$	3,560

2019

(in thousands)	ITS	DME Services	Corporate/ Eliminations	Total
Net revenues - external	$ 13,468	$ 8,021	$ -	$ 21,489
Net revenues - internal	-	968	(968)	-
Total net revenues	13,468	8,989	(968)	21,489
Gross profit	8,652	3,586	-	12,238
Selling, general and administrative expenses			10,575	10,575
Interest expense			(488)	(488)
Other expense			(11)	(11)
Provision for income taxes			(29)	(29)
Net income				1,135
Total Assets	$ 54,757	$ 21,138	$ 2,000	$ 77,895
Purchases of medical equipment	$ 5,695	$ 1,715	$ -	$ 7,410
Depreciation and amortization of intangible assets	$ 2,412	$ 716	$ -	$ 3,128

The financial information summarized below is presented by reportable segment for the nine months ended September 30, 2020 and 2019:

2020

(in thousands)	ITS	DME Services	Corporate/ Eliminations	Total
Net revenues - external	$ 45,369	$ 27,308	$ -	$ 72,677
Net revenues - internal	-	3,955	(3,955)	-
Total net revenues	45,369	31,263	(3,955)	72,677
Gross profit	29,480	14,283	-	43,763
Selling , general and administrative expenses			35,971	35,971
Interest expense			(1,018)	(1,018)
Other expense			(20)	(20)
Provision for income taxes			(92)	(92)
Net income				$ 6,662
Total Assets	$ 51,547	$ 26,761	$ 2,000	$ 80,308
Purchases of medical equipment	$ 6,705	$ 5,250	$ -	$ 11,955
Depreciation and amortization of intangible assets	$ 8,042	$ 2,450	$ -	$ 10,492

2019

(in thousands)	ITS	DME Services	Corporate/ Eliminations	Total
Net revenues - external	$ 37,182	$ 22,223	$ -	$ 59,405
Net revenues - internal	-	2,789	(2,789)	-
Total net revenues	37,182	25,012	(2,789)	59,405
Gross profit	23,482	10,453	-	33,935
Selling, general and administrative expenses			31,721	31,721
Interest expense			(1,436)	(1,436)
Other expense			(71)	(71)
Provision for income taxes			(151)	(151)
Net income				556
Total Assets	$ 54,757	$ 21,138	$ 2,000	$ 77,895
Purchases of medical equipment	$ 10,500	$ 4,505	$ -	$ 15,005
Depreciation and amortization of intangible assets	$ 6,903	$ 2,150	$ -	$ 9,053

13. COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic, which has spread globally and throughout the United States. With the exception of in-person visits to our customer facilities by our sales staff, the Company has continued to operate despite stay-at-home orders and other government mandated shutdowns across the United States and Canada under exceptions allowed by those orders for the healthcare industry.

We have taken a number of precautionary and preemptive steps to protect the safety and well-being of our employees while ensuring continuity of service to our clients, including, transitioning our employees to a remote work environment, suspending employee travel, canceling participation in industry events and in-person group meetings, promoting social distancing and enhanced cleaning and sanitization efforts across office locations, and implementing protocols to quarantine employees who may have been exposed to COVID-19, or show relevant symptoms. We also continued to undertake preparedness plans at our facilities to maintain continuity of operations, which provide for flexible work arrangements without any significant disruptions to our business or control processes. Our management team is continuing to actively monitor the situation and is in constant communication with our workforce as well as with our customers and vendors. Other specific actions we have taken include purchasing additional inventory of supplies and pumps, as well as purchasing personal protective equipment for our employees. While the Company’s business is considered critical, we are unable to predict the impact that COVID-19 will have on future periods due to numerous uncertainties. While COVID-19 has not unfavorably affected our operations to date, the extent of the impact in the future, if any, will depend on future developments, which are highly uncertain, cannot be predicted and could have a material adverse impact on our financial position, operating results and cash flows. A prolonged outbreak could, among other things, strain our business continuity plans, create delays in our growth and strategic initiatives, reduce our sales and marketing activities, limit our access to financing on favorable terms, increase our exposure to potential impairment charges related to long-lived and intangible assets, hinder our ability to support our clients and operate our business effectively, heighten the risk of disruption to our information and reporting systems and internal controls, including those over financial reporting and other risk management systems, or require us to incur substantial costs. We are closely monitoring the impact of COVID-19 on all aspects of our business and may take further actions as may be required by federal, state or local authorities, or that we determine are in the best interests of our employees, customers and partners. As the conditions surrounding COVID-19 continue to evolve rapidly, we will continue to actively manage our response in collaboration with customers, government officials and stakeholders, and assess any potential impacts to our financial position and operating results, as well as adverse developments in our business.

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

The terms "InfuSystem", the "Company", "we", "our" and "us" used herein refer to InfuSystem Holdings, Inc. and its subsidiaries.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this quarterly report on Form 10-Q are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "should," "plan," "expect," "strategy," "future," "likely," variations of such words and other similar expressions, as they relate to the Company, are intended to identify forward-looking statements. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company is identifying certain factors that could cause actual results to differ, perhaps materially, from those indicated by these forward-looking statements. Those factors, risks and uncertainties include, but are not limited to, the effect of the coronavirus (COVID-19) pandemic on our business, potential changes in healthcare payer mix and overall healthcare reimbursement, including the Centers for Medicare and Medicaid Services ("CMS") competitive bidding and fee schedule reductions, sequestration, concentration of customers, increased focus on early detection of cancer, competitive treatments, dependency on Medicare Supplier Number, availability of chemotherapy drugs, global financial conditions, changes and enforcement of state and federal laws, natural forces, competition, dependency on suppliers, risks in acquisitions & joint ventures, U.S. Healthcare Reform, relationships with healthcare professionals and organizations, technological changes related to infusion therapy, the Company's ability to implement information technology improvements and to respond to technological changes, the ability of the Company to successfully integrate acquired businesses, dependency on key personnel, dependency on banking relations and the ability to comply with our credit facility covenants, and other risks associated with our common stock, as well as any litigation in which the Company may be involved from time to time; and other risk factors as discussed in the Company's annual report on Form 10-K for the year ended December 31, 2019, this quarterly report on Form 10-Q and in other filings made by the Company from time to time with the Securities and Exchange Commission ("SEC"). Our annual report on Form 10-K is available on the SEC's EDGAR website at www.sec.gov, and a copy may also be obtained by contacting the Company. All forward-looking statements made in this Form 10-Q speak only as of the date of this report. We do not intend, and do not undertake any obligation, to update any forward-looking statements to reflect future events or circumstances after the date of such statements, except as required by law.

Overview

We are a leading national health care service provider, facilitating outpatient care for Durable Medical Equipment manufacturers and health care providers. We provide our products and services to hospitals, oncology practices, ambulatory surgery centers, and other alternate site health care providers. Our headquarters is in Rochester Hills, Michigan, and we operate our business from a total of five locations in the United States and Canada. We deliver local, field-based customer support as well as operate pump service and repair Centers of Excellence in Michigan, Kansas, California, Massachusetts and Ontario, Canada. InfuSystem, Inc., a wholly-owned subsidiary of the Company, is accredited by the Community Health Accreditation Program while First Biomedical, a wholly-owned subsidiary of the Company, is ISO certified.

InfuSystem competes for and retains its business primarily on the basis of its long participation and strong reputation in the Durable Medical Equipment space, its long-standing relationships with Durable Medical Equipment manufacturers and its health care provider customers, and the high levels of service it provides. Current barriers to entry for potential competitors are created by our (i) growing number of third-party payer networks under contract; (ii) economies of scale, which allow for predictable reimbursement and less costly purchase and management of the pumps, respectively; (iii) established, long-standing relationships as a provider of pumps to outpatient oncology practices in the U.S. and Canada; (iv) fleet of ambulatory and large volume infusion pumps for rent and for sale, which may allow us to be more responsive to the needs of physicians, outpatient oncology practices, hospitals, outpatient surgery centers, homecare practices, patient rehabilitation centers and patients than a new market entrant; (v) five geographic locations in the U.S. and Canada that allow for same day or next day delivery of pumps; and (vi) pump repair and service capabilities at all of these facilities. We do not perform any research and development on pumps, but we have made, and continue to make investments in our information technology.

