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<<Bill Plovanic, Analyst, Canaccord Genuity Group Inc.>>

All right. Good afternoon. Welcome to the Canaccord Genuity Global Growth Conference. My name is Bill Plovanic. I'm a Senior Medical Device analyst here with Canaccord. We're excited to have AtriCure with us today and in particular host, Mike Carrel, company's President and CEO; and Angie Wirick, the CFO.

We're going to start off with a brief PowerPoint presentation about 10 minutes, and then we'll shift into a fireside chat for about another 15, 20 minutes. With that, I'd like to welcome Mike to the podium.

<<Mike Carrel, President and Chief Executive Officer>>

Thanks Bill. They told me I had 30 minutes, so you've got a 30-minute presentation I'm going to run through in 10 minutes. I'm kidding. I can get there pretty quickly here. AtriCure for those of you that don't know us, we are a company that is really dedicated and focused to reducing the Afib epidemic around the world. I'm going to go into a little bit of detail about what that really means.

We've also over the course of the last several years, gotten into the reduction of pain postoperatively as well, and it's one of the fastest growing parts of our business.

With that being said, so just to give you a sense for the size of the market overall, there are about 8 million patients in the United States that have atrial fibrillation, about 1.2 million or so new diagnosis annually that happen, about one in four adults are basically going to get atrial fibrillation at some point in time in their lifetime.

One of the biggest things people are worried about when they have Afib is that you've got a five to six times more likely chance of having a stroke. So basically what this slide is telling you, Afib is serious. Afib is bad. We need to treat it. So that's kind of the quick and dirty way to kind of think about it. That 33 million people around the globe is actually a dated number from 2013. That number is closer to about 50 million to 55 million people today. And it's estimated to be close to 70 million by the end of this decade.

And when you look at our market opportunities specifically, what AtriCure is actually very good at, our focus is on: where are people not getting treated today. There are a lot of wonderfully big companies in the world that do great jobs, treating atrial fibrillation at the early stages, whether through drugs or through catheter ablations. And we're really focused on, kind of markets that are the most difficult to treat overall patients. And it's about a 5 billion plus market overall, when you combine both the U.S. and international.

That being said, most of our growth right now is primarily coming out of the U.S. that represents over 85% of our business. And it's also where we've got most of our large indications today.

This slide is actually probably one of the most important slides to just think about. And remember, after you leave today, the best way to think about how we are positioned and how we're different in the market is to look at how do patients come in, who have atrial fibrillation. So on your left side of the screen, that is what we call concomitant atrial fibrillation. So patients that come in for Afib or come in for cardiac surgery and also have atrial fibrillation, in the United States, that's about 300,000 patients a year go in for cardiac surgery, 90,000 of those patients have atrial fibrillation, about 25,000 of those patients get treated. Yet it is a level one guideline, meaning they say you should be treating it. So the question is, is why aren't those other 73,000 or so, or 73% of the patients actually getting treated? What's the reason behind that? And that's our goal is to take that 25% or so penetration and make that 100% penetration over the coming years. The good news is we've made great progress over the last 10 years. We've taken it from about 10% penetration to 25% penetration. And we are the number one player in the world. The only ones in the world with a label distinctly to say, you can treat your atrial fibrillation when you add our products to that cardiac surgery. So a big part of our business is to basically focus on penetration within that segment.

The second person that enters in, is they do not have atrial fibrillation or they don't have cardiac surgery needs. I'm sorry. All they have is atrial fibrillation. This is the patient that has no structural heart issues. Their primary concern is their atrial fibrillation. And this is that 33 million patients I talked about, 8 million or so patients in the United States. When someone gets triaged here, this is where we have another distinct advantage. When you get triaged here, you have drugs. When the drugs don't work, then it determines what type of atrial fibrillation you have. And I always like to say that atrial fibrillation is a lot like cancer. It's a progressive disease. So we all know cancer staging, right. Stage 1, Stage 2, Stage 3, Stage 4, as you progress and depending on the type of cancer, you might get different treatments; surgery, chemotherapy, et cetera, radiation therapy, you're probably talking or listening to presentations on that at this conference. In cardiac surgery or in our area, the early stage, they call that paroxysmal atrial fibrillation and catheter companies work incredibly well at doing that because what they're doing is they're affecting the veins, the pulmonary veins there, and they can basically highlight those and be very strategic in hitting those and reducing the atrial fibrillation of that patient. But that only represents 30% of the Afib patients in the world. The other 70% have had atrial fibrillation for longer time, it's progressed, which means the heart's gotten larger. It's more difficult to beat when you're in Afib, which then leads you to issues around both stroke and conditions. And you can't treat it just with the catheter. That's where we come in. We are trying to help that. And we're the only ones in the world with a label that have gone through the randomized controlled data with the FDA to prove that if you use our technology, you can actually improve that patient population dramatically.

