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<<Bill Plovanic, Analyst, Canaccord Genuity>>

My name is Bill Plovanic. I'm a Senior Medical Device here with Canaccord Genuity. Welcome to our 45th Annual Growth Conference. With us next, we have the management team of AtriCure. We have Mike Carrel, CEO, and Angie Wirick, CFO. We will start out with a brief PowerPoint presentation, then we'll shift it over to a fireside chat.

With that, I'll invite Mike to the microphone.

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

Thanks, Bill and thanks Canaccord for having us here. And Bill has told me I've got 10 minutes to go through 50 slides, so I'm going to go really, really fast for you guys there. All right. It's going to take me 10 minutes just to move the – the way these PowerPoints go.

All right. For those of you that don't know much about AtriCure at a real high level, we are really focused on, as you can tell, Afib and pain after surgery. And really eradicating Afib is the goal of the company originally. And we've kind of moved into reducing pain after surgery because we got into using cryo to freeze nerves. And I'll talk about that here just in a moment by which blocking pain to the brain and reducing pain significantly after surgery as a result.

I think what you'll learn and as you get to know AtriCure a little better, you'll understand we have a deep and rich portfolio of products today, existing products. We don't have to go out and acquire new products. We do a lot of innovation and development internally and have continued to expand through that. The other thing that's super unique about AtriCure is that, of course, everybody's going to get up here and talk to you about large growing markets.

I mean, if they didn't they probably wouldn't be running a public company and trying to talk to you about getting investments or having people look at their businesses. But what's unique about us is that every one of the markets that we go into, we're basically establishing new standards of care. So, we're really kind of finding areas where there is a real unmet need.

In our case, it's super complex Afib and pain after surgery. But in each one of those, you can have extensions about that. And I'll talk about that in a moment as well. And we're not talking about small markets, we're talking about multi-billion dollar markets at the end of all of these. We are a global provider. We sell in over 70 countries in today's environment with all the tariffs, et cetera. I think something super unique about us when you look across all of MedTech is that we build all of our products in Mason, Ohio. We have done that for a lot of reasons.

We didn't do it because of the tariffs, but 100% of our products are actually made here. So, we have got pretty much limited to no exposure from a tariff standpoint, from a manufacturing that

now we do sell in those other countries, but from a manufacturing standpoint, there really is nothing there. And then obviously, you've got a bright future that I talked about briefly.

So, let's just – I'll hit real quickly on the two main areas. Afib, it's a serious problem. It affects almost 60 million people around the globe. And I think anybody, if you're in MedTech today, you know, this is one of the fastest growing areas within MedTech. It leads to higher stroke rates. It is a precursor to heart failure. And obviously you don't live as long when you've got Afib because you're not getting enough oxygen throughout the body from that standpoint.

So, one of the unique ones though is in the day and age now, where you're talking about Alzheimer's and dementia, a little known fact is that you've got a three times more likely chance of going and having dementia if you've got Afib. It actually makes a lot of sense. Think about not getting enough oxygen to your brain. It's going to cause all those different microbubbles that you have and as a result of that, it's going to lead towards obviously, not great brain development over time.

On top of that, from a pain standpoint, which is the business that we got into about six years ago, is that when you undergo surgery and you hit across nerves, it's incredibly painful. Not just ripping nerves, we're talking about just expanding nerves, moving them around. If you're going through a thoracotomy or anything like that, these are incredibly painful procedures. Just think to yourself for a moment, getting punched in the rib or you see boxers that go down. Why? Because they have that excruciating pain, the nerves are there to protect your heart and your lungs, of course, right.

But when somebody undergoes surgery for that, they are in pain for a very long period of time as a result, and they take more opioids, they recover – a very long recovery and it's incredibly, incredibly painful. When you freeze that nerve, you temporarily block that pain, but not just for like a 72-hour period, like while you're in the hospital. It lasts about six to eight weeks. It allows your body to recover, which allows you to be able to get up faster, be able to talk, be able to breathe, have your kind of lungs coming in and out without that excruciating pain so you can actually recover more quickly.