During the fourth quarter of 2019, the Company reorganized its segment reporting from one reportable segment to two reportable segments, Integrated Therapy Services ("ITS") and Durable Medical Equipment Services ("DME Services"), due to changes in our internal reporting and the information evaluated by our chief operating decision-maker.

The segment gross margin metric focused on in this Management's Discussion and Analysis ("MD&A") was calculated after adjusting for certain inter-segment cost allocations, whereas the segment gross margin metric focused on in the MD&A presented in our Annual Report for the fiscal year ended December 31, 2019 on Form 10-K and our quarterly report for the quarterly period ended March 31, 2020 on Form 10-Q was calculated before inter-segment cost allocations. The change reflects a closer alignment of the data presented to and the information used by the Company's chief operating decision-maker for assessing allocations of capital and more closely reflects the performance of each business segment.

ITS Segment

Our ITS segment's core purpose is to seek opportunities to leverage our unique know-how in clinic-to-home health care involving Durable Medical Equipment, our logistics and billing capabilities, our growing network of third-party payers under contract, and our clinical and biomedical capabilities. This leverage may take the form of new products and/or services, strategic alliances, joint ventures and/or acquisitions. The leading service within our ITS segment is to supply electronic ambulatory infusion pumps and associated disposable supply kits to private oncology clinics, infusion clinics and hospital outpatient oncology clinics to be utilized in the treatment of a variety of cancers including colorectal cancer and other disease states ("Oncology Business"). Colorectal cancer is the fourth most prevalent form of cancer in the United States, according to the American Cancer Society, and the standard of care for the treatment of colorectal cancer relies upon continuous chemotherapy infusions delivered via ambulatory infusion pumps. One of the primary goals for the ITS segment is to expand into treatment of other cancers. There are a number of approved treatment protocols for pancreatic, head and neck, esophageal and other cancers, as well as other disease states which present opportunities for growth. There are also a number of other drugs currently approved by the U.S. Food and Drug Administration, as well as agents in the pharmaceutical development pipeline, which we believe could potentially be used with continuous infusion protocols for the treatment of diseases other than colorectal cancer. Additional drugs or protocols currently in clinical trials may also obtain regulatory approval over the next several years. If these new drugs or protocols obtain regulatory approval for use with continuous infusion protocols, we expect the pharmaceutical companies to focus their sales and marketing efforts on promoting the new drugs and protocols to physicians.

Furthermore, our Oncology Business focuses mainly on the continuous infusion of chemotherapy. Continuous infusion of chemotherapy can be described as the gradual administration of a drug via a small, lightweight, portable infusion pump over a prolonged period of time. A cancer patient can receive his or her medicine anywhere from one to 30 days per month depending on the chemotherapy regimen that is most appropriate to that individual's health status and disease state. This may be followed by periods of rest and then repeated cycles with treatment goals of progression-free disease survival. This drug administration method has replaced intravenous push or bolus administration in specific circumstances. The advantages of slow continuous low doses of certain drugs are well documented. Clinical studies support the use of continuous infusion chemotherapy for decreased toxicity without loss of anti-tumor efficacy. The 2015 National Comprehensive Cancer Network Guidelines recommend the use of continuous infusion for treatment of numerous cancer diagnoses. We believe that the growth of continuous infusion therapy is driven by three factors: evidence of improved clinical outcomes; lower toxicity and side effects; and a favorable reimbursement environment.

We believe that oncology practices have a heightened sensitivity to providing quality service and whether they are reimbursed for services they provide. Simultaneously, CMS and private insurers are increasingly focused on evidence-based medicine to inform their reimbursement decisions — that is, aligning reimbursement with clinical outcomes and adherence to standards of care. Continuous infusion therapy is a main component of the standard of care for certain cancer types because clinical evidence demonstrates superior outcomes. Payers' recognition of this benefit is reflected in their relative reimbursement policies for clinical services related to the delivery of this care.

Additional areas of growth for our ITS segment are as follows:

- Pain Management - providing our ambulatory pumps, products, and services for pain management in the area of post-surgical continuous peripheral nerve block.
- Negative Pressure Wound Therapy ("NPWT") - as announced in February 2020, NPWT includes providing the Durable Medical Equipment, related consumables, overseeing logistics, biomedical services, and managing third-party billing of the U.S. home healthcare market, which as a subset of the broader NPWT market, has an estimated addressable home healthcare market of $600 million per year.
- Acquisitions - we believe there are additional opportunities, beyond our acquisition of Ciscura Holding Company, Inc., and its subsidiaries ("Ciscura") in April 2015, to acquire smaller, regional health care service providers, in whole or part that perform similar services to us but do not have the national market access, network of third-party payer contracts or operating economies of scale that we currently enjoy.
- Information technology-based services - we also plan to continue to capitalize on key new information technology-based services such as EXPRESS, InfuSystem Mobile, InfuBus or InfuConnect, Pump Portal and BlockPain Dashboard®.

The payer environment within our ITS segment is in a constant state of change. We continue to extend our considerable breadth of payer networks under contract as patients move into different insurance coverages, including Medicaid and Insurance Marketplace products. In some cases, this may slightly reduce our aggregate billed revenues payment rate but result in an overall increase in collected revenues, due to a reduction in concessions. Consequently, we are increasingly focused on revenues net of concessions.

DME Services Segment

Our DME Services segment's core service is to (i) sell or rent new and pre-owned pole-mounted and ambulatory infusion pumps; (ii) sell treatment-related consumables; and (iii) provide biomedical recertification, maintenance and repair services for oncology practices as well as other alternate site settings including home care and home infusion providers, skilled nursing facilities, pain centers and others. We also provide these products and services to customers in the hospital market. We purchase new and pre-owned pole-mounted and ambulatory infusion pumps from a variety of sources on a non-exclusive basis. We repair, refurbish and provide biomedical certification for the devices as needed. The pumps are then available for sale, rental or to be used within our ambulatory infusion pump management service.

COVID-19 Update

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic, which has spread globally and throughout the United States. We have taken a number of precautionary and preemptive steps to protect the safety and well-being of our employees while ensuring continuity of service to our clients, including, transitioning our employees to a remote work environment, suspending employee travel, canceling participation in industry events and in-person group meetings, promoting social distancing and enhanced cleaning and sanitization efforts across office locations, and implementing protocols to quarantine employees who may have been exposed to COVID-19, or show relevant symptoms. We also continued to undertake preparedness plans at our facilities to maintain continuity of operations, which provide for flexible work arrangements without any significant disruptions to our business or control processes. Our management team is continuing to actively monitor the situation and is in constant communication with our workforce as well as with our customers and vendors. While COVID-19 has not unfavorably affected our operations to date, the extent and nature of the impact in the future, if any, will depend on future developments, which are highly uncertain, cannot be predicted and could have a material adverse impact on our financial position, operating results and cash flows. We are continuing to closely monitor the impact of COVID-19 on all aspects of our business and may take further actions as may be required by federal, state or local authorities, or that we determine are in the best interests of our employees, customers and partners. As the conditions surrounding COVID-19 continue to evolve rapidly, we will continue to actively manage our response in collaboration with customers, government officials and stakeholders, and assess any potential impacts to our financial position and operating results, as well as adverse developments in our business. For further information regarding the effect of COVID-19 on the Company, please see Part II, Item 1A. Risk Factors to this Form 10-Q, which is incorporated herein by reference.

COVID-19 Comprehensive Financial Impacts

The COVID-19 global pandemic has caused significant disruption to the United States and global economies and has severely impacted the overall healthcare industry and the related supply chain. The focus on preparing and treating large numbers of COVID-19 patients has resulted in significant shifts in demand and related shortages in certain types of medical equipment, including infusion pumps, while at the same time reducing capacity for non-COVID-19 services such as elective surgeries. These impacts have created a significant net favorable dynamic for InfuSystem resulting in increased net revenues and margins in certain of our service lines only partially offset by reductions in others during the 2020 second and third quarterly periods. Some of these benefits are not expected to occur in future quarters, such as elevated levels of sales of new and pre-owed medical equipment, whereas some are expected to continue but partially diminish over time, including a portion of the increased volume of rental revenues. COVID-19 has also heightened potential risks that did not impact the current quarter but may impact the Company on a delayed basis such as an unfavorable impact to payor mix caused by extended periods of high unemployment rates in the United States and an increased number of uninsured patients. It is uncertain what impact the second wave of COVID-19 currently underway in the United States will have on the demand for our products and services. However, we continue to prepare for disruptions in the current and future periods, both positive and negative.

