



AtriCure Reports Second Quarter 2023 Financial Results

July 25, 2023

- Worldwide revenue of \$100.9 million – an increase of 19.4% year over year
- U.S. revenue of \$84.9 million – an increase of 19.1% year over year
- International revenue of \$16.0 million – an increase of 20.7% year over year
- Net loss of \$5.1 million – an improvement of \$9.7 million year over year
- Positive adjusted EBITDA of \$8.0 million – an improvement of \$11.2 million year over year

MASON, Ohio--(BUSINESS WIRE)--Jul. 25, 2023-- [AtriCure, Inc.](#) (Nasdaq: [ATRC](#)), a leading innovator in surgical treatments and therapies for atrial fibrillation (Afib), left atrial appendage (LAA) management and post-operative pain management, today announced second quarter 2023 financial results.

"We are proud to report an exceptional quarter at AtriCure, highlighted by robust worldwide growth and meaningful operating leverage. Our performance showcases the breadth of opportunities that exist in our business and an unwavering commitment from our team to raise patient impact," said Michael Carrel, President, and Chief Executive Officer at AtriCure. "As we execute the second half of 2023, we remain focused on the expansion of our markets and continued advancement of clinical science and innovation."

Second Quarter 2023 Financial Results

Revenue for the second quarter 2023 was \$100.9 million, an increase of 19.4% (an increase of 19.3% on a constant currency basis) over second quarter 2022 revenue. U.S. revenue was \$84.9 million, an increase of \$13.6 million or 19.1%, compared to the second quarter 2022. U.S. revenue growth was driven by sales in all key product lines, highlighted by sales of the EnCompass[®] clamp in open ablation, cryoSPHERE[®] probe for post-operative pain management and the AtriClip[®] Flex-V[®] device in appendage management. International revenue increased \$2.8 million or 20.7% (an increase of 19.9% on a constant currency basis) to \$16.0 million, across all franchises and geographic regions. On a sequential basis, worldwide revenue for the second quarter 2023 increased approximately 7.9% from first quarter 2023.

Gross profit for the second quarter 2023 was \$77.1 million compared to \$63.5 million for the second quarter 2022. Gross margin was 76.4% for the second quarter 2023, showing improvement of 130 basis points from the second quarter 2022, with the current quarter reflecting leverage of our operations and production efficiencies, partially offset by pressure from geographic and product mix. Loss from operations for the second quarter 2023 was \$4.1 million, compared to \$13.7 million for the second quarter 2022, reflecting strong revenue growth, cost efficiencies, and improving operating leverage. Basic and diluted net loss per share was \$0.11 for the second quarter 2023, compared to \$0.32 for the second quarter 2022.

Adjusted EBITDA was positive for the second quarter 2023 at \$8.0 million, compared to negative \$3.2 million for second quarter of 2022. Adjusted loss per share for the second quarter 2023 was \$0.12, compared to \$0.32 for the second quarter 2022.

Constant currency revenue, adjusted EBITDA and adjusted loss per share are non-GAAP measures. We discuss these non-GAAP measures and provide reconciliations to GAAP measures later in this release.

2023 Financial Guidance

Full year 2023 revenue is projected to be \$392 million to \$395 million, reflecting growth of approximately 19% to 20% over full year 2022. Management now expects full year 2023 positive adjusted EBITDA of approximately \$12 million, and full year 2023 adjusted loss per share of approximately \$0.92 to \$0.94.

Conference Call

AtriCure will host a conference call at 4:30 p.m. Eastern Time on Tuesday, July 25, 2023 to discuss second quarter 2023 financial results. To access the webcast, please visit the Investors page of AtriCure's corporate website at <https://ir.atricure.com/events-and-presentations/events>. Participants are encouraged to register more than 15 minutes before the webcast start time. A replay of the presentation will be available for 90 days following the presentation.

