AtriCure (Q2 2026 Earnings)
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Corporate Speakers

- Michael Carrel; AtriCure, Inc.; President and Chief Executive Officer
- Angela Wirick; AtriCure, Inc.; Chief Financial Officer

Participants

- Marissa Bych; Gilmartin Group; Managing Director
- Matthew O'Brien; Piper Sandler; Analyst
- Marie Thibault; BTIG; Analyst
- Jon Young; Canaccord Genuity; Analyst
- Lily Lozada; JPMorgan; Analyst
- Mike Matson; Needham & Company; Analyst
- Daniel Stauder; Citizens JMP; Analyst
- Keith Hinton; Freedom Capital Markets; Analyst
- Shaymus Contorno; Oppenheimer; Analyst

PRESENTATION

Operator^ Good afternoon, and welcome to AtriCure's Second Quarter 2026 Earnings Conference call.

This call is being recorded for replay purposes. (Operator Instructions)

So now I'd like to turn the call over to Marissa Bych from the Gilman Group for a few introductory comments.

You may begin.

Marissa Bych^ Thank you.

By now you should have received a copy of the earnings press release. If you have not received a copy, please call 513-644-4484 to have one emailed to you.

Before we begin today, let me remind you that the company's remarks include forward-looking statements. Forward-looking statements are subject to numerous risks and uncertainties, many of which are beyond AtriCure's control, including risks and uncertainties described from time to time in AtriCure's SEC filings.

These statements include, but are not limited to, financial expectations and guidance, expectations regarding the potential market opportunity for HRC-Risk franchises and growth initiatives, future product approvals and clearances, competition, reimbursement, and clinical trial enrollment and outcomes.

AtriCure's results may differ materially from those projected. AtriCure undertakes no obligation to publicly update any forward-looking statements.

Additionally, we refer to non-GAAP financial measures, specifically constant currency revenue growth, adjusted EBITDA, and adjusted earnings or loss per share. A reconciliation of these non-GAAP financial measures with the most directly comparable GAAP measures is included in our press release which is available on our website.

And with that, I would like to turn the call over to Mike Carrel, President and CEO.

Michael Carrel^ Thank you, Marissa, and good afternoon, everyone. Thank you for joining us on today's call.

AtriCure delivered solid second quarter results with worldwide revenue of $154 million and growth of 13%.

Our U.S. business led the growth with an increase of 14% year over year, fueled by continued adoption of cryoSPHERE MAX and cryoXT probes in our pain management franchise, AtriClip FLEX-Mini and PRO-Mini devices in our appendage management franchise, and the EnCompass clamp in our open ablation franchise.

We also generated over $27 million of adjusted EBITDA and $9 million of net income, further reinforcing the outstanding progress we are making to improve profitability and demonstrate the overall strength of our business.

As we enter the back half of the year, the breadth of our platform gives me tremendous confidence, and I'm energized by what our team can accomplish as we advance our key strategic initiatives.

To that point, I would like to take a moment to highlight one of these strategic initiatives, the BoxX-NoAF Clinical Study, the benefits of ablation and LAA management in cardiac surgery procedures for patients without a history of atrial fibrillation.

We started enrolling this trial in the fourth quarter of last year and have now surpassed the 50% enrollment mark with over 500 patients in the trial. We remain on track to complete full enrollment of 960 total patients by the end of this year, well ahead of our original plan. We believe the speed of enrollment and site engagement reflect a strong interest and value that cardiac surgeons place on managing the most common complication of cardiac surgery and the sheer size of the market opportunity.

Post-operative Afib places a significant burden on their patients and the need goes beyond patient care. In the United States alone, healthcare spending for post-operative Afib exceeds $2 billion annually. The magnitude of this unmet need further underscores the critical importance of this trial.

Based on our current trajectory, we are positioned for clinical trial data readouts in the first half of 2027 and are excited about the opportunity to advance preventative therapies in cardiac surgery.

Meanwhile, we are making great progress with our LeAAPS clinical trial which is investigating the stroke reduction benefit of left atrial appendage management in cardiac surgery patients without Afib.

We continue to follow the more than 6,500 patients enrolled in LeAAPS as we get closer to the clinical trial outcomes. Together, these two clinical trials give AtriCure multiple complementary paths for label expansion on our devices and represent powerful catalysts for AtriCure in the cardiac surgery market.

Now I will walk you through our franchise performance in the second quarter.