InfuSystem Holdings, Inc. Results of Operations for the Three Months EndedSeptember 30, 2020 Compared to the Three Months EndedSeptember 30, 2019

The following represents the Company's results of operations for the three months ended September 30, 2020 and 2019.

(in thousands, except share and per share data)	Three Months Ended September 30, 2020	2019	Better/ (Worse)
Net revenues:			
ITS	$ 15,638	$ 13,468	$ 2,170
DME Services (inclusive of inter-segment revenues)	10,946	8,989	1,957
Less: elimination of inter-segment revenues	(1,459)	(968)	(491)
Total	25,125	21,489	3,636
Gross profit (exclusive of certain inter-segment allocations):			
ITS	11,554	9,620	1,934
DME Services	3,568	2,618	950
Total	15,122	12,238	2,884
Gross profit (inclusive of certain inter-segment allocations) (a):			
ITS	10,095	8,652	1,443
DME Services	5,027	3,586	1,441
Total	15,122	12,238	2,884
Selling, general and administrative expenses			
Provision for doubtful accounts	11	160	149
Amortization of intangibles	1,075	1,077	2
Selling and marketing	2,196	2,402	206
General and administrative	8,587	6,936	(1,651)
Total selling, general and administrative expenses	11,869	10,575	(1,294)
Operating income	3,253	1,663	1,590
Other expense	(275)	(499)	224
Income before income taxes	2,978	1,164	1,814
Provision for income taxes	(38)	(29)	(9)
Net income	$ 2,940	$ 1,135	$ 1,805
Net income per share:			
Basic	$ 0.15	$ 0.06	$ 0.09
Diluted	$ 0.14	$ 0.05	$ 0.08
Weighted average shares outstanding:			
Basic	20,179,056	19,781,527	397,529
Diluted	21,663,414	20,679,431	983,983

(a) Inter-segment allocations are for cleaning and repair services performed on medical equipment.

Net Revenues

Net revenues for the quarter ended September 30, 2020 ("third quarter of 2020") were $25.1 million, an increase of $3.6 million, or 16.9%, compared to $21.5 million for the quarter ended September 30, 2019 ("third quarter of 2019"). The increase was due to continued market penetration in Oncology and a strong market demand for infusion pumps in the DME Services segment. Increased net revenues were achieved in both the ITS and DME Services segments.

ITS

ITS net revenue of $15.6 million increased $2.2 million, or 16.1%, during the third quarter of 2020 as compared to the prior year period. This increase was primarily attributable to growth in the Company's customer base due to favorable changes in the competitive environment for oncology services, improved third party payor billing throughput and other market related organic growth. Although less prevalent than the 2020 second quarter, the pain management business continued to be unfavorably impacted by COVID-19 related reduced volumes of orthopedic surgeries in certain regions of the United States. Despite this impact, pain management net revenue for the 2020 third quarter was about the same as prior year due to market penetration achieved during the 2019 fourth quarter and first half of 2020.

DME Services

DME Services net revenue of $9.5 million increased $1.5 million, or 18.3%, during the third quarter of 2020 as compared to the prior year period. This performance was driven by strong market demand for infusion pumps needed to treat high numbers of COVID-19 patients, expansion of our market share with national home infusion service providers and the addition of new devices to our product offerings stemming from new partnerships with certain medical device manufacturers. The demand mainly benefited rental revenues, which increased by $1.1 million. Sales of new and pre-owned medical equipment returned to normal levels during the 2020 third quarter, down from the peak amounts shipped during the 2020 second quarter.

Gross Profit (inclusive of certain inter-segment allocations)

Gross profit for the third quarter of 2020 of $15.1 million increased $2.9 million, or 23.6%, from $12.2 million for the third quarter of 2019. The increase was driven by the increase in net revenues and a higher gross profit as a percentage of net revenue ("gross margin"). Both operating segments contributed to these improvements. Gross margin increased to 60.2% during the third quarter of 2020 as compared to 57.0% during the prior year, an increase of 3.2%.

ITS

ITS gross profit was $10.1 million, during the third quarter of 2020, representing an increase of $1.5 million, or 16.7%, compared to the prior year. The improvement reflected an increase in net revenues and a higher gross margin which improved to 64.6%, an increase of 0.4%, from the prior year. The higher gross margin was the result of improved leverage of fixed costs, including medical equipment depreciation, and a better payor rate mix.

DME Services

DME Services gross profit during the third quarter of 2020 was $5.0 million, representing an increase of $1.4 million, or 40.2%, over the prior year. This increase was due to the COVID-19 related increase in net revenues from medical equipment sales and rental revenue and a higher gross margin. The DME gross margin was 53.0% during the current quarter which was 8.3% higher than the prior year. This increase was the result of improved gross margin mix associated with higher rental revenues.

Provision for Doubtful Accounts

Provision for doubtful accounts for the third quarter of 2020 was less than $0.1 million, a decrease of $0.1 million, compared to the third quarter of 2019. We did not incur any significant disruptions to payments from our customers during the third quarter of 2020 that can be directly associated with COVID-19; however, we cannot be certain that business disruptions associated with COVID-19 will not unfavorably impact future customer collections or our ability to recover unreserved accounts receivable balances.

Selling and Marketing Expenses

Selling and marketing expenses for the third quarter of 2020 and the third quarter of 2019 were approximately $2.2 million and $2.4 million, respectively, representing a modest decrease. Selling and marketing expenses as a percentage of net revenues decreased to 8.7% compared to the same prior year period at 11.2%. This decrease reflected COVID-19 related lower customer travel and entertainment expenses, a shift in the proportion of net revenue favoring the DME Services segment, which has a lower commission to sales ratio than the ITS Services segment, and improved net revenue leverage of fixed selling and marketing expenses. Selling and marketing expenses during these periods consisted of sales personnel salaries, commissions and associated fringe benefit and payroll-related items, marketing, overall travel and entertainment and other miscellaneous expenses.

General and Administrative Expenses

General and administrative ("G&A") expenses for the third quarter of 2020 were $8.6 million, an increase of 23.8% from $6.9 million for the third quarter of 2019. G&A expenses during these periods consisted primarily of accounting, administrative, third-party payer billing and contract services, customer service, nurses on staff, new product services, service center personnel salaries, fringe benefits and other payroll-related items, professional fees, legal fees, stock-based compensation, insurance and other miscellaneous items. The increase of $1.7 million was largely due to an increase in employee compensation related expenses of $1.4 million and higher general business expenses of $0.3 million. The higher personnel expenses reflect higher staff levels supporting the increase in revenues, higher estimated short and long-term management incentive compensation and annual inflationary increases. The higher general business expenses include higher rent and deprecation associated with the relocation of our headquarters in 2019, higher costs for telecommunication services, higher office expenses and increased premiums associated with the company's general risk insurance policies. These increases were partially offset by lower outside services expenses and lower travel and entertainment expenses totaling $0.1 million. G&A expenses as a percentage of net revenues for the current quarter, increased to 34.2% compared to 32.3% for the prior year mainly reflecting the year-over-year increases partially offset by improved net revenue leverage over fixed costs.

Other Income and Expenses

During the third quarter of 2020, other income and expense included interest expense of $0.3 million, a decrease of $0.2 million, or 42.0%, compared to the third quarter of 2019. This decrease resulted from lower weighted average interest rates on our outstanding debt in 2020 as compared to 2019, partially offset by the impact from higher average outstanding borrowings during the second quarter of 2020.