So this gives you kind of a sense for the size of the overall market opportunity. I talked about the two on the right. The one all the way on the right is a $2 billion plus market opportunity. There are 4 million patients with this longstanding atrial fibrillation, think Stage 3, Stage 4 cancer, and we are best positioned in the only ones in the market in that area.

The middle column is for open procedures. That is that person that has cardiac surgery and they're undergoing that at the same time. And on the right-hand side or the left-hand side is the pain management, which is the new area of our business that we're going into that is growing incredibly fast, just through 78%, this most recent quarter. What this is is reduced postoperative pain for anybody undergoing a thoracotomy. What you do is you go in through – you're spreading the ribs, which means your ribs are getting your nerves there, are getting very angry by spreading them. Think about anybody that if you ever fall or you get punched in the ribs, it's really painful. And so when you go into surgery there, it's even more painful because they're spreading them and disrupting them.

If you use cryoablation on that, which is what we make, you can actually significantly reduce pain there for six to eight weeks postoperatively and improve that person's recovery dramatically. That market is about another $350 million market by itself. This slide is a little bit misleading, because we think that market could be well over 1 billion when you move from just thoracotomies into also putting that into the sternotomy as well. So big market opportunities for us. This is a sense and you can get a look for our products. You can see this online and you can see these are the multiple different types of products that are being used in this area.

I talked about us being the only ones in the world with a label. This is the trial that we did to do that. We saw a more than 100% improvement, when you compared catheter plus us to catheter by itself for these very difficult to treat patients that represent over 4 million patients in the United States. It's been a very good trial and received very well by the community.

Cryo nerve block, which is that pain management, this is the probe that's being used there, I discussed this already, so I won't go into more details, but one of the biggest things that we're going after, while we can't promote that you can reduce your opioid consumption. Many people do take a lot less opioids after surgery when you have significantly less pain, which is what this does for you.

This is a new clamp that we just rolled out recently for our open franchise to make it easier to improve that penetration from 27% to a 100% over the coming decade.

And then recently, we've branched out into more hybrid type solutions. This is called HEAL-IST, which is inappropriate sinus tachycardia. It's a new $200 million to $400 million market that we're going after. And this is to help patients that don't have atrial fibrillation. These are for patients that have elevated arrhythmia of 100 at resting rate and HEAL-IST is the trial that we're running there. It's a very large, additional new market

that we're going after and studying at this point. But given time, I'll kind of move through it.

LeAAPS is one of our exciting trials that we're also running, major trial, that we just kicked off and got approval from the FDA. This is prophylactically managing the appendage. That's the source of where the strokes occur. And the idea here is to put a clip, our AtriClip on all the patients that undergo cardiac surgery. There are about a million people that undergo cardiac surgery across the globe every year. We get about 1,500 or so per so you can see it's a multi-billion dollar market opportunity. We believe it's a long, big trial, 6,500 patients, randomized controlled. We think this will definitively show that if you put a clip on, you can reduce stroke and another market expander that was not on those previous slides that we talked about earlier.

So you can see we've got big markets going after today, new trials that we're doing to expand those markets and new indications that we're doing. So we're pretty excited about the future that we have in front of us. And if you just look at this most recent quarter, we had a really good quarter where we raised our guidance for the second year, for second time this year, we started this year 15% to 20% was our original guidance at the beginning of the year. We've raised it twice to 18% to 21% most recently. We've beat by about $5 million in this most recent quarter. And we feel like we're set up for a really strong back half of this year and quite frankly, for the next decade or so with all the pipeline we have in front of us.