Pain management had another fantastic quarter delivering 27% worldwide growth, driven primarily by the adoption of cryoSPHERE MAX.

While we continue to add accounts at a robust pace, we remain at the front end of a long growth trajectory as we penetrate deeper into thoracic surgery and see building traction in sternotomy procedures.

We recently completed evaluations of cryoSPHERE MAX at two major cancer centers in the United States with positive outcomes and continue to expand our field team to support this growth.

Additionally, I want to highlight our newest product innovation in pain management, the cryoXT Probe, designed for use in amputation procedures.

Our team recently attended the Society for Vascular Surgery annual meeting in Boston, where cryoXT was included in a presentation on optimizing outcomes in below the knee amputations.

The message was clear and mirrors what we are seeing in the early adopters with cryoXT. Surgeons and care teams see a difference with cryoXT and the patient experience and an improvement in the recovery from their surgeries.

While we are still in the early stages of therapy awareness and adoption, we are encouraged by our progress and expect cryoXT to contribute more meaningfully in revenue in the back half of this year.

Turning to our cardiac ablation franchises.

Open ablation revenue increased 11% worldwide in the second quarter, led by continued adoption of the EnCompass clamp. We are four years into our full U.S. launch and still see EnCompass driving strong growth.

In key international markets, we are gaining momentum behind the more recent EnCompass launches. Looking ahead, we anticipate an uptick in adoption as a result of the new STS quality metric on concomitant AFib treatment.

As we highlighted in our first quarter call, quality metrics have historically been powerful catalysts for the adoption in cardiac surgery. We believe this change will further increase the use of surgical AFib ablation and left atrial appendage management, creating a meaningful and sustainable growth catalyst for the business with significant long-term growth opportunity.

Our minimally invasive ablation business remained under pressure in the second quarter with the continued focus in the market on treating patients with PFA catheters. We believe there's a role for hybrid Afib therapy for patients with longstanding persistent Afib, and are directing our efforts to support hybrid therapy customers. We have seen referral patterns for hybrid procedures stabilize over the last several quarters in a small subset of accounts. However, we need to see this stabilization across a broader customer base before we can expect a return to growth for this franchise.

And finally, our appendage management franchise grew 14% in the second quarter, driven by both our open and minimally invasive appendage management products.

In the U.S., growth was fueled by the adoption of the AtriClip FLEX-Mini in open chest procedures and AtriClip PRO-Mini for minimally invasive surgery. Both products now account for 45% of our appendage management revenue in total and in open and MIS appendage management categories, respectively.

Surgeon feedback on the AtriClip Mini devices is incredibly positive, with a significant size reduction, proven product, and clinical performance of the AtriClip platform underscoring their feedback.

Internationally, growth has been supported by the continued utilization of our legacy AtriClip devices. The upcoming European launch of AtriClip FLEX-Mini and PRO-Mini, coupled with the ongoing expansion of our AtriClip portfolio across Asia is expected to drive sustainable growth and reinforce the long-term strength of the franchise.

I'd like to take a moment to address new entrants into the appendage management market, as I understand this topic is top of mind for many of our shareholders.

First and foremost, we believe it is validation of the market opportunity. When larger medtech companies invest in your core markets, it is a strong signal that the markets are robust and have a long runway for growth.

AtriCure has always believed this area of cardiac surgery is incredibly compelling. And as a result, we have approached our business proactively. We have invested significant resources in continual product development to improve and enhance the features of our AtriClip platform, and the many devices are the most recent example of incredibly impactful product innovation that is meeting a clear market need.

But continuous and robust innovation alone is not enough. AtriCure has also funded landmark clinical trials like LeAAPS and BoxX-NoAF, and proactively studied and accumulated outcomes on our AtriClip devices over the last decade, resulting in a clinical compendium that simply has no rival today or for the next decade.

Finally, we have made physician education and clinical support the foundation of our business model, with large global field and professional education teams that are experts in AFib and surgical appendage management.

We believe these three pillars of innovation, clinical science, and education will prove to be extremely difficult to replicate and are prepared to protect our leadership position in the cardiac surgery treatment of AFib and left atrial appendage management.

To conclude, the second quarter of 2026 was another healthy quarter overall for our business. We're well positioned to deliver for the remainder of this year, and our progress on strategic initiatives paves the way for market expansion and growth through the end of this decade and beyond.

And with that, I will turn it over to Angie Wirick, our Chief Financial Officer. Angie?

Angela Wirick^ Thanks, Mike.