Provision for Income Taxes

During the third quarter of 2020, we recorded a provision for income taxes of less than $0.1 million, representing an effective tax rate of 1.3% on pre-tax income totaling $3.0 million, compared to a provision for income taxes of less than $0.1 million, representing an effective tax rate of 2.5% on pre-tax income totaling $1.2 million, for the third quarter of 2019. The effective tax rates differed from the U.S. statutory rates during both periods due mainly to the availability of net operating losses almost fully offsetting the current tax provision in most jurisdictions we operate in and a decrease in the valuation reserve recorded on our net deferred tax assets which fully offset our deferred tax provisions for each period. During 2020, primarily in the second and third quarters, the Company has generated significant pre-tax income. Management will continue to evaluate both positive and negative evidence in the fourth quarter of 2020, including actual operating results and projections of future taxable results, to assess the realization of its deferred tax assets and if a full or partial release of its valuation allowance is warranted. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted in response to the COVID-19 pandemic, which provides numerous tax provisions and other stimulus measures. The Company assessed the impact of these CARES Act provisions and the subsequently released government guidance related to COVID-19 on our financial position and results of operations and determined their impact was not material. The Company continues to evaluate certain effects from the qualified investment property deduction.

InfuSystem Holdings, Inc. Results of Operations for the Nine Months Ended September 30, 2020 Compared to the Nine Months Ended September 30, 2019

The following represents the Company's results of operations for the nine months ended September 30, 2020 and 2019.

(in thousands, except share and per share data)	Nine Months Ended September 30, 2020	2019	Better/ (Worse)
Net revenues:			
ITS	$ 45,369	$ 37,182	$ 8,187
DME Services (inclusive of inter-segment revenues)	31,263	25,012	6,251
Less: elimination of inter-segment revenues	(3,955)	(2,789)	(1,166)
Total	72,677	59,405	13,272
Gross profit (exclusive of certain inter-segment allocations):			
ITS	33,435	26,271	7,164
DME Services	10,328	7,664	2,664
Total	43,763	33,935	9,828
Gross profit (inclusive of certain inter-segment allocations) (a):			
ITS	29,480	23,482	5,998
DME Services	14,283	10,453	3,830
Total	43,763	33,935	9,828
Selling, general and administrative expenses			
Provision for doubtful accounts	534	(30)	(564)
Amortization of intangibles	3,225	3,326	101
Selling and marketing	7,263	7,480	217
General and administrative	24,949	20,945	(4,004)
Total selling, general and administrative expenses	35,971	31,721	(4,250)
Operating income	7,792	2,214	5,578
Other expense	(1,038)	(1,507)	469
Income before income taxes	6,754	707	6,047
Provision for income taxes	(92)	(151)	59
Net income	$ 6,662	$ 556	$ 6,106
Net income per share:			
Basic	$ 0.33	$ 0.03	$ 0.30
Diluted	$ 0.31	$ 0.03	$ 0.28
Weighted average shares outstanding:			
Basic	20,060,416	19,690,737	369,679
Diluted	21,637,481	20,503,933	1,133,548

(a) Inter-segment allocations are for cleaning and repair services performed on medical equipment.

Net Revenues

Net revenues for the nine-month period ended September 30, 2020 were $72.7 million, an increase of $13.3 million, or 22.3%, compared to $59.4 million for the nine-month period ended September 30, 2019. The increase was due to continued market penetration in Oncology and a net favorable impact from COVID-19. COVID-19 effects were favorable to the current period net revenues due to strong market demand for infusion pumps including those needed to treat COVID-19 patients which increased both medical equipment sales and medical equipment rental revenues in the DME Services segment. Increased net revenues were achieved in both the ITS and DME Services segments.

ITS

ITS net revenue of $45.4 million increased $8.2 million, or 22.0%, during the nine months ended September 30, 2020 as compared to the prior year period. This increase was primarily attributable to growth in the Company's customer base due to favorable changes in the competitive environment for oncology services, improved third party payor billing throughput, growth in the pain management business and other market related organic growth. The pain management business net revenue for the first nine months of 2020 increased despite significant country-wide government mandated COVID-19 related deferrals in elective surgeries. Decreases in the number of surgeries during the 2020 second quarter were partially offset by an improved revenue volume during the 2020 third quarter as the number of surgeries recovered during that period and an increase in the customer base for 2020 attributable to customer penetration achieved in the fourth quarter of 2019 and the first quarter of 2020.

DME Services

DME Services net revenue of $27.3 million increased $5.1 million, or 22.9%, during the nine months ended September 30, 2020 as compared to the prior year period. This performance was driven by strong market demand for infusion pumps needed to treat high numbers of COVID-19 patients, expansion of our market share with national home infusion service providers and the addition of new devices to our product offerings stemming from new partnerships with certain medical device manufacturers. The demand benefited both sales of new and pre-owned medical equipment, which increased by $2.2 million, and higher rental revenues, which increased by $2.6 million.

Gross Profit (inclusive of certain inter-segment allocations)

Gross profit for the nine-month period ended September 30, 2020 of $43.8 million increased $9.8 million, or 29.0%, from $33.9 million during the nine-month period ended September 30, 2019. The increase was driven by the increase in net revenues and a higher gross margin. These improvements were attributable to increases in both of the Company's operating segments. Gross margin increased to 60.2%, during the first nine months of 2020 as compared to 57.0% during the prior year period, an increase of 3.2%.

ITS

ITS gross profit was $29.5 million, during the nine months ended September 30, 2020, representing an increase of $6.0 million, or 25.5%, compared to the prior year. The improvement reflected an increase in net revenues and a higher gross margin which improved to 65.0%, an increase of 1.8%, from the prior year. The higher gross margin was the result of improved leverage of fixed costs, including medical equipment depreciation, and a better payor rate mix.

DME Services

DME Services gross profit during the nine months ended September 30, 2020 was $14.3 million, representing an increase of $3.8 million, or 36.6%, over the prior year. This increase was due to the COVID-19 related increase in net revenues from medical equipment sales and rental revenue and a higher gross margin. The DME gross margin was 52.3% during the first nine months of 2020 which was 5.3% higher than the prior year. This increase was the result of both the improved gross margin mix associated with a greater portion of the generally higher margin rental revenues and higher than average gross margin from sales of medical equipment. Medical equipment sales during the first nine months of 2020 had a higher weighting of pre-owned equipment sales, a typically higher margin business, as compared with sales of new equipment.

Provision for Doubtful Accounts

Provision for doubtful accounts for the nine-month period ended September 30, 2020 was $0.5 million, an increase of $0.5 million, compared to the same prior year period. This increase was partly attributable to the current period expense being compared to a small benefit recorded for prior year period which included a reversal of previously calculated reserves due to improved collections. The provision for doubtful accounts during the current period was mainly attributable to reserves related to our DME Services segment and included provisions recorded for slow paying customers. We did not incur any significant disruptions to payments from our customers during the first nine months of 2020 that can be directly associated with COVID-19; however, we cannot be certain that business disruptions associated with COVID-19 will not unfavorably impact future customer collections or our ability to recover unreserved accounts receivable balances.

Selling and Marketing Expenses

Selling and marketing expenses for nine-month period ended September 30, 2020 were $7.3 million, a decrease of $0.2 million, compared to the same prior year period. Selling and marketing expenses as a percentage of net revenues decreased to 10.0% compared to the same prior year period at 12.6%. This decrease reflected COVID-19 related lower customer travel and entertainment expenses, a shift in the proportion of net revenue favoring the DME Services segment, which has a lower commission to sales ratio than the ITS Services segment, and improved net revenue leverage of fixed selling and marketing expenses. Selling and marketing expenses during these periods consisted of sales personnel salaries, commissions and associated fringe benefit and payroll-related items, marketing, overall travel and entertainment and other miscellaneous expenses.

General and Administrative Expenses

G&A expenses for the nine-month period ended September 30, 2020 were $24.9 million, an increase of 19.1% from $20.9 million for the nine-month period ended September 30, 2019. G&A expenses during these periods consisted primarily of accounting, administrative, third-party payer billing and contract services, customer service, nurses on staff, new product services, service center personnel salaries, fringe benefits and other payroll-related items, professional fees, legal fees, stock-based compensation, insurance and other miscellaneous items. The increase of $4.0 million was largely due to an increase in employee compensation related expenses of $3.3 million and higher general business expenses of $0.7 million. The higher personnel expenses reflect higher staff levels supporting the increase in revenues, higher short and long-term management incentive compensation and annual inflationary increases. The higher general business expenses include higher rent and deprecation associated with the relocation of our headquarters in 2019, higher costs for telecommunication services, higher office expenses and increased premiums associated with the company's general risk insurance policies. These increases were partially offset by lower outside services expenses and lower travel and entertainment expenses totaling $0.5 million. G&A expenses as a percentage of net revenues for the first nine months of 2020, decreased to 34.3% compared to 35.3% for the prior year mainly reflecting improved net revenue leverage over fixed costs offset by the year-over-year increases.