That's the problem that we're trying to solve. And it's a \$10 billion market. When you look at our overall markets now you can see on this slide on the left-hand slide over here you've got kind of our, call it, traditional businesses that we've been in. And it's an important slide. You can find this on our website. But our cardiac surgery business, which is the business when you're opening up the chest and you have Afib while you're also undergoing cardiac surgery, we are in that market. And this actually should be a little bit larger. But like if you've got pre-op Afib, about 35% to 40% of those patients get treated today. But the guidelines and the reimbursement say 100%.

On the pain management side, that's the new one I just talked about. You're talking about thoracic procedures primarily. That was what I was just referring to before. And then our hybrid therapy is one in which it's a large market, but it's for the complex ones that fail like the PFA and the catheter-based solutions eventually lead to that. What we're expanding into, and we're already in a lot of these, is that you're going into managing patients prophylactically. There are 2

million patients that undergo cardiac surgery every year around the globe. We believe every one of those should have an ablation and an AtriClip to stop or reduce that stroke rate. And we've run big clinical trials to affect that change.

On the pain management side, you're getting into sternotomies, so you're moving outside of here. Where else do you have surgeries that you're affecting those nerves? Sternotomy is obviously a big one and we're just launching, going into the extremity market, which is for amputations primarily. The way we win in these markets is that we innovate, we bring science, we expand it through education and we're going to show you profitable growth here in a moment. I'll get into that in a minute. And you can see that innovation engine in clinical is that those investments we've made, you see in our P&L, when you look at our income statement, you'll see that we invest around the high teens to 20% in R&D.

The reason for that is we think that we're building a huge moat for others to enter into. So when these trials are successful, we think we've got multibillion dollar opportunities that are going to be very difficult for others to kind of enter into. That's why we not only invest in kind of the innovation side, but also the clinical evidence. But you're also seeing, and if you just look at our numbers this year and you look at the results that we've shown, you can see in the slide at FLEX-Mini Device, the cryoSPHERE MAX probes, those are driving the growth of our business.

So new products that have come to market drive growth. And they don't just drive it for one year, they wind up driving it for kind of three to five years after coming to market. Because we're not only getting that price lift increase that people talk about, but what you're getting is actually better and more adoption as well. Because we're the first to market, we're effectively out innovating ourselves to kind of get more adoption into the market. We hear the market, we listen to them, and then we kind of improve our products from that standpoint.

The guidelines, I'm not going to go into the details. The guidelines support us. You can see back in kind of the 2014 timeframe, they were lower-level guidelines. Almost all of our therapies are high level guidelines to be adopted today. Also, to that point, on the Afib side of our business, there is excellent reimbursement. All that data we gather on the clinical evidence side, the logical thing is you lead to guideline changes which lead to reimbursement changes.

And for us, you can see that just over the last several years we've had major changes in reimbursement because of the investments we've made in clinical evidence have led to big increases. And you can see these numbers are not small. If you have coronary bypass and you add surgical ablation, you get \$8,000 to \$14,000 additional for that procedure, for doing the work that you're doing with our products.

That has – we've also got reimbursement for the managing of the left atrial appendage. You've had an increase – if you have double valve procedure by almost \$24,000 what CMS is telling those physicians is, we know it's economical and beneficial to treat that patient because they're going to cost the healthcare system less money. We're going to spend the money today to save money longer-term.

And then finally, we've seen some increases on our Hybrid business as well, which has led to what you can see here is great double digit revenue growth year after year after year. I think we're going back all the way to 2013. You can see this year and last year we grew 17%. Our guidance this year is very strong. We just beat the numbers for the first quarter by a considerable amount and grew 17% in the second quarter, dropping quite a bit to the bottom line as well.

So, when you think about AtriCure, you should think about a company that is number one in each of our categories and each of the areas that we're in, creating these new markets, large multi-billion dollar markets. Our investments in R&D are leading to a future in which we can keep those accelerated growth rates through the end of the decade and well beyond. Each one of our markets, you saw those dark blue lines are very small in the midst of they're under penetrated. So, we've got lots of room for growth. So, there's confidence that those end user markets are there.

And what we've really demonstrated recently is that we can drive all of that growth and we can do it profitably. We generated \$18 million worth of cash in the second quarter of this year. We'll be cash flow positive through this 2025, our first year. And we're generating over an EBITDA of north of 10% at this point. And we have also put a stake in the ground that when you look out for the end of the decade that we will be at north of 20% profitability and growing at about almost 14% through the end of the decade.

And we're ahead of plan. So, with that I'll open up to questions.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

Excellent. We'll invite Angie up here.