Our second quarter 2026 worldwide revenue of $153.6 million, increased 12.8% on a reported basis and 12.4% on a constant currency basis when compared to the second quarter of 2025. On a sequential basis, worldwide revenue grew 8.7% from the first quarter to the second quarter of 2026.

Second quarter 2026 U.S. revenue grew 13.6% to $125.6 million from the second quarter of 2025.

Open ablation product sales were $40.9 million, up 12.1% over 2025, supported by ongoing utilization of our EnCompass clamp.

U.S. sales of appendage management products grew 14.4% year-over-year to $51.6 million, reflecting increasing adoption of our recently launched AtriClip FLEX-Mini and PRO-Mini devices.

U.S. pain management sales reached $27.1 million, reflecting 27.8% growth year-over-year. Growth in pain management was driven by strong adoption of the cryoSPHERE MAX Probe, along with a small but increasing contribution from our latest product launch, cryoXT.

Finally, we saw a decline in our minimally invasive ablation sales which contributed $6 million in revenue for the quarter.

International revenue was $28 million, up 9.6% on a reported basis and 7.1% on a constant currency basis as compared to the second quarter of 2025. European sales accounted for $17.2 million, up 6.7% year-over-year, and Asia Pacific and other international markets accounted for $10.8 million, up 14.7% year over year.

Gross margin was 77.2% for the second quarter, approximately 270 basis points higher than the second quarter of 2025. Our strong gross margin was once again primarily driven by favorable product and geographic mix, along with manufacturing efficiencies.

Turning to operating expenses for the quarter, total operating expenses increased $1.3 million or 1.2% to $109 million in the second quarter of 2026 compared to $107.7 million in the second quarter of 2025.

As a reminder, reported operating expenses in the prior year included a $5 million milestone payment under the PFA co-development agreement. Excluding that milestone payment, total operating expenses increased $6.3 million or 6.1% year-over-year, led by research and development expenses, which increased approximately 9%, reflecting enrollment in our BoxX-NoAF trial and continued advancement of projects across our product development pipeline.

SG&A expenses increased 5.3%, demonstrating continued investment and growth initiatives while driving operating leverage across the organization.

Our team drove a strong second quarter adjusted EBITDA result of $27.3 million compared to $15.4 million for the second quarter of 2025, a 78% increase year-over-year.

For the quarter, we recorded net income of $9 million compared to a net loss of $6.2 million in the second quarter of 2025.

Earnings per share and adjusted earnings per share were both $0.18 in the second quarter of 2026, compared to a loss per share of $0.13 and an adjusted loss per share of $0.02 in the second quarter of 2025.

We ended the second quarter with $167.8 million in cash and investments with approximately $22 million in cash generated during the quarter with net positive cash generation for the first half of 2026.

Looking ahead, we are reiterating our expectations to achieve positive cash generation through the remainder of the year, further strengthening our balance sheet and enhancing our financial flexibility.

And finally, turning to our outlook for 2026, we now expect to achieve $602 million to $610 million in revenue for the year, reflecting growth of approximately 12.5% to 14% over 2025.

We expect growth to be led by pain management, appendage management, and open ablation franchises, and see ongoing pressure within MIS ablation in certain international markets.

We anticipate typical revenue seasonality in the back half of the year, with third quarter revenue down 1% to 2% sequentially from the second quarter, followed by a rebound in the fourth quarter.

Given our strong first half performance and expanding operating leverage, we are raising our outlook for adjusted EBITDA to approximately $85 million to $89 million for the full year 2026. This places our full year adjusted EBITDA margin at approximately 14% using the midpoint of our guidance.

We are also reiterating our plan to achieve full year net income and continue to expect that we will achieve additional milestones with our PFA platform development this year, triggering IPR&D charges in the back half of 2026.

Finally, we expect full year earnings per share of approximately $0.05 to $0.13 and adjusted earnings per share of approximately $0.24 to $0.32.

Before we conclude, I would like to thank our team around the world for their passion and focus on our mission. Your efforts are making a difference in the lives of tens of thousands of patients each quarter.

In addition, with our collective discipline, we are demonstrating the increasing strength of our operating model.

With this combination, we are able to achieve I am confident in our ability to drive sustainable, profitable growth with value creation.

With that, I'll hand the call back to Mike for his closing remarks.

Michael Carrel^ Thanks Angie.

As we look forward, we are focused on delivering on each of our commitments all while advancing two groundbreaking trials that we believe will define the next decade at AtriCure.