Other Income and Expenses

During the nine-month period ended September 30, 2020, we incurred interest expense of $1.0 million, a decrease of $0.4 million, or 29.1%, compared to the nine-month period ended September 30, 2019. This was a net result of lower weighted average interest rates on our outstanding debt in 2020 as compared to 2019, which was partially offset by interest on our increased average outstanding borrowings during 2020.

Provision for Income Taxes

During the nine-month period ended September 30, 2020, we recorded a provision for income taxes of $0.1 million, representing an effective tax rate of 1.4% on pre-tax income totaling $6.8 million, compared to a provision for income taxes of $0.2 million, representing an effective tax rate of 21.4% on pre-tax income totaling $0.7 million, for the nine-month period ended September 30, 2019. The effective tax rates differed from the U.S. statutory rates during both periods due mainly to the availability of net operating losses almost fully offsetting the current tax provision in most jurisdictions we operate in and a decrease in the valuation reserve recorded on our net deferred tax assets which fully offset our deferred tax provisions for each period. During 2020, primarily in the second and third quarters, the Company has generated significant pre-tax income. Management will continue to evaluate both positive and negative evidence in the fourth quarter of 2020, including actual operating results and projections of future taxable results, to assess the realization of its deferred tax assets and if a full or partial release of its valuation allowance is warranted. On March 27, 2020, the CARES Act was enacted in response to the COVID-19 pandemic, which provides numerous tax provisions and other stimulus measures. The Company assessed the impact of these CARES Act provisions and the subsequently released government guidance related to COVID-19 on our financial position and results of operations and determined their impact was not material. The Company continues to evaluate certain effects from the qualified investment property deduction.

Liquidity and Capital Resources

Overview:

We finance our operations and capital expenditures with internally-generated cash from operations and borrowings under our existing Credit Agreement, entered into on March 23, 2015 (as amended, the "Credit Agreement"). As of September 30, 2020, we had cash and cash equivalents of $1.9 million, and $9.8 million of availability on our revolving credit facility under the Credit Agreement (the "Revolver") compared to $2.6 million of cash and cash equivalents and $9.9 million of availability on our Revolver at December 31, 2019. Additionally, as of September 30, 2020, we had $5.7 million in undrawn availability under our 2019 capital expenditure loan (the "2019 Equipment Line") under the Credit Agreement. While we have not fully drawn the 2019 Equipment Line, we have made sufficient capital expenditures, which would allow us to request advances up to the total limit. As of December 31, 2019, we had $8.4 million in undrawn availability under our 2019 Equipment Line. Our liquidity and borrowing plans are established to align with our financial and strategic planning processes and ensure we have the necessary funding to meet our operating commitments, which primarily include the purchase of pumps, inventory, payroll and general expenses. We also take into consideration our overall capital allocation strategy, which includes investment for future organic growth, potential acquisitions and share repurchases. We believe we have adequate sources of liquidity and funding available for at least the next year. However, any projections of future earnings and cash flows are subject to substantial uncertainty, including factors such as the successful execution of our business plan and general economic conditions, particularly in light of the rapidly changing market and economic conditions created by the COVID-19 pandemic. We may need to access debt and equity markets in the future if unforeseen costs or opportunities arise, to meet working capital requirements, fund acquisitions or investments or repay indebtedness under the Credit Agreement. If we need to obtain new debt or equity financing in the future, the terms and availability of such financing may be impacted by economic and financial market conditions as well as our financial condition and results of operations at the time we seek additional financing. While we did not incur significant disruptions or significant direct unusual expenses during the nine months ended September 30, 2020 from COVID-19, during the initial stages of the COVID-19 pandemic we used cash and drew on our Revolver and 2019 Equipment Line to fund an acceleration of our capital expenditures for medical equipment and to increase our inventory levels of disposable medical supplies in conjunction with our COVID-19 preparedness activities. However, during the 2020 third quarter, our cash flow improved dramatically due to a reduced amount of capital expenditures for medical equipment and the decrease in working capital as opposed to an increase in the first half of the year. We will continue to assess our liquidity needs and anticipated capital requirements as we move forward.

Long-Term Debt Activities:

As of September 30, 2020, the Company's term loan, medical equipment capital expenditure financing ("Equipment Line") and 2019 Equipment Line under the Credit Agreement had balances of $23.1 million, $6.4 million and $4.3 million, respectively. The availability under the Revolver is subject to a borrowing base, which is calculated as the sum of our eligible accounts receivable and eligible inventory as defined by the Credit Agreement. As of September 30, 2020, the borrowing base was approximately $15.5 million, which exceeded the gross available borrowing amount of $11.8 million. The following table illustrates the net availability under the Revolver as of the applicable balance sheet date (in thousands):

	September 30, 2020	December 31, 2019
Revolver:		
Gross availability	$ 11,750	$ 11,750
Outstanding draws	-	-
Letters of credit	(1,750)	(1,750)
Landlord reserves	(162)	(150)
Availability on Revolver	$ 9,838	$ 9,850

As of September 30, 2020, interest on the credit facility is payable at our option as a (i) Eurodollar Loan, which bears interest at a per annum rate equal to the applicable 30-day London Interbank Offered Rate ("LIBOR") plus an applicable margin ranging from 2.00% to 3.00% or (ii) CB Floating Rate ("CBFR") Loan, which bears interest at a per annum rate equal to the greater of (a) the lender's prime rate or (b) LIBOR plus 2.50%, in each case, plus a margin ranging from -1.00% to 0.25% based on our leverage ratio as defined in the Credit Agreement. The actual Eurodollar Loan rate at September 30, 2020 was 2.44% (LIBOR of 0.19% plus 2.25%). The actual CBFR Loan rate at September 30, 2020 was 2.50% (lender's prime rate of 3.25% minus 0.75%). As of September 30, 2020, the Company was in compliance with all debt-related covenants under the Credit Agreement.

Cash Flows:

Operating Cash Flow. Net cash provided by operating activities for the nine months ended September 30, 2020 was $12.7 million compared to $9.5 million for the nine months ended September 30, 2019. This $3.1 million, or 32.9%, increase was primarily attributable to the positive cash flow effect of increases in net income adjusted for non-cash items of $6.6 million, which was partially offset by an incremental net decrease in accounts payable and other liabilities totaling $2.6 million and an incremental increase in accounts receivable totaling $0.8 million.

Investing Cash Flow. Net cash used in investing activities was $9.0 million for the nine months ended September 30, 2020 compared to $14.2 million for the nine months ended September 30, 2019. The decrease in net cash used was primarily due to a $3.1 million decrease in cash used to purchase medical equipment, $1.6 million increase in proceeds from the sales of medical equipment and a $0.6 million decrease in cash used to purchase other assets.

Financing Cash Flow. Net cash used in financing activities for the nine months ended September 30, 2020 was $4.4 million compared to cash provided of $3.5 million for the nine months ended September 30, 2019. The decrease was primarily attributable to a net reduction in outstanding borrowing under the Credit Agreement totaling $3.6 million and cash used to repurchase common stock to satisfy statutory withholding on employee stock-based compensation of $1.3 million. The reduction in Credit Agreement borrowings included amortization installments on term notes totaling $6.3 million offset by $2.7 million in borrowings under the 2019 Equipment Line.

Critical Accounting Policies and Estimates

The unaudited condensed consolidated financial statements are prepared in conformity with GAAP, which require the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and resulting balances are reasonable; however, due to inherent uncertainties in making estimates, actual results could differ from the original estimates, requiring adjustments to these balances in future periods. The critical accounting estimates that affect the unaudited condensed consolidated financial statements and the judgments and assumptions used are consistent with those described in the notes to the audited consolidated financial statements in our annual report on Form 10-K for the year ended December 31, 2019.