<<Angela Wirick, Chief Financial Officer>>

Thank you.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

Are you putting me in control, Mike?

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

Sure.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

That's dangerous.

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

You could probably give the presentation, you know as well.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

Great. Thanks. That was a fantastic overview and as promised in 10 minutes. So, I'm going to start out with financials and work my way through here. As we think about the revenue guidance, it was pretty straightforward. We know your philosophy. Remind us what is considered in the new guidance. You raised by more than a Q2B and some viewed it as conservative. Angie always says prudent.

<<Angela Wirick, Chief Financial Officer>>

Prudent, yes.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

But what – help us understand what was considered in there and what wasn't.

<<Angela Wirick, Chief Financial Officer>>

Yeah. As we started the year we had a couple of new product launches that we said, look, based on the results that we're seeing, the traction with the new product launches, there is upside to the guide and that's exactly what you've seen in the performance of the business so far this year, specifically our cryoSPHERE MAX of Pain Management and then the AtriClip FLEX-Mini in our Open Appendage Management segments had really great quarters, really great contributions, lifted overall growth rates even beyond just the pricing impact. We saw really strong volume growth in both of those areas.

I'd say to the – and throughout the business, I think performing as good, if not better than our expectations to start the year. So, expecting that we continue to see strong traction with the new product launches through the rest of the year. We did kind of start the year also saying, look, Hybrid would be a bit of a drag on the overall business. The outlook there with PFA pressure contributing to volumes being down year-over-year and as we're entering the second half of the year, I'd say less optimistic that we're going to see an inflection and that's starting to improve. And I think you look at that and say even with the results in that area of the business, which is a small portion of our overall business, company still grew 17%. It's a great outlook for the rest of the year.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

Yeah. I think – I'm going to hone in on that because let's – of course, we always poke the holes where we can. So that's – I think the Hybrid business plus the clip that goes with it is probably like 10% as your revenues plus or minus 1 or 2.

<<Angela Wirick, Chief Financial Officer>>

That's right.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

The question we get asked often is that's continued to see pressure. It's actually going down, not even sideways, right?

<<Angela Wirick, Chief Financial Officer>>

Yeah.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

When's it stop? I mean, it's become such a small piece of the business. It's becoming less and less impactful. But it would be fantastic if it just stabilized. Like, what are you seeing? What do you think? Any updated thoughts?

<<Angela Wirick, Chief Financial Officer>>

Yeah, we'd love to be able to predict that. I think we would love to be in a position to say it's this specific point in time we had expected, I think at this part in the year that you would start to see kind of less of a decline. I think we were pretty clear to begin the year that the year-over-year results were going to be down. Don't expect growth out of this area. All that being said, there are bright spots we could point to specific accounts. We're seeing the right kind of turnaround, we're seeing the right kind of fall through from PFA failures, converge procedures uplifting. It's just not broadly across the customer base at this point. I think we're looking at beyond 2025 before we say stabilizing and just staying flat.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

I think the rest of the business is doing so well. It's kind of like if that momentum comes and then stabilization you might be a 20% grower.

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

Wouldn't we all love that?

<<Bill Plovanic, Analyst, Canaccord Genuity>>

From my lips to God's ears. You generated about \$23 million in cash when you add back the R&D collaboration, I do because I view those as one-time events.

<<Angela Wirick, Chief Financial Officer>>

Great.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

That's a huge – I think is that that's got to be the best quarter ever for you.

<<Angela Wirick, Chief Financial Officer>>

Ever, yes.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

Yeah, from a cash flow generation standpoint. What level of revenue do you need to be consistently cash flow positive like on a quarterly run rate?

<<Angela Wirick, Chief Financial Officer>>

Yeah, I'd love to. We have a heavy burn in the first quarter. Has been that way forever. Variable comp, stock-based comp vesting. You saw that in the first quarter this year. I think we're close probably not 2026. I'd probably set the expectation 2027 is the point where at the revenue level you've kind of de-risked any kind of burn in the first quarter. But it's an outsized burn in that quarter. As Mike said in his comments, we will generate cash for the full year taking out the one-time item we're neutral year to date given the burn in the first quarter and what we generated in Q2.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

So just to be clear though for 2026 if you're cash flow positive this year, there's no reason you wouldn't be next year. You're just saying in 2027 like all quarters potentially could be.