Our continued double-digit revenue growth, improving margins, and increasing profitability position us well ahead of our long-range plan and reflect the strength of our portfolio and our team worldwide. Many thanks to the entire AtriCure team for their execution and belief. Together, we have a bright future.

And with that I'll turn it over to the operator for questions.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Our first question comes from the line of Matthew O'Brien with Piper Sandler.

Matthew O'Brien^ Good afternoon. Thanks so much for taking that question. Mike, maybe for starters, just talking about the competitive launch on the clip side of things. What is incorporated in the guide for maybe some trialing towards the end of the year here?

And secondly, you've had a bigger competitor enter this market in the past, didn't do very well against you. Can you maybe compare and contrast a little bit what you're seeing from this new competitive product, what you know about it? What really stood up last time? Was it your next generation products versus that previous one, the clinical data, I'm sure it was a combination of those.

But is there one or two things that you can call out that'll help make people comfortable that you may not see meaningful share degradation or pricing compression as a result of this launch?

Michael Carrel^ Sure. I mean yes, to answer your first question, it is incorporated into our guide.

We do anticipate people trialing the product, et cetera, in the back half of the year. So that has definitely been contemplated as we looked at our revenue guide for the rest of the year. So first, yes, on that front.

In terms of [competition] I tried to address it kind of in my comments a little bit, Matt, but thanks for letting me do it again, which is I think that there's a couple things.

One, I want to reiterate, we think that having big companies come into our space tells you that this is a very large, multi-billion dollar market opportunity, and it validates the work that we've been doing.

Now here's the catch, we're way ahead of everybody else. Our competition's looking at this, we've seen products on both sides. Obviously, our products are superior. They are smaller in profile, they are easier to put on, they provide much better visibility of the product. We've seen both of the products on that front.

I am confident with the work that our engineering team has done that makes the procedure incredibly easier, and we've also got a pipeline of new product innovations continuing to come out, both later this year, early part of next year, and into the end of next year.

We've talked about those before. We've got the V-Clip, that is the mini coming out at the end of next year, and even a smaller version of our existing product coming out at the end of this year.

So we have a -- and that is just the beginning of, or continuation of a great innovation pipeline map.

So one, innovation. We have never stopped innovating and looking at how do we advance this product and listen to our customers.

Number two, and as I mentioned, innovation alone is not going to do it. You need to prove that your technology actually does do the closure necessary and reduce strokes eventually. It's why

we committed ourselves and were confident in our trial, and it is 6,500-patient trial for LeAAPS. And we did that also into the BoxX and included the AtriClip into that trial.

Now you're going to have almost 10,000 patients in randomized controlled, very strictly reviewed trials to demonstrate that this product works all the time. And what we've seen is that the safety profile on it is exceptional, that we've seen out in the field as well. And on top of the safety profile, we believe that we're going to also see tremendous clinical benefit as well.

And we have, on top of that, I talked about the whole clinical compendium, we have over 100 papers written and produced on this peer reviewed with almost over 20,000 patients demonstrating how effective our technology is.

I believe that that makes a huge differentiation. Not only do we have the best product from what I've seen, in addition to that, we've got clinical evidence that we've been investing in for many years. And finally, as I mentioned also, we have a team in place that understands this market. When you do this, you do an ablation with the AtriClip. That's -- you do them in combination together because they work together around the calamities of Afib.

And so we believe that is a big advantage. Our team knows it. We're focused on it, not just here in the United States but all over the world. And we will continue to invest in our field team, our education team.

We've got over 500 people around the globe, in the field in a combination of professional education and field level roles that are all incredibly smart and capable and understand the Afib space.

Matthew O'Brien^ I appreciate that. And then the pain management business here, this is the biggest sequential improvement we've seen.

I'm just curious, obviously, thoracotomy has been a big growth driver for you, and it seems like sternotomy is now coming along, maybe a little bit on the limb amputation side of things.

So I think I asked you this at our conference last year, but this business now, it seems like it's accelerating. Are we getting sternotomy as the big driver right now? And there's a long way to go there. And can this franchise eventually be your second biggest franchise, just given the trajectory that we're seeing right now?

Michael Carrel^ Well I think what you're seeing in there is a couple of things, and you hit on pretty much all of it, but on the thoracotomy side, we're still underpenetrated. And we are just starting to get into the top cancer centers around the country.