About AtriCure

AtriCure, Inc. provides innovative technologies for the treatment of Afib and related conditions. Afib affects more than 37 million people worldwide. Electrophysiologists and cardiothoracic surgeons around the globe use AtriCure technologies for the treatment of Afib and reduction of Afib related complications. AtriCure's Isolator[®] Synergy[™] Ablation System is the first medical device to receive FDA approval for the treatment of persistent Afib. AtriCure's AtriClip[®] Left Atrial Appendage Exclusion System products are the most widely sold LAA management devices worldwide. AtriCure's Hybrid AF[™] Therapy is a minimally invasive procedure that provides a lasting solution for long-standing persistent Afib patients. AtriCure's cryoICE cryoSPHERE[®] probe is cleared for temporary ablation of peripheral nerves to block pain, providing pain relief in cardiac and thoracic procedures. For more information, visit AtriCure.com or follow us on Twitter @AtriCure.

Forward-Looking Statements

This press release contains "forward-looking statements"—that is, statements related to future events that by their nature address matters that are uncertain. This press release also includes forward-looking projected financial information that is based on current estimates and forecasts. Actual results could differ materially. For details on the uncertainties that may cause our actual results to be materially different than those expressed in our forward-looking statements, visit <http://www.atricure.com/forward-looking-statements> as well as our Annual Reports on Form 10-K and Quarterly

Reports on Form 10-Q which contain risk factors. Except where otherwise noted, the information contained in this release is as of July 25, 2023. We assume no obligation to update any forward-looking statements contained in this release as a result of new information or future events or developments, except as may be required by law.

Use of Non-GAAP Financial Measures

To supplement AtriCure's condensed consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP, AtriCure provides certain non-GAAP financial measures in this release as supplemental financial metrics.

Revenue reported on a constant currency basis is a non-GAAP measure, calculated by applying previous period foreign currency exchange rates to each of the comparable periods. Management analyzes revenue on a constant currency basis to better measure the comparability of results between periods. Because changes in foreign currency exchange rates have a non-operating impact on revenue, the Company believes that evaluating growth in revenue on a constant currency basis provides an additional and meaningful assessment of revenue to both management and investors.

Adjusted EBITDA is calculated as net loss before other income/expense (including interest), income tax expense, depreciation and amortization expense, share-based compensation expense, acquisition costs, legal settlements, impairment of intangible assets and change in fair value of contingent consideration liabilities. Management believes in order to properly understand short-term and long-term financial trends, investors may wish to consider the impact of these excluded items in addition to GAAP measures. The excluded items vary in frequency and/or impact on our continuing results of operations and management believes that the excluded items are typically not reflective of our ongoing core business operations and financial condition. Further, management uses adjusted EBITDA for both strategic and annual operating planning. A reconciliation of adjusted EBITDA reported in this release to the most comparable GAAP measure for the respective periods appears in the table captioned "Reconciliation of Non-GAAP Adjusted Income (Loss) (Adjusted EBITDA)" later in this release.

Adjusted loss per share is a non-GAAP measure which calculates the net loss per share before non-cash adjustments in fair value of contingent consideration liabilities, impairment of intangible assets and legal settlements. A reconciliation of adjusted loss income per share reported in this release to the most comparable GAAP measure for the respective periods appears in the table captioned "Reconciliation of Non-GAAP Adjusted Loss Per Share" later in this release.

The non-GAAP financial measures used by AtriCure may not be the same or calculated in the same manner as those used and calculated by other companies. Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as a substitute for AtriCure's financial results prepared and reported in accordance with GAAP. We urge investors to review the reconciliation of these non-GAAP financial measures to the comparable GAAP financials measures included in this press release, and not to rely on any single financial measure to evaluate our business.

ATRICURE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands, Except Per Share Amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
United States Revenue:				
Open ablation	\$ 27,002	\$ 22,070	\$ 52,144	\$ 41,044
Minimally invasive ablation	11,370	10,154	21,007	18,769
Pain management	12,590	10,210	23,658	18,224
Total ablation	50,962	42,434	96,809	78,037
Appendage management	33,941	28,831	66,283	55,500
Total United States	84,903	71,265	163,092	133,537
International Revenue:				
Open ablation	7,722	6,213	15,008	12,705
Minimally invasive ablation	1,375	1,271	3,242	2,804
Pain management	439	114	667	254
Total ablation	9,536	7,598	18,917	15,763
Appendage management	6,479	5,666	12,403	9,805
Total International	16,015	13,264	31,320	25,568
Total revenue	100,918	84,529	194,412	159,105
Cost of revenue	23,841	21,010	47,726	39,991
Gross profit	77,077	63,519	146,686	119,114
Operating expenses:				
Research and development expenses	17,438	14,791	32,765	28,420
Selling, general and administrative expenses	63,783	62,388	123,847	118,504
Total operating expenses	81,221	77,179	156,612	146,924
Loss from operations	(4,144)	(13,660)	(9,926)	(27,810)
Other expense, net	(881)	(1,136)	(1,497)	(2,113)
Loss before income tax expense	(5,025)	(14,796)	(11,423)	(29,923)
Income tax expense	93	45	171	101
Net loss	\$ (5,118)	\$ (14,841)	\$ (11,594)	\$ (30,024)