As of the date of the unaudited consolidated financial statements presented in this Form 10-Q, there have been no material financial impacts on our operations resulting from the COVID-19 pandemic. However, the future effects of this pandemic on economic and market conditions is uncertain and increases the subjectivity that will be involved in evaluating our estimates and assumptions underlying our critical accounting policies. Any events and changes in circumstances arising after September 30, 2020, including those resulting from the impacts of COVID-19, will be reflected in management's estimates for future periods.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures and Changes in Internal Control over Financial Reporting

We maintain a set of disclosure controls and procedures designed to ensure that material information required to be disclosed in our filings under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that material information is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosures. Our CEO and CFO have evaluated these disclosure controls and procedures as of the end of the period covered by this quarterly report on Form 10-Q and have determined that such disclosure controls and procedures were effective.

There have been no changes in our internal control over financial reporting during our most recent calendar quarter that has materially affected, or is 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 our business, we may be involved in legal proceedings, the outcomes of which may not be determinable. The results of litigation are inherently unpredictable. Any claims against us, whether meritorious or not, could be time consuming, result in costly litigation, require significant amounts of management time and result in diversion of significant resources. We are not able to estimate an aggregate amount or range of reasonably possible losses for those legal matters for which losses are not probable and estimable, primarily for the following reasons: (i) many of the relevant legal proceedings are in preliminary stages and until such proceedings develop further, there is often uncertainty regarding the relevant facts and circumstances at issue and potential liability; and (ii) many of these proceedings involve matters of which the outcomes are inherently difficult to predict. We have insurance policies covering potential losses where such coverage is cost effective.

We are not at this time involved in any legal proceedings that we believe could have a material effect on our business, financial condition, results of operations or cash flows.

Item 1A. Risk Factors

For information regarding factors that could affect our results of operations, financial condition and liquidity, refer to the section entitled "Risk Factors" in Part I, Item 1A in our Annual Report on Form 10-K for the year ended December 31, 2019. In addition to the risk factors disclosed therein, we are supplementing those identified in the Form 10-K with the following risk factor, as described below. For further information on our forward-looking statements see Part I, Item 2 of this Quarterly Report on Form 10-Q.

The effects of the COVID-19 pandemic could disrupt our operations and adversely affect our business, financial condition, results of operations and cash flows.

The widespread outbreak of COVID-19 has created significant volatility, uncertainty, and disruption in economic activity and financial markets globally. Although the outbreak of COVID-19 has not unfavorably affected our results of operations to date, there can be no assurance that COVID-19 will not have a material adverse effect on our future operational and financial performance. The extent to which COVID-19 could impact our operational and financial performance in future periods is currently uncertain and will depend on numerous evolving factors and future developments that we may not be able to accurately predict and to which we may not be able to respond. Such factors and developments include, but are not limited to: the duration, severity and spread of the outbreak; actions taken by government authorities to contain and mitigate COVID-19 and the effectiveness of such actions; the effect on the U.S. and global economies and actions taken in response; the overall impact on the businesses of our customers, partners, vendors and suppliers; the health of and effect on our workforce; the future effects to our operational and financial results of the changes we have made to protect the safety and well-being of our employees and future operational disruptions or challenges we may face; increased cybersecurity and information security risk as a result of the transition of our employees to a remote work environment; and how quickly and to what extent normal economic and operating conditions may resume. Further, our management has been intensely focused on mitigating COVID-19, which has required and will continue to require, a large investment of time, attention and resources. Although we have yet to experience a significant disruption of our operations as a result of the COVID-19 pandemic, a prolonged outbreak could, among other things, strain our business continuity plans, create delays in our growth and strategic initiatives, reduce our sales and marketing activities, limit our access to financing on favorable terms, increase our exposure to potential impairment charges related to long-lived and intangible assets, hinder our ability to support our clients and operate our business effectively, heighten the risk of disruption to our information and reporting systems and internal controls, including those over financial reporting and other risk management systems, or require us to incur substantial costs. We cannot predict the degree to which COVID-19 will ultimately impact our operations, however, the effects of the COVID-19 pandemic, alone or taken together, could adversely affect our future business, financial condition, results of operations and cash flows, and may also heighten other risks to which the Company is subject, including risks discussed in our most recent annual report on Form 10-K.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

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Item 6. Exhibits

Exhibits

3.1	Amended and Restated Certificate of Incorporation, as amended (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 1-35020) filed on May 12, 2014)
3.2	Amended and Restated By-Laws (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 1-35020) filed on July 9, 2018)
10.1*, **	Composite Copy of InfuSystem Holdings, Inc. Employee Stock Purchase Plan, as amended
10.2	Amendment to Employment Agreement, dated August 24, 2020, between the Company and Richard DiIorio (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-35020) filed on August 25, 2020)
10.3	Restricted Stock Unit Agreement (Service-Based), dated August 24, 2020, between the Company and Richard DiIorio (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 1-35020) filed on August 25, 2020)
10.4	Restricted Stock Unit Agreement (Performance-Based), dated August 24, 2020, between the Company and Richard DiIorio (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K (File No. 1-35020) filed on August 25, 2020)
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of the Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith
** Management contract or compensatory plan, contract or arrangement

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.

INFUSYSTEM HOLDINGS, INC.

Date: November 13, 2020	/s/ Richard DiIorio Richard DiIorio Chief Executive Officer, President and Director (Principal Executive Officer)
Date: November 13, 2020	/s/ Barry Steele Barry Steele Chief Financial Officer (Principal Accounting and Financial Officer)

Exhibit 10.1

COMPOSITE COPY OF
INFUSYSTEM HOLDINGS, INC. EMPLOYEE STOCK PURCHASE PLAN, AS AMENDED THROUGH
September 23, 2020

Article 1. Purpose

The purpose of the InfuSystem Holdings, Inc. Employee Stock Purchase Plan, as amended (the "Plan"), is to provide employees of InfuSystem Holdings, Inc. (the "Company") and its subsidiaries with an opportunity to become owners of the Company by purchasing shares of the Company's common stock through payroll deductions. The Plan is intended to qualify as an "employee stock purchase plan" under Section 423 of the Internal Revenue Code of 1986, as amended. The provisions of the Plan shall be construed accordingly.

Article 2. Definitions

Whenever used in the Plan, the following terms shall have the meanings set forth below:

2.1 "Account" means a bookkeeping account maintained for a Participant under the Plan.

2.2 "Code" means the Internal Revenue Code of 1986, as amended from time to time. References to a particular section of the Code include references to regulations thereunder and to successor provisions.

2.3 "Committee" means the Compensation Committee of the Board of Directors of the Company.

2.4 "Compensation" means the base salary or base wage paid to a Participant by the Company or Subsidiary prior to applicable tax or other withholdings, including any elective contributions to a plan described in Sections 125 or 401(k) of the Code, during the applicable pay period.

2.5 "Corporate Transaction" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events: (A) any person or group, within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act, other that the Company or any of its affiliates, becomes a beneficial owner (within the meaning of Rule 13d-3 as promulgated under the Exchange Act), directly or indirectly, in one or a series of transactions, of securities representing fifty percent (50%) or more of the total number of votes that may be cast for the election of directors of the Company and two-thirds of the board of directors has not consented to such event prior to its occurrence or within 60 days thereafter, provided that if the consent occurs after the event it shall only be valid for purposes of this definition if a majority of the consenting board is comprised of directors of the Company who were such immediately prior to the event; (B) any closing of a sale of all or substantially all of the assets of the Company other than to one or more of the Company's affiliates, and two-thirds of the board of directors has not consented to such event prior to its occurrence or within 60 days thereafter, provided that if the consent occurs after the event it shall only be valid for purposes of this definition if a majority of the consenting Board is comprised of directors of the Company who were such immediately prior to the event; or (C) within 12 months after a tender offer or exchange offer for voting securities of the Company (other than by the Company) the individuals who were directors of the Company immediately prior thereto shall cease to constitute a majority of the board.