Bill, I will turn it to you for questions. Did I get my 10 minutes?

<<Bill Plovanic, Analyst, Canaccord Genuity Group Inc.>>

I believe so. Yes, nicely done.

<<Mike Carrel, President and Chief Executive Officer>>

And Angie is our CFO is in the back, Angie. Would you like us to sit?

<<Bill Plovanic, Analyst, Canaccord Genuity Group Inc.>>

Just have a seat. Yeah. We're not going to let you off the hook that easy, Angie.

<<Angie Wirick, Chief Financial Officer>>

Okay. That's fine.

<<Bill Plovanic, Analyst, Canaccord Genuity Group Inc.>>

All right. So we'll shift into a fireside chat here. Thanks for attending – spending time with us today. Good overview. I think let's start out with the EPi-Sense CONVERGE. It's investors are focused on this probably a little too much and we'll talk about that…

<<Mike Carrel, President and Chief Executive Officer>>

It’s a big market and an important market for us to go after…

<<Bill Plovanic, Analyst, Canaccord Genuity Group Inc.>>

It's important, but it's not the only leg of the stool. But just talk about onboarding an account training and how we should think about this. And I bring this up because I think initially, we're often wrong, but we're seldom in doubt, right, as a sell-side analyst. And I think that a lot of us had thought that there was a potential for hockey stick off the EPi-Sense CONVERGE. I don't think that's going to be the case. But I just like to understand, because it seems like there's maybe a little more in terms of onboarding account, getting this ingrained into what they're doing and just kind of walk us through that.

<<Mike Carrel, President and Chief Executive Officer>>

Well, I think two things have happened. I think there is a little bit of a misconception, even when we got the label. This is the label where we showed, really demonstrable improvement from catheter by itself to catheter plus our EPi-Sense technology, where we saw 100% improvement and we're the only ones in the world with that label. So that's why people got excited. It's going to have a hockey stick type growth.

What we tried to tell people of fun is we're bringing two disciplines together. And I think people got really excited because the data is incredible and we know patients are going to benefit, but it does take time to get the workflow going and get things moving. And I think there may have been a little bit of a disconnect in what that timing might look like to kind of get that flywheel going as they like to say.

So I think there was a little bit of that just from the beginning, but that being said, we also were launching this in the middle of COVID and that was probably the bigger issue, which is that we're launching it. We had great progress at the end of last year, adding lot new centers, training centers, and then Delta, Omicron and staffing issues, all kind of hit in that kind of three to four month period. And it lingered a little bit and cancellations occurred and getting those programs and those disciplines to work together, took a little bit kind of the wind out of kind of getting some of them started, but we've actually made some really good progress.

I mean, you've seen it from Q1 to Q2. We grew 20% sequentially, but it does take time to get these programs together. I'll harken you back for those that remember if you looked at the kind of TAVR, when you had to bring the surgeon and the interventional cardiologist that didn't hockey stick take off day one, it took three years to get centers up and running, get them working collaboratively. And at that point, you started to see centers take off in their volumes overall. It didn't happen in the first six months of the rollout of the first TAVR case that was being done. In fact, if you remember when that was rolling out, there were papers coming out every six months saying, hey, look, this is the new way to

do it. And you might want to add or maybe train this way. And so there are constantly papers and things coming up. Same thing's happening with CONVERGE. We're seeing continued improvement in terms of how do you adopt the workflow? And I anticipate, I mean, we look at this as this is going to be more than a decade long journey and it's going to be really positive and affect our top line growth for a long, long time in a positive way.

<<Bill Plovanic, Analyst, Canaccord Genuity Group Inc.>>

But you give an example of three years now, three year sticks in my mind. So I just wanted to help level set us on – three years still like, I mean, it takes time to get to there, but we're going to see growth this year and we're already seeing growth. We're adding a lot of net new centers. It's not, that is happening. I mean, that's already happening. We trained over 100 cardiac surgeons and electrophysiologists so far, we've got lots of programs just since the label and the data came out, we've added Johns Hopkins, Northwestern, Mayo Clinic, Cleveland Clinic, UCLA. These are some of the top hospitals and places in the world that wouldn't look at us before the data that are now actually getting programs up and running. But they're not optimized yet. It takes them time to kind of get that optimization together, but we'll see growth as we go to that point.