<<Angela Wirick, Chief Financial Officer>>

All quarters, that's right.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

You'll be at scale. Okay, I just wanted to be clear. And then in terms of the OpEx, I think we're seeing this massive lift in your profitability. Is this – are there – if you have to invest in a separate sales force for extremity or anything else, does that kind of throw us off or do you continue to see a lot of – what type of leverage do you see?

<<Angela Wirick, Chief Financial Officer>>

I think we see – we are so far ahead of our plan when we put out the targets on a long-range basis. I think that gives us flexibility to make investments like a cryoXT sales force should we need to do that. I think we've got the ability to do that and not take steps backwards on the trajectory that we're on.

So, we're seeing great leverage within SG&A. The efficiency of our commercial teams, the efficiency of our training and education, back-office functions, you're just operating at a bigger size and scale. Don't need to make the same level of investments. It's enabling us to invest very highly in R&D. And I think we've got room to make incremental commercial investments should we need to.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

And as you think about the new products you're launching and GM contribution, do they tend to be at above? How should we...

<<Angela Wirick, Chief Financial Officer>>

Above. One of our primary goals, beyond the innovation that you're building into new products is to be able to lift the overall margin of each product. So, we are intentionally looking at ASP as well as COGS to find ways to. And I think you saw that in the second quarter even though year-over-year, our gross margin was down 15 basis points, so down slightly. It's the highest contribution from international that we've had in a quarter. I think that's masking what you saw the new product contribution in terms of lifting gross margin.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

Okay. And then, last finance question, I promise, but you got a lot of cash. It's going up. It's either champagne problems. What are the best uses of that? You prioritize paying off debt, M&A, stock buyback, dividend?

<<Angela Wirick, Chief Financial Officer>>

Oh, definite – no, no, no. I think, I think this is one, I think our best priority at this point is to continue to fund the innovation engine, fund our clinical trials, really fund the organic activities within the business. Over time and at scale, sure, you think about retiring the outstanding debt. We're in a good place with that right now, and I think, the other problems that you talked about in the end are so much further out, and it's just not even on the radar here. So...

<<Bill Plovanic, Analyst, Canaccord Genuity>>

Okay. And talk about, appendage management. Q2 is – was really solid for the AtriClip all around, as both volume and growth. The open business is degrading a little. I wanted to level set investors on the open versus the MIS and the mix of that business today. I guess, we think about it, because I think the MIS component is down to teens or...

<<Angela Wirick, Chief Financial Officer>>

Yes. So, in appendage management, if we're talking about the U.S., second quarter, we did \$45 million in revenue, \$38 million was in open appendage management, the remaining was minimally invasive. So that's about 82%, 83% open appendage management versus the

remaining being minimally invasive. I think at your conference last year, we were talking about a split around 75%, 77%. Progressively, you're seeing good growth in our open appendage management. And given the pressure in hybrid ablation, which is where the minimally invasive clips are placed, we're not seeing growth there. We're seeing declines.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

And with the launch of the new MIS clip, could the pricing offset at least the revenue degradation there? Or...

<<Angela Wirick, Chief Financial Officer>>

Yes. I don't think it's enough of an uplift in pricing to completely offset the decline in volume, but we do think that there will be good conversion and a way to kind of mitigate kind of decline there.

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

What you're seeing on the open side, and I think it's important to note, is that, yes, we've gone from 75% to 82%. A lot of that's been driven by the fact that if you just look at the last six quarters, our year-over-year growth rate's gone from 15% to 17% to 20%, 21% to 24% to 30%. What drives that? First and foremost, you heard me talk earlier, innovation. Innovation drives that. So, the new FLEX-Mini device is an exceptional device. It's obviously got a little bit of a price increase, but more than anything, we're actually getting ton of volume increase with it. We're just using it more often on more cases.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

How do we think about, one of the questions I get is, just with Boston Scientific with WATCHMAN. How does them on the LAA space from a endovascular standpoint impact you, if at all?

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

For 10 years, we've been asked this question around, like, what is the impact of it? It's been helpful to us, because everybody now knows that managing the appendage is the right thing to do. They realize what the benefits of managing that appendage are, which leads to whether you're in kind of the interventional space like Boston, or if you're in the cardiac surgery space like us, that they look at the appendage, they've got a clean look at it on the table, they're going to manage it every time, they're hearing about it every conference they go to, et cetera. So, from our standpoint, that's only been a positive kind of tailwind for us in our business.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

And there haven't been enough of them implanted that by the time the patient gets to you in the open that they've already had...