2.6 "Employee" means any individual who, as of the Offering Date, has been an employee of the Company or of any Subsidiary for at least thirty (30) days and is employed in a position whose customary employment with the Company is more than twenty (20) hours per week and with a duration of more than five (5) months in any calendar year (within the meaning of Sections 423(b)(4)(B) and (C) of the Code, respectively). For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Company; provided, however, where the period of leave exceeds ninety (90) days and the Employee's right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated on the ninety-first (91st) day of such leave. Employee shall not include any employee in a jurisdiction outside of the United States if, as of the Offering Date, the Offering would not be in compliance with the applicable laws of any jurisdiction in which the employee resides or is employed.

2.7 “Exchange Act” means the Securities Exchange Act of 1934, as amended.

2.8 “Fair Market Value” with respect to the Shares, as of any date, means (i) the closing sales price of the Shares on the New York Stock Exchange or any other such exchange on which the Shares are traded, or in the absence of reported sales on such date, the closing sales price on the immediately preceding date on which sales were reported; or (ii) in the event there is no public market for the Shares, the fair market value as determined, in good faith, by the Committee in its sole discretion.

2.9 “Offering” means the grant of the right to purchase Shares under the Plan to Employees as authorized by the Committee. The Committee may authorize consecutive Offerings at one time.

2.10 “Offering Date” means the date selected by the Committee for an Offering to commence and as of which the right to purchase Shares pursuant to the Offering are granted to Participants.

2.11 “Offering Period” means a period of six (6) months, or such other period (not to exceed twelve (12) months) as determined by the Committee with respect to an Offering, during which funds may be accumulated in a Participant’s Account by means of payroll deductions for the purpose of purchasing Shares under the Offering.

2.12 “Participant” means an Employee who elects to participate with respect to an Offering, pursuant to the provisions of Section 6.2 and who has authorized payroll deductions pursuant to Section 6.3.

2.13 “Person” means any individual, corporation, partnership, association, joint-stock company, trust, unincorporated organization, government or political subdivision thereof or other entity.

2.14 “Purchase Date” means the date as of which purchases of Shares are carried out for Participants in accordance with the Offering (which shall be the last day of the Offering Period, unless otherwise determined by the Committee with respect to an Offering).

2.15 “Shares” means shares of common stock, $0.0001 par value, of the Company.

2.16 “Subsidiary” means a subsidiary of the Company as defined under Section 424(f) of the Code.

Article 3. Administration.

3.1 Authority of Committee. The Plan shall be administered by the Committee. Subject to the express provisions of the Plan and applicable law, and in addition to other express powers and authorizations conferred on the Committee by the Plan, the Committee shall have full power and authority to construe and interpret the Plan and may from time to time adopt such rules and regulations for carrying out the Plan as it may deem necessary or desirable for the administration of the Plan.

3.2 Committee Discretion Binding. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan, shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive, and binding upon all Persons, including the Company, any Subsidiary, any Participant, any Employee, and any designated beneficiary.

3.3 Delegation. Subject to the terms of the Plan and applicable law, the Committee may delegate to one or more officers or managers of the Company or any Subsidiary, or to a committee of such officers or managers, the authority, subject to such terms and limitations as the Committee shall determine, to administer the Plan.

3.4 No Liability. No member of the Committee shall be liable for any action taken or determination made in good faith with respect to the Plan.

Article 4. Shares Available for Awards.

4.1 Shares Available. Subject to adjustment as provided in Section 4.2, the number of Shares which may be sold under the Plan shall not exceed 550,000 Shares. The Committee may specify the number of Shares to be offered in an Offering. In the event that any Shares offered in an Offering are not purchased, such unpurchased Shares may again be sold under the Plan.

4.2 Adjustments. In the event that the Committee determines that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee may, in such manner as it may deem appropriate, make such equitable adjustments in the Plan, and the then outstanding Offering, as it deems necessary and appropriate, including, but not limited to, changing the number of Shares reserved under the Plan and the price of the current Offering.

4.3 Source of Shares; No Fractional Shares. Shares which are to be delivered under the Plan may be obtained by the Company from its treasury, by purchases on the open market or from private sources, or by issuing authorized but unissued Shares. Any issuance of authorized but unissued Shares shall be approved by the board of directors of the Company or a duly authorized committee thereof. Authorized but unissued Shares may not be delivered under the Plan if the purchase price thereof is less than the par value of the Shares. No fractional Shares may be purchased or issued under the Plan.

4.4 Oversubscription. If the number of Shares that Participants become entitled to purchase in an Offering is greater than the number of Shares offered in the Offering or remaining available, the available Shares shall be allocated by the Committee among such Participants in such manner as it deems fair and equitable.

Article 5. Eligibility. All Employees (including Employees who are directors) of the Company or of any Subsidiary will be eligible to participate in the Plan, in accordance with such rules as may be prescribed by the Committee from time to time; provided, however, that such rules shall neither permit nor deny participation in the Plan contrary to the requirements of the Code (including, but not limited to, Sections 423(b)(3), (4) and (5) of the Code). During an Offering Period, no Employee may participate under the Plan if such Employee would own five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or any Subsidiary. For purposes of the preceding sentence, the rules of Section 424(d) of the Code shall apply in determining the stock ownership of an Employee, and Shares which the Employee would be permitted to purchase under the current Offering Period shall be treated as Shares owned by the Employee.

Article 6. Participation and Offerings.

6.1 Committee Authorization. The Committee may authorize one or more Offerings to Employees to purchase Shares under the Plan. The Committee may at any time suspend an Offering if required by law or if the Committee determines in good faith that it is in the best interests of the Company. Each Offering shall be in such form and shall contain such terms and conditions as the Committee shall deem appropriate and which shall comply with the requirements of Section 423(b)(5) of the Code that all Employees granted rights to purchase Shares under the Plan shall have the same rights and privileges. The terms and conditions of an Offering shall be incorporated by reference into the Plan.

6.2 Enrollment. An Employee may become a Participant with respect to an Offering by providing a form of enrollment (“Enrollment Form”) to the Company in accordance with applicable Plan procedures specified by the Committee. If an Employee elects to become a Participant for an Offering Period, he or she will remain a Participant for successive Offering Periods (subject to any subsequent withdrawal under Section 6.7 or Article 8) unless the Employee notifies the Company, in accordance with applicable Plan procedures specified by the Committee, prior to the Offering Date of such succeeding Offering that the Employee elects not to be a Participant with respect to such Offering.

6.3 Minimum and Maximum Payroll Deduction. A Participant's Enrollment Form will authorize specified regular payroll deductions on each payroll date during the Offering Period. Subject to Section 6.4, payroll deductions for such purpose shall be in one percent (1%) increments of Compensation subject to a minimum deduction of one percent (1%) of Compensation per pay period and a maximum deduction of ten percent (10%) of Compensation per pay period or such other maximum percentage as specified by the Committee in the Offering. The payroll deduction percentage of a Participant with respect to an Offering if the Participant automatically becomes a Participant in the Offering as provided in Section 6.2 will be the percentage in effect for the last pay period of the immediately preceding Offering, subject to Section 6.6.

6.4 $25,000 Maximum. Notwithstanding any provision in the Plan to the contrary, no Employee may purchase Shares under this Plan and any other qualified employee stock purchase plan (within the meaning of Section 423 of the Code) of the Company or its Subsidiaries at a rate which exceeds Twenty-five Thousand Dollars ($25,000) of Fair Market Value of Shares for each calendar year in which a purchase is executed. For purposes of this Section, Fair Market Value shall be determined as of the Offering Date of the applicable Offering.

6.5 Participant Accounts. The Company and Participating Subsidiaries will establish Participant Accounts to which will be credited the payroll deductions authorized pursuant to Section 6.3. No interest shall be earned by or credited to any Account. All payroll deduction amounts credited to a Participant's account under the Plan will be deposited with the general funds of the Company and may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deduction amounts.

6.6 Payroll Deduction Changes. A Participant may, by written notice at any time during the Offering Period, direct the Company or the Subsidiary to reduce or increase payroll deductions, subject to a maximum of one change per Offering Period or such other number of changes as determined by the Committee with respect to an Offering in compliance with Section 423(b)(5) of the Code. Subject to other procedures established by the Committee, any such change (including a change to be effective for the immediately succeeding offering period) shall be made on a new Enrollment Form with the Company not less than 15 days prior to the effective date of such change.