<<Bill Plovanic, Analyst, Canaccord Genuity Group Inc.>>

And I would assume it's the cardiac surgeon driving this and you're kind of dragging along the EP.

<<Mike Carrel, President and Chief Executive Officer>>

No, I'd say the EP is driving the growth and you've got to bring the cardiac surgeon along, because you've got – the cardiac surgeon takes more time to train because the EPs doing what they do every day anyway. They're just going to be mapping and doing the pulmonary veins. The surgeon's the one who's got to do a new procedure that adds to what they do there. So the surgeon is the one you got to make sure that they've got the time, they're committed to it, et cetera. So finding that surgeon then finding that right workflow is the bigger piece.

<<Bill Plovanic, Analyst, Canaccord Genuity Group Inc.>>

And then just last question on this for your sales force. So how much interaction have they historically had with the EP considering you are cardiac surgery company? So where is kind of the – for you the bottleneck and just kind of getting out there and developing this? Is it finding the EP? Is it – you said you got to bring people together and it's kind of training the cardiac surgeon, but you're with cardiac surgeons all day long. So I can't imagine that's the hard part for you.

<<Mike Carrel, President and Chief Executive Officer>>

Yeah. No, it's the coordination. We actually know all the EPs too. We've got great relationship with EPs across the country. We have over 50 people in this division now that have been there for a long period of time. We started building out that team in those relationships over the last five years. If you go to HRS or you go to any EP show we're a platinum sponsor, along with all the other big names, like Medtronic and J&J and Boston and Abbott, we're on the same level as any of those. And we have great relationships within that area.

Even though we don't have a product that they use, we have a solution for patients that they have. And so we've built really deep, rich relationships within that community. Obviously, there's more to do for sure. But we've got a really big and deep team from that standpoint.

<<Bill Plovanic, Analyst, Canaccord Genuity Group Inc.>>

Any you referenced TAVR and kind of the building at TAVR. Do you think that similar to TAVR that you might need a coordinator to help do this?

<<Mike Carrel, President and Chief Executive Officer>>

It's a great question. The best sites that get to scale do wind up having an Afib coordinator of sort to be able to kind of manage that workflow. And so I'd say you don't need it, but depending on the size of the hospital, the area you're probably going to have it. Yes.

<<Bill Plovanic, Analyst, Canaccord Genuity Group Inc.>>

Okay. And then you're developing the hybrid procedure for IST. I always like to say, it's great. It's kind of like a lawyer at trial. You never ask a question you don't know the answer to and it seems like all the preliminary data in IST is pretty phenomenal. So, talk about the device that you're creating for this. And then what will the patient pathway look like? Is this going to be some you got to develop or is this like the patients just not a treating form today?

<<Mike Carrel, President and Chief Executive Officer>>

It's a great question. So IST stands for inappropriate sinus tachycardia. This affects patients that have a heart rate above 100 at resting. So think about basically being in workout mode all the time. So for those which you feel terrible, you're tired, you can't eat, you can't exercise because you're always at that elevated heart rate. It typically affects women ages 20 to 40. And there are approximately well over 1 million people or so that have this disease.

So it's a lot of patients overall that have it. Now, the problem with it is that it sometimes gets misdiagnosed. But some surgeon and electrophysiologist came together in a hybrid fashion and determined that if they used our surgical products that exist today with the

catheter mapping, they can get almost 100% success through this specialized procedure that they've developed.

So over the last five years we've been studying that and the results are incredibly compelling in terms of what these patients. So now these patients thought they had no solution today. There literally was no solution for them. So we're now bringing that to the United States, we're running a randomized trial of 142 patients. And these patients are typically going to come from neurologists because a lot of these patients have psychiatric issues because they're struggling with, I can't get this heart rate down. I don't know what it is. I've got lots of anxiety, so they misdiagnose it.

But we believe that patient flow once they know that there's a solution out there, you're going to start to see that patient flow kind of come in quite dramatically. But we've got to prove out that it works, not just in the hands of the team in Belgium, but in hands in the United States as well.