I mentioned that there were two, it's actually three of the top five are now have done internal testing on it, demonstrated that this product actually works in their patient population, in their surgeons' hands and they are now -- we're now getting purchases from those hospitals today in some of the largest cancer centers.

That's going to set the tone because they're going to do additional research, write papers on it and get the word out and that's just in thoracotomy, that is still not even 25% penetrated in that overall market.

And then you combine that with like you mentioned, the two new areas and TAM expanding areas, sternotomy is beginning to kick off. cryoSPHERE MAX made a big difference there to reduce the time in that surgery. They do see enough benefit to spend that bit of time on it. It's made it so much easier for the cardiac surgeons to use it. And we're in almost 100 accounts already doing or having some, testing out of the sternotomy side of things.

And then on top of that, obviously you mentioned the expansion into XT. The beginning part of this year we saw very little revenue in XT. But we do expect that to accelerate its own growth.

Obviously on small numbers, so it won't have a massive impact in the back half of the year, but we're definitely seeing great results, as I mentioned. And we're starting to see it already, just nine months into it being presented at conferences like the vascular conference that I mentioned in Boston just a month ago.

Operator^ The next question comes from the line of Marie Thibault with BTIG

Marie Thibault^ Hi. Good afternoon. Thanks so much for taking the question.

I wanted to start here and kind of circle the profitability we saw from you this quarter. Really impressive to see both that adjusted EBITDA number and the net income metric as well. And I just want to understand some of the sustainability of it. Obviously, very strong growth. gross margins really well controlled off access quarter.

Should we expect that to be sustained here going forward? And we're well ahead of, I think, your long range plan vision that you gave, you set out for us a couple of years ago. So I'd love if you have any updates on that vision, where you think that adjusted EBITDA metric could end up going over the next couple of years.

Angela Wirick^ Thanks, Marie. You caught a couple of the key drivers here on the gross margin front. Great start to the year, definitely seeing the read-through on the product mix front, largely contributing from the new product launches in the U.S., improving the overall gross margin.

We face a headwind in the back half of the year with our new manufacturing facility coming online. It's expanding current manufacturing capability and capacity. It's a small headwind here when you think over the context of the improvements that we've made to gross margin up from 75% next year. So there is some pull through that we'll see from continued benefit of gross margin in the second half of the year.

In the OpEx side, I'd say we are seeing some leverage within R&D. I mean, our goal is to continue to fund the R&D engine between product development and the clinical trials, but we are seeing some leverage there, but the more pronounced is coming from SG&A. Again, intent is to

fuel our growth drivers here, seeing the benefits of size and scale at AtriCure. In the second quarter, you've seen it. In the first quarter, as well as last year.

So those are the areas I think that will continue to be the performance driving the improvements to the bottom line going forward.

And relative to the longer term outlook, you're right, we are almost two years ahead of plan on the bottom line. I think what you saw at our investor day was an incredibly compelling story that said continued double digit top line growth, strong performance.

Our focus is on funding growth opportunities which we've been able to do while also improving profitability. And I think what you saw at the end mark, the 2030 vision there said that we think that we can be competitive with some of the best margin stories that are out there.

Marie Thibault^ Okay. That's great, Angie. Thank you. I'd like to ask you about your business.

Could we get an update on sort of what's been happening in the U.K. market? I know that there was, I think last quarter, the APAC, (technical difficulty) light. So any updates on kind of what's going on OUS would be very helpful for us as well.

Angela Wirick^ Yes. I'll tackle the Asia Pacific markets first. Like we said on the first quarter call, we expected that to be transitory, and you saw that in the second quarter results.

Within Europe, we saw softness in a couple of our key markets there, U.K. and Germany specifically. The U.K., again, continues to be sequentially flat. Our guidance relative to the year, anticipated that we'd be under pressure given the kind of reimbursement there.

We did get some more positive news relative to our EnCompass clamp recently. We're hopeful that, that makes up for some of the impact of our cryoSPHERE probe having lost reimbursement in that market.

I think the other areas, the strong markets, end user markets are very strong. So have confidence in the ability of our international markets to rebound and are just focusing on execution there. So that's top of mind when we think about the outcomes and the outlook for the year relative to our guidance and feel like we've incorporated that pressure into the back half of the year.

Marie Thibault^ Really helpful. Thanks so much for taking the questions.

Operator^ Our next question comes from the line of Jon Young with Canaccord.

Jon Young^ Mike and Angie, thank you for taking the question and congratulations on the quarter. To go back to the pain management franchise and the strong growth you saw on Q2, was there any stocking revenue recognized in the quarter? And perhaps could you also share what percentage of revenue is cryoSPHERE MAX now?