Basic and diluted net loss per share	\$ (0.11)	\$ (0.32)	\$ (0.25)	\$ (0.66)
Weighted average shares used in computing net loss per share:				
Basic and diluted	46,266	45,692	46,187	45,610

ATRICURE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands)
(Unaudited)

	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Assets		
Current assets:		
Cash, cash equivalents, and short-term investments	\$ 127,025	\$ 121,113
Accounts receivable, net	48,362	42,693
Inventories	55,409	45,931
Prepaid and other current assets	7,179	5,477
Total current assets	<u>237,975</u>	<u>215,214</u>
Long-term investments	7,598	51,509
Property and equipment, net	40,540	38,833
Operating lease right-of-use assets	4,353	3,787
Goodwill and intangible assets, net	302,164	274,120
Other noncurrent assets	1,541	1,985
Total assets	<u>\$ 594,171</u>	<u>\$ 585,448</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 55,695	\$ 52,920
Current maturities of debt and leases	15,715	5,472
Total current liabilities	<u>71,410</u>	<u>58,392</u>
Long-term debt	47,047	56,834
Finance lease liabilities	8,614	9,147
Operating lease liabilities	3,458	3,095
Other noncurrent liabilities	1,220	1,226
Total liabilities	<u>131,749</u>	<u>128,694</u>
Stockholders' equity:		
Common stock	47	47
Additional paid-in capital	803,197	787,422
Accumulated other comprehensive loss	(2,609)	(4,096)
Accumulated deficit	(338,213)	(326,619)
Total stockholders' equity	<u>462,422</u>	<u>456,754</u>
Total liabilities and stockholders' equity	<u>\$ 594,171</u>	<u>\$ 585,448</u>

ATRICURE, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP RESULTS TO NON-GAAP RESULTS
(In Thousands)
(Unaudited)

Reconciliation of Non-GAAP Adjusted Income (Loss) (Adjusted EBITDA)

	<u>Three Months Ended</u> <u>June 30,</u>		<u>Six Months Ended</u> <u>June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Net loss, as reported	\$ (5,118)	\$ (14,841)	\$ (11,594)	\$ (30,024)
Income tax expense	93	45	171	101
Other expense, net	881	1,136	1,497	2,113
Depreciation and amortization expense	3,580	2,937	6,523	5,804
Share-based compensation expense	8,995	7,524	17,755	14,573
Gain from legal settlement	(412)	—	(4,412)	—
Non-GAAP adjusted income (loss) (adjusted EBITDA)	<u>\$ 8,019</u>	<u>\$ (3,199)</u>	<u>\$ 9,940</u>	<u>\$ (7,433)</u>

Reconciliation of Non-GAAP Adjusted Loss Per Share

	<u>Three Months Ended</u> <u>June 30,</u>		<u>Six Months Ended</u> <u>June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>

Net loss, as reported	\$ (5,118)	\$ (14,841)	\$ (11,594)	\$ (30,024)
Gain from legal settlement	(412)	—	(4,412)	—
Non-GAAP adjusted net loss	<u>\$ (5,530)</u>	<u>\$ (14,841)</u>	<u>\$ (16,006)</u>	<u>\$ (30,024)</u>
Basic and diluted adjusted net loss per share	<u>\$ (0.12)</u>	<u>\$ (0.32)</u>	<u>\$ (0.35)</u>	<u>\$ (0.66)</u>
Weighted average shares used in computing adjusted net loss per share				
Basic and diluted	<u>46,266</u>	<u>45,692</u>	<u>46,187</u>	<u>45,610</u>

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