<<Bill Plovanic, Analyst, Canaccord Genuity Group Inc.>>

1 million people's a lot, a big market. So we talked about the focus that investors have on EPi-Sense CONVERGE. But I took a look at the numbers, kind of, I always like to sit back and think about things a little. When you look at the cryo and the AtriClip business, and frankly, nominally they're contributing as much, if not more, a little less, but it's pretty even three-legged stool you have going. And I think people are overlooking these things.

So I'd like to hit on cryo. Tremendous growth. I mean, when you find a little nugget inside and you're able to grow it inside the business, that's amazing. Just speak about the dynamics that are driving this. I mean, it's rare you get to see something like this developed. So I just want to understand kind of where it came from, where it's going, how large it's going to be. It sounds like you've started talking about, hey, we started in this market, now we're thinking they're seeing potential of other uses. Just give us an idea what this could be.

<<Mike Carrel, President and Chief Executive Officer>>

Yeah. So the cryo nerve block basically blocks the nerve signals that's coming from the pain that's happening when you're undergoing thoracic surgery. We originally got into the space because we wanted to improve the adoption of atrial fibrillation surgery, because that was one of the feedback we got that there was a lot of pain and we knew that cryo possibly could do that.

Through that what we learned was it works better than we ever expected. It did not have any impact on our Afib surgery, but it did open up a brand-new market for us, which is all thoracotomies, typically most thoracotomies, the majority of them are done for lung resections because there's been obviously a lot more screening that goes on. So there's

about 140,000, 150,000 thoracotomies every year in the United States, tremendous pain for these patients.

So we started out small, niche kind of starting in a couple of markets to test out, was this going to work and grow? We didn't even have it in our sales team. We had it kind of in our marketing group. And we hired a couple people to kind of go into like Los Angeles, Texas and Florida, and say, let's see if we can kind of get some build out of it. We saw tremendous pickup almost overnight.

We then developed a purpose-built probe that made it easier because the access points are different from the side than we might use cryo from the front. And so we built that product and then we did a full rollout and expanded the team and moved it into sales about two – a little bit over two years ago. And it's gone from zero to almost like it's on a $40 million so run right now.

So why is it grown so fast? We'll do over 15,000 cases this year, we'll be over 10% penetrated in the market. Why are people doing this? There's no reimbursement and it takes more time. Two things you'd be like, wait, nobody's ever going to do this. It works. Patients don't have pain after surgery, and they used to have a lot of pain. Doctors will tell me, okay, they could walk down the hallway and they can tell which patients they gave cryo nerve block to and those they didn't. Those that they did not are still sitting back, they can't get up, they can't move. Those that they did, they're sitting in their chair and they're reading their newspaper. And this is the day after surgery or hours after surgery. It just works and improves that pain dramatically.

And that's why once they try it, they use it. So we've got about 400 accounts now in the U.S. that are using it. And you see consistent buying from them on a regular basis. So one is we're going to continue to expand in the thoracotomy space, because we're still only just over 10% penetrated. We're going to see growth out of that. Two, there is an international opportunity within there where we just got clearance and approval on that front. And three, you mention it for growth levers for us is there's 140,000 or 150,000 thoracotomies but you also have pain when you undergo a sternotomy and there's 255,000 of those in the United States. And we're now doing a similar kind of I'll call it measured rollout where we've got a handful of sites that have done it. We've looked at it, it's safe and it works incredibly well also there. We're going to expand it to a couple more sites in the back half of the year, just to learn, just to make sure that before we go to a full rollout, we're not going to make any mistakes, much like what we did when we did it at thoracotomy. We anticipate this could help our growth even more in 2023 and 2024 as we moved to the sternotomy. The other good thing about the sternotomy is that I have 130,000, 140,000 – 130, 140 people already in the field in that market.

<<Bill Plovanic, Analyst, Canaccord Genuity Group Inc.>>

Same sales force. So you go from a $400 million market opportunity to close to $3 billion, right? It can be 50 times 1000, right?

<<Mike Carrel, President and Chief Executive Officer>>

It can be a big opportunity. Yes.