And then lastly, any update on plans to try to gain additional reimbursement for these products in the U.S. or do you think that given the uptake you're seeing so far, you may not need it?

Angela Wirick^ Jon, congratulations. You jammed three questions into one, so we'll try and hit on each one of those.

Relative to stocking, no. This is strong growth we're seeing an increase in number of accounts. It was a strong account growth quarter for us in our pain management franchise.

cryoSPHERE MAX is now just about 75% of the stock. of the U.S. pain management revenue. So seeing continued strong adoption there.

Michael Carrel^ Jon, what was your third question?

Jon Young^ Sorry. It's on reimbursement. Just if you still are pursuing in the United States additional reimbursement for the product or do you think you still need to have that just given the growth that you're seeing so far?

Michael Carrel^ Well fortunately, what we're seeing is that the results themselves speak for themselves. They see the immediate reaction afterwards. These patients are recovering more quickly. They're getting home faster. They're taking fewer drugs.

Even though it costs more, that is definitely helping adoption just because the therapy itself works so well. That being said, we're definitely still considering and still trying to pursue reimbursement. The key there, though, is we need data.

So we've supported many different trials not like IDE level trials, but a lot of investigator-type led trials, both in the U.S. and in Europe, to demonstrate the value of it, both from a patient standpoint, but also from an economic standpoint to the system, because that's what you need for reimbursement around the world and in the U.S.

And so we have a lot of those studies going on right now. Much like cardiac surgery, this is going to take many years to kind of develop that, get a peer review, get it published. And then from there, eventually get some sort of reimbursement specifically for it. But at this point right now it is not reimbursed in the U.S. and it's because just of the great results that the surgeons see in their patients.

Jon Young^ Awesome, thanks. And I'll try to ask a follow-up, but I'll only ask one question here. Just an update on the PSA EnCompass clamp timeline. Do you still expect to begin to begin trial in that next year?

Michael Carrel^ We do, yes. We've done our first in human in Australia. Now we're moving to doing more human work in Europe which we'll be starting that very shortly.

And then we'll be submitting for IDE either later this year or early next year to start a trial sometime by the end of next year.

Operator^ Our next question comes from the line of Lily Lozada with JP Morgan

Lily Lozada^ Great. Thanks for taking the question.

One on the general market and procedure environment, we've heard different commentary from some of your peers around the health of procedure volumes in the second quarter.

So I'm curious what you've been seeing on your end and if there's been any disruption from declining ACA and Medicaid enrollments.

Michael Carrel^ We have not seen that in our markets, but if you think about our markets, Lily, many of them are not elected procedures. They're usually procedures that have to get done, and if you delay them, then the patient's going to be worse off. Cardiac surgery and lung cancer, which are probably the two primary areas that you see it, or an amputation when you've got a sickness there. These are all areas that you see it. is that you can't really wait.

Those surgery volumes, they don't necessarily grow at 50% per year, but they grow consistently. And obviously with the patient population getting much older and the baby boomers hitting on that front, we are not seeing that in our very specific market opportunity that is in front of us.

Lily Lozada^ Got it. That's helpful. And then a follow-up on the profitability and gross margin piece.

I know some of that is a function of the geographic mix with the international business a bit softer the last few quarters, but I'm hoping you could parse out how much of that is one-time mix benefit versus underlying improvement.

Once the geographic mix normalizes, do you think we go back to the 75% range that you were hovering around for some time or do you think you've broken out of that range on a more sustainable basis?

Angela Wirick^ Lily, I think the good news here is I think we're, this is kind of a breakout moment for us because the strength is largely coming from the product mix, so the newer product introductions and the fact that they continue to grow as a percentage of each category revenue, specifically our cryoSPHERE MAX and then the Mini clips.

We've also done some work relative to our EnCompass clamp. I think we had talked about this a year or two ago trying to streamline the manufacturing and lean out costs in that particular product and you're seeing the benefit there.

So the majority of the improvement, maybe to put a finer point on this, the majority of the improvement is coming from product mix that we think is sustainable.

Operator^ Our next question comes from the line of Mike Mattson with Needham & Company.

Mike Matson^ Yes. Thanks. So just starting with the BoxX-NoAF trial, it's great to hear that it's running ahead of expectations in terms of the timing.