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

Not. I mean, I'm not going to say you never see them, but it's not that often.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

Too small at this point. Okay.

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

And it's also a different patient population, as strange as that may sound. Because a lot of patients getting WATCHMANs are older. They may not be candidates to go in for cardiac surgery. They may be going in and getting stents or TAVRs or something along those lines. Whereas your cardiac surgery patients, your sickest sick patient sitting at 62 years old, they're opening up the chest to do triple vessel disease. I mean, it's a – it's just a different kind of patient flow, and the sickness of that patient is different.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

Perfect. LeAAPS is completing enrollment. Sounds like it's been a little while before we get some interim follow-up data. First of all, guess when we get the first look at some interim data. What do you think it'll be?

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

I'm not going to guess. It's no – I'm not going to guess on that. So, yes, we're pretty excited about LeAAPS. LeAAPS enrolled. It's 6,500 patients. Just a reminder, it's the largest cardiac surgery trial ever done. It's one of the largest device trials ever done. 6,500 patient randomized, one to one. Half the patient get the AtriClip, half the patients do not. They get nothing. And we're looking at, do you have a reduction in stroke? It's an event driven trial. 469 events have to accrue. Once they have that, we can look at the data and look and see, did we win on that trial relative to the increased stroke rate in the patients that do not get the AtriClip? We're very confident, based on all the work that we've done before, that we will win the trial at the end, but there is a follow-up on it. So, it predicted was a five-year follow-up. I'm hopeful that that will be earlier than five years. I'd love to say there's going to be some kind of miraculous things can happen in the next year or two, but it would be miraculous if we got data before then.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

Okay. Well, that answers the question. Not the way I wanted it, but I'll take it. That's all right.

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

But if you're still here in 2029 or 2030, you're going to be very happy.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

I don't know if I'm ever going anywhere. I've done this my whole life. What type of impact does completion of the LeAAPS trial have on the financials? Right? As you said, half of them got the clip, half didn't.

<<Angela Wirick, Chief Financial Officer>>

Yes.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

But they were treating patients prophylactically. So, are they going keep doing that? It's kind of becoming the standard of care, and they just do it on all their – isn't an issue if they do?

<<Angela Wirick, Chief Financial Officer>>

Yes. I think there's kind of three different camps. We definitely had surgeons who believed in doing this for patients before we even started the trial. They were forced to randomize to be part of the trial. They go back to treating every patient. So, I think they're going back to business as usual. I do think we had a cohort of surgeons who participated in the trial, were exposed to a lot of data around the AtriClip, around why you would manage the appendage, and they've come to the conclusion on their own through this process, I will start doing this for my patients. So, I think their behavior changes as a result of being in the trial.

And then there is a third camp, surgeons who said, I'd like to see how the science plays out. I want to be part of the trial. They're going to go back and only do this, only manage appendage on, Afib patients. So, I think the blend of all of those three says really no impact to us. I think, where we've seen tend to see growth in appendage management beyond just adoption on Afib patients happens to be, you know, in some of the prophylactic treatment areas. So, we've talked about that before. Rest of the P&L, you take a step down on R&D expenses because enrollment is done. We still have robust follow-up on the trial to do. We'll be replacing kind of that spend with the box no AF trial, which is up and coming.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

So, you've run the clock out, Angie, but I'm going to ask one more question. Open ablation, you've launched EnCompass OUS. I think it's grown, but it's not really accelerated like we've seen in the U.S. yet.

<<Angela Wirick, Chief Financial Officer>>

Yes.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

Do you think we see that acceleration? Or is it a different market, OUS versus U.S., with a reimbursement barrier or something of that nature?

<<Angela Wirick, Chief Financial Officer>>

I think it's a consideration on the reimbursement side. The excitement is no different from what we heard from surgeons in the U.S. I would look at EnCompass outside the U.S. and say, this is a nice long tailwind for growth for many, many years to come.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

All right. We're going to end it there. Thank you very much.

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

Thank you.

<<Angela Wirick, Chief Financial Officer>>

Thank you.