<<Bill Plovanic, Analyst, Canaccord Genuity Group Inc.>>

Nice. So expect good things from that. And then just a side note, they're blocking the nerve. How long does it take for the nerve to regenerate and feel pain again?

<<Mike Carrel, President and Chief Executive Officer>>

Six to eight weeks it'll kind of go away. So they'll get pain relief for, they usually say four to six weeks – four to eight weeks overall.

<<Bill Plovanic, Analyst, Canaccord Genuity Group Inc.>>

Nice. And then…

<<Mike Carrel, President and Chief Executive Officer>>

Which is when the person's in the most pain. So think about your bruise, right? You get hit, you punched, I mean just simple things any of us feel pain, you feel pain right away and then the pain eventually kind of dissipates over time. For surgery, it usually dissipates over kind of a three to four week period.

<<Bill Plovanic, Analyst, Canaccord Genuity Group Inc.>>

Perfect. And so let's – we got a couple minutes, we'll flip over to atrial AtriClip in the LeAAPS. Always love a clinical trial. You get paid to sell your product for that's amazing and drive it. But just talk to us about what LeAAPS really does for the opportunity.

<<Mike Carrel, President and Chief Executive Officer>>

It more than doubles the size of the Clip opportunity. So it's another market expansion for us. Today, our products are primarily used if a patient has atrial fibrillation, part of the procedure is to take off the appendage – is to manage that appendage. Our Clip does that for them during that. But there's more and more data coming out and there's data that says, if you take that appendage, you can reduce the stroke rates. Whether it's with a Clip or something else, there's a trial that was done last year.

There's more data coming out now that shows that well, if you don't have atrial fibrillation, but you're undergoing cardiac surgery, you are very likely to get Afib your lifetime. Therefore, you're likely going to have an elevated risk of stroke in your lifetime. So why not prophylactically put something on to take care of where those strokes originate from? And there's more data coming out to say that if you manage that

appendage, you can possibly reduce the stroke. LeAAPS is going to prove that, and that's what this trial is all about. So if you think about that number of patient undergo cardiac surgery, two-thirds of them don't have atrial fibrillation. That's the market that we're basically trying to go after. So we're trying to significantly expand the size of the market.

The second reason is we're also saying nobody's ever proven that the Clip reduces stroke itself and this trial will definitively show that Clip can reduce stroke, so that we could actually get that on label as well at some point, and also raise the bar for others that want to get into the space to say, you're going to – you should have to go after a stroke label, much like what WATCHMAN did on the percutaneous side.

<<Bill Plovanic, Analyst, Canaccord Genuity Group Inc.>>

Excellent. I think lastly, we'll put Angie on the hotspot here. Just how do we think about top line growth versus cash flow going forward? You have a lot of heavy commercial investments that were made in the past 12 to 24 months. And I was just wondering what we as investors should expect from that operating leverage going forward?

<<Angie Wirick, Chief Financial Officer>>

Yeah. We're at an interesting time. AtriCure has been known for not ever being profitable. This year, we've guided to a $2 million to $4 million EBITDA loss and would expect in the near-term to hit profitability. What you've seen is a nice track record I think of us making progress towards that even at lower growth rates in the past. If you go pre-COVID, so think back prior to 2020, and prior to the acquisition of SentreHEART, we were very close to profitability.

The acquisition of SentreHEART, put us back a bit, we were running a clinical trial. But now as you think, as we're continuing to scale, and like you said, there were a lot of great commercial investments that were made leading into the approval process for CONVERGE. We'll continue to make investments in that area and incremental training investments, as well as you think about the number of doctors and physicians that we need to reach for each of our therapies.

<<Bill Plovanic, Analyst, Canaccord Genuity Group Inc.>>

That's a perfect non-answer

<<Angie Wirick, Chief Financial Officer>>

I'm not going to give a timeline. The good news for everyone involved in the story is we've got a great balance sheet over $180 million in cash and investments and feel like that's got a good runway for us to reach profitability and to be able to fund on our own.

<<Bill Plovanic, Analyst, Canaccord Genuity Group Inc.>>

Excellent. Thank you. Thanks for joining us today. We're out of time.

<<Mike Carrel, President and Chief Executive Officer>>

Thank you.