I guess once the data is available, what's sort of the next step? I imagine you'll be submitting to the FDA, and can you remind us whether it's 510-k or PMA and what sort of timing you'd expect in terms of getting labeling for post-op AF?

Michael Carrel^ Yes. So good questions, Mike.

So the timing of it is there are two endpoints, a reminder in this trial, there are two endpoints on it, and we can win on both. The first one is the post-op AFib which we'll be able to, once the final patient's enrolled, 30 days after that, we'll have that final endpoint on it. So then we have to obviously adjudicate the data and go through all of that.

So very shortly thereafter, we would imagine doing some sort of late breaker at one of the major society meetings next year, likely either STS or most likely it's going to be AATS in May.

And then from that, we would hope that there would obviously be a lot of fanfare relative to the data, and we would then submit to the FDA probably simultaneously. So that we can then get an approval after that.

This is a PMA product though, and that actually is a super important distinction because that is very unique in terms of the labeling aspect of it, the fact that it was a randomized data done on this trial, and so that is going to be a very distinct differentiator for us for many years to come.

As I mentioned, nobody else is doing or even attempting to do trials or a trial like this for this patient population, which is enormous and really expands the TAM quite dramatically. So that's kind of the timeline. Likely after you submit to the FDA, it's probably about a year before you get an approval on that, but the data will already be out there mid-year next year.

Mike Matson^ Okay. All right. And then just one financial one, I guess, probably for Angie.

So really strong cash generation in the quarter. Any kind of one-offs? I mean was working capital really down for some reason or something or...

Angela Wirick^ No. I would say nothing unusual in the quarter.

Operator^ Our next question comes from the line of Danny Stauder with Citizens.

Daniel Stauder^ Yes. Great, thanks. Just my first one, just following up on some of the cryoSPHERE MAX questions.

Could you give us any color on how utilization at existing accounts has evolved? You noted you're starting to see some of these accounts going deeper and driving more penetration. But just at this point, what does a typical active user look like in terms of volume and revenue per month or quarter? And where do you see this peaking?

Angela Wirick^ Yes. I think the trend that we tend to see in our pain management customers is starting with one surgeon, kind of convincing them. I'd say showing them the value that that pain management brings to their procedures. And they start to expand even beyond just kind of the initial procedure that they thought.

I think our team in the field spends a lot of time on. It doesn't just have to be this profile of the patient. Think about each one of your procedures where this can matter. So it tends to get a broader thoracic pull.

And then the team would look at that specific account and say, look, what are the other surgeons in your account doing? So what are your surgeon peers doing and start to look to broaden use there. So I'd say that's what kind of the demographic looks like overall.

We ended the quarter with our pain management business having about a little over 700 active accounts. I think it would tell you with the growth in the accounts, you know given the metrics that we've said before that we're adding accounts, but that we're also becoming more productive each quarter with our existing account base.

Daniel Stauder^ Great. Appreciate that. And then just one follow up. Just could you remind us on your early goals or expectations for cryo XT? Do you have a specific number of target accounts or searches in mind for this year?

And then could you remind us of any plans to hire dedicated sales reps and the progress there? How many have you done, if you have? And then, any goals for end of this year or into next year?

Angela Wirick^ As a refresher on our launch plans, we wanted each of our dedicated pain management reps, so existing field reps, to target an existing account where pain management, there was at least a surgeon who was already doing incorporating cryo nerve block into their procedures, and then extend that to the surgeon who did predominantly the amputations. Typically, this is a vascular surgeon.

I'd say in terms of our total rep count here, at least half of them have been successful in the first six months of the year, which we think is great progress towards the launch at this point in time.

To your second question we have hired dedicated extremity reps focused within an area of our business. So within each of the areas of our pain management business, collecting the experiences amongst the reps and helping start to supercharge the results.

I'd say one of the earliest roles that we filled in this case is proving that this model works incredibly well. So we are expanding those fields field positions as we enter into the second half of the year.

Operator^ Our next question comes from the line of Keith Hinton with Freedom Capital Markets.

Keith Hinton^ Great. Thank you. Two questions for me, starting off with BoxX-NoAF.

Can you just remind us how you guys view the bar for success here on the 30-day endpoint, both in terms of how the trial is powered and if it's different, what you would consider to be clinically meaningful?

Michael Carrel^ Yes. The differential is a 10% absolute differential between the two different arms on the trial. And we anticipate that that is going to be clinically meaningful in the trial.