6.7 Participant Withdrawals; Suspensions. A Participant may, no later than 15 days prior to a Purchase Date with respect to an Offering, elect to withdraw all of the amount credited to his or her Account, or a portion of the amount credited to his or her Account to the extent authorized by the Committee with respect to an Offering in compliance with Section 423(b)(5) of the Code. Any withdrawal of the entire amount credited to a Participant's Account with respect to an Offering will terminate such Participant's participation in the Offering. If a Participant is also a participant in a 401(k) plan maintained by the Company or any Subsidiary and receives a hardship distribution under such 401(k) plan, the Participant's payroll deductions under this Plan shall be suspended for a period of six (6) months from the date of the hardship distribution.

6.8 Purchase. As of each Purchase Date, the Account of each Participant shall be totaled. If a Participant's Account contains sufficient funds to purchase one or more Shares as of that date, the Participant shall be deemed to have purchased the largest number of Shares that can be purchased by the amount credited to the Participant's Account at the price determined under Article 7 below. Notwithstanding the preceding sentence, the maximum number of Shares that a Participant may purchase in an Offering shall be $25,000 divided by the Fair Market Value of a Share on the Offering Date. A Participant's Account will be charged, on the Purchase Date, for the amount of the purchase, and for all purposes under the Plan, the Participant shall be deemed to have purchased the Shares on that date. As promptly as possible after the Purchase Date, the Company shall transfer (including, but not limited to, a transfer by electronic transaction) the Shares so purchased to a brokerage account with a broker or administrator designated or approved by the Company to be held on behalf of the Participant (or the Participant and a joint owner as designated by the Participant in accordance with applicable law). Shares purchased after [September 1, 2020] shall be held by the Participant in the brokerage account with a broker or administrator designated or approved by the Company for a minimum of twelve (12) months following the Purchase Date or, if earlier, until the Participant terminates employment with the Company and its Subsidiaries. The Company may in its discretion issue Shares in certificate or book entry form. Upon the death of a Participant, Shares in the Participant's Account that do not pass to a joint owner in accordance with applicable law will be distributed to the Participant's designated beneficiary or estate.

6.9 Insufficient Payroll Deduction. If for any reason a Participant's Compensation is insufficient to cover a payroll deduction on a particular payroll date, then no payroll deduction will be made on that date. The payroll deduction in effect for the Participant will resume on the next payroll date as of which the Participant's Compensation is sufficient to cover such payroll deduction, but the payroll deduction or deductions missed under the preceding sentence will not be deducted on any future payroll date.

6.10 Account Balance after Purchase. Any amount remaining in a Participant's Account after the Purchase Date of an Offering shall be held in the Participant's Account for the purchase of Shares in the next Offering subject to the Participant's withdrawal of such amount under Section 6.7.

Article 7. Purchase Price. The purchase price of a Share on a Purchase Date with respect to an Offering shall be designated by the Committee in the Offering and shall not be less than the lesser of: (a) eighty-five percent (85%) of the Fair Market Value of a Share on the Offering Date, or (b) eighty-five percent (85%) of the Fair Market Value of a Share on the Purchase Date of the applicable Offering Period.

Article 8. Termination of Employment. If a Participant ceases to be an Employee for any reason, he or she shall be deemed to have elected to withdraw from the Plan and the payroll deductions credited to such Participant's Account during the Offering Period, but not yet used, shall be returned to the Participant in cash or, in the case of his or her death, shall be paid in cash to the Participant's designated beneficiary or estate.

Article 9. Transferability. Neither payroll deductions credited to a Participant's Account nor any rights with regard to the purchase of Shares under the Plan may be assigned, transferred, pledged, or otherwise disposed of in any way (other than by will, laws of descent and distribution, or beneficiary designation) by a Participant, and during a Participant's lifetime any rights granted to the Participant under the Plan shall be exercisable only by the Participant. Any such attempt at assignment, transfer, pledge, or other disposition shall be without effect, and the Company will treat such act as an election to withdraw Participant's entire Account in accordance with Section 6.7.

Article 10. Corporate Transactions. In the event of a Corporate Transaction, then: (i) any surviving or acquiring corporation may continue or assume the rights to purchase Shares outstanding under the Plan or may substitute similar rights for those outstanding under the Plan, or (ii) if any surviving or acquiring corporation does not continue or assume such rights to purchase Shares or does not substitute similar rights for rights to purchase Shares outstanding under the Plan, then, in the discretion of the Committee, the Participants' Accounts may be either paid in cash or used to purchase Shares under the Offering within five (5) days prior to the Corporate Transaction.

Article 11. General Provisions.

11.1 Amendments. The Committee may, from time to time, amend or discontinue the Plan; provided, however, that approval of the shareholders shall be sought to the extent required for the Plan to satisfy the requirements of Section 423 of the Code or other applicable laws or regulations.

11.2 No Right to Employment. A Participant's right to purchase Shares under the Plan shall not be construed as giving such Participant the right to be retained in the employment of the Company or any Subsidiary. Further, the Company or any Subsidiary may at any time dismiss a Participant from employment, free from any liability or claim under the Plan, unless otherwise expressly provided in the Plan.

11.3 No Rights as Shareholder. Subject to the provisions of the Plan, no Participant or holder or beneficiary of any purchase shall have any rights as a shareholder with respect to any Shares to be distributed under the Plan until such Shares have been purchased pursuant to Section 6.8.

11.4 Obligatory Status. Participation in the Plan shall impose no obligation upon a Participant to purchase any Shares under the Plan.

11.5 Application of Funds. The proceeds received by the Company from the sale of Shares pursuant to purchases under the Plan will be used for general corporate purposes.

11.6 Severability. If any provision of the Plan becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any person, or would disqualify the Plan or any purchase under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan, such provision shall be stricken as to such jurisdiction or person, and the remainder of the Plan shall remain in full force and effect.

11.7 Governing Law. The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of Delaware, without giving effect to the conflict of law principles thereof.

11.8 Other Laws. The Committee may refuse to issue or transfer any Shares if, acting in its sole discretion, it determines that the issuance or transfer of such Shares might violate any applicable law or regulation (including applicable non-U.S. laws or regulations) or entitle the Company to recover any amounts under Section 16(b) of the Exchange Act, and any payment tendered to the Company by a Participant, other holder or beneficiary in connection with the purchase of such Shares shall be promptly refunded to the relevant Participant, holder or beneficiary. Without limiting the generality of the foregoing, no Plan provision shall be construed as an offer to sell securities of the Company, and no such offer shall be outstanding, unless and until the Committee in its sole discretion has determined that any such offer, if made, would be in compliance with all applicable requirements of the U.S. federal or non-U.S. securities laws and any other laws to which such offer, if made, would be subject.

11.9 Shareholder Approval. This Plan shall not be effective until approved by the shareholders of the Company as provided in Section 423(b)(2) of the Code.

11.10 Headings. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

Exhibit 31.1

CERTIFICATION BY CHIEF EXECUTIVE OFFICER

I, Richard DiIorio, certify that:

1. I have reviewed this quarterly report on Form 10-Q of InfuSystem Holdings, 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 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2020

/s/ Richard DiIorio
Richard DiIorio
Chief Executive Officer, President and Director

Exhibit 31.2

CERTIFICATION BY CHIEF FINANCIAL OFFICER

I, Barry Steele, certify that:

1. I have reviewed this quarterly report on Form 10-Q of InfuSystem Holdings, 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 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2020	/s/ Barry Steele
	Barry Steele
	Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of InfuSystem Holdings, Inc., a Delaware corporation (the “Company”), does hereby certify, to such officer’s knowledge, that:

The quarterly report on Form 10-Q for the quarter ended September 30, 2020 (the “Form 10-Q”) of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 13, 2020

/s/ Richard DiIorio
Richard DiIorio
Chief Executive Officer, President and Director

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of InfuSystem Holdings, Inc., a Delaware corporation (the “Company”), does hereby certify, to such officer’s knowledge, that:

The quarterly report on Form 10-Q for the quarter ended September 30, 2020 (the “Form 10-Q”) of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 13, 2020

/s/ Barry Steele
Barry Steele
Chief Financial Officer