What we saw in some of the -- if you look up the data on it and you look at the different trials that have been done in the past, they showed anywhere between a much larger differential than that. I'd say, the two primary ones, and most recent Dr. Willick has had done a trial that he showed where he randomized 50-50 in terms of the two different arms.

From that he saw 55% post-op AFib in the arm that was not treated, and he saw less than 10% in the other arm. And then we also have other data that is similar to that that shows a dramatic decrease on that front.

We don't need to be that high to actually, quite frankly, win the trial on that initial piece of that. And so, interestingly enough, the trials powered 1,000 patients in the trial are actually powered more for the secondary endpoint, which is the three-year follow-up and the reduction of AFib clinically on that front, to get some sort of differential between that.

So the powering is like almost, you're not overpowered, but you're very well powered on the initial post-op AFib one because you can see the huge differentials in some of the trials that we looked at.

Keith Hinton^ That's great, thanks. Next question is on SG&A.

Can you just provide a little bit of color on the current sales force expansion and the expectations for overall SG&A spend this year? And then kind of looking out a couple of years, without asking for specific guidance, just how we should think about further sales force expansion and SG&A growth, assuming that BoxX-NoAF is positive on that 30-day endpoint and that you would be hopefully launching that in presumably in kind of the front half of '28?

Angela Wirick^ Yes. So from an SG&A standpoint, from a modeling perspective, I would guide you to kind of mid to upper single digits, that kind of a range of growth and expense year over year.

So growing well below kind of top line growth in the SG&A category from a field front. Mike talked about over 500 commercial as well as professional education folks in the United States at this point in time, about 350 of that is current field size. Majority of those individuals are in our cardiac surgery sales team.

We also have a very robust, about 100 folks in our cryo-nerve block team. And in terms of expansion in cryo-nerve block, we continue to add on roles. We're seeing great and incredible growth and we're continuing to expand roles both from a rep and a clinical front making sure that we've got good case coverage on our cardiac surgery size.

I would say focus a little bit more at this point in time on the clinical roles, but as we anticipate the BoxX-NoAF launch, we're taking a close look at territory sizes and looking at the field force that we've got in place. The great thing about BoxX-NoAF is we are talking about existing surgeon customers, existing accounts using existing products.

So we've got a ready-made field force, but we want to make sure that we are in a great position to be able to attack this opportunity and we'll look at in the future expanding size of the sales team there.

I don't think it looks like the pace of growth in SG&A that you may have seen out of AtriCure if you go back four or five years preparing for other launches here. I think given just the sheer size of the sales team we have today, but we are looking to continue to fund kind of growth opportunities, and BoxX-NoAF is an incredible one for us.

Operator^ Our next question, please stand by.

Our next question comes from the line of Suraj Khalia with Oppenheimer.

Shaymus Contorno^ Hi, this is Shaymus on for Suraj. Thank you for taking our questions.

I know you touched on stocking for pain management, but I guess, how should we think about utilization, like actual procedures versus inventory dynamics for some of the other segments?

And then within surgical LOAC, are you seeing any slowdown similar to endovascular?.

Angela Wirick^ Yes. The stocking comment, Shaymus, I think applies pretty much across our business, of course, with distributors inherently, their ordering patterns are a bit more of stocking, but there wasn't anything unusual that we saw in the second quarter from that front.

So I'd say across each of our categories, they're not a stocking issue there.

And from an appendage management side aren't seeing a slowdown in utilization there.

Shaymus Contorno^ Got it. Appreciate it.

And then just looking at pain management, could you guys help us kind of understand what percentage of procedures are related to, I guess, cardiac ablation versus other kind of areas where you're getting it? And then just any respective growth rates you can kind of see where you may be seeing kind of more growth in one bucket versus another.

Angela Wirick^ Yes, again, the majority of our pain management revenue is attached to thoracic procedures. We are seeing a growing percentage.

I wouldn't say that we're in double digits in terms of we haven't reached 10% of the revenue being in sternotomy or in amputations at this point in time but those are both areas that are showing growth.

It's off of large numbers, but the majority of the procedures and pain management really are still in a thoracic setting.

Operator^ Thank you. Ladies and gentlemen, I'm showing no further questions in the queue.

I would now like to turn the call back over to Mike Carrel for closing remarks.

Michael Carrel^ Great. Again, thank you, everybody, for joining us today.

We look forward to having a great Q3 and talking to you again in October.

Have a wonderful evening. Bye now.

Operator^ This concludes today's conference call. Thank you for your participation.

You may now disconnect.