

Company Name: AtriCure, Inc. (ATRC)  
Event: Stifel 2024 Healthcare Conference  
Date: November 18, 2024

<<Rick Wise, Analyst, Stifel>>

Our next session is with AtriCure. I'd like to welcome Mike Carrel, President and Chief Executive Officer; Angie Wirick, Chief Financial Officer. Welcome. Thank you. It's great to meet here again and do it all over again...

<<Angela L. Wirick, Chief Financial Officer>>

Yes.

<<Rick Wise, Analyst, Stifel>>

...different a year later, but lots going on. I mean, when I reflect on AtriCure, I've been at Stifel for over 12 years, but I initiated that I just looking back over 10 years and the company has grown, evolved, continue to find new and unique growth opportunities. And I think that's really been the theme from the time we met in San Francisco and had dinner when you first joined, is the company's steady evolution and I for one think you've done an amazing job, Mike. Now that I've said something nice, I thought just to talk about it and get it out of the way. You had such an excellent third quarter. It was great to see.

And I think over the last year it's been a nervous making year as we agonized over the impact or potential impact of PFA and competition on the AtriClip side. My question basically is, are we out of the woods? Can we stop talking about those now? I mean, do you feel like just at a high level before we get into the details, that enough of your growth drivers and innovation drivers and margin drivers are in place that you know – the AtriCure we just saw is the AtriCure we're going to likely continue to see?

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

Well, I think I'll start with that part, which is the answer to that is yes. And I think that AtriCure is in a super solid position. We've got great growth prospects across every one of our franchises. On top of that, you're starting to see leverage into the P&L as well. So you're starting to see – obviously generating cash flow this quarter, better EBITDA and we're really in a really good spot as we approach that kind of \$0.5 billion mark from that standpoint, with really strong, in my mind, industry leading type growth rates overall for the entire business. I think that that – the answer to the – the short answer is yes. You're never through the woods completely with competition, I mean Appendage and the Medtronic product is still out there. We compete with them.

But as I mentioned when they first came to market and everybody thought I was being defensive at the time was competition helps. There's a couple of reasons why. Number one is it's an

indication that the market you're in is a big market. Like big companies don't get into these markets and make the investments they're going to do if it's going to stay as small market as it is. And so they're basically foreshadowing the fact that this is a very large market for a long period of time if they're entering in at that point following our footsteps in many different ways. The second thing is competition creates awareness. So they've got different reach than we do. And what we've seen as the product has rolled out is even on our larger numbers with an AtriClip, you saw 15% growth in Q1, 17% in Q2 and 20% in Q3 in the area they compete against us.

And I attribute that to the market is growing from that standpoint because they're getting some product, they have some relationships. But the fact that it's being talked about, conversed about, really quite frankly helps the overall market from that standpoint. And I think that's going to continue. I mean I think that whether it's them or somebody else that comes in, this market is a very large market, both in the, call it, near-term with existing indications and then long-term with the indication for prophylactically putting an AtriClip on every single patient that undergoes cardiac surgery. So to me, I don't know that you're ever done talking about competition from that standpoint, hopefully people feel more comfortable that we know how to weather that storm, we know how to win in that market and we know how to help grow the market when competition comes in.

Relative to PFA, it is a little bit different. Obviously, there is a lot of excitement relative to PFA and we're going to be talking about that for a long time because PFA is a really cool technology. It works incredibly well. You're hearing all the excitement from EP's about putting this in and moving away from RF and cryo on the catheter base side. But the one thing that you're not hearing is that you're not hearing that they've got better efficacy for these patients and that's in the easier to treat patient population, not the longstanding persistent which is 45% of patients and that's our patient pool, that's our focus.

They are going to continue to struggle to have that kind of success within there. Are they – is a lot going to go to PFA? Absolutely. Is it exciting? We surely believe that. But the market is so big in the area that we're going after and it's so underserved today that I think we'll be continuing to talk about it. But I think what – it's going to change from pressure because of disruption in the short-term to oh my goodness, look at all of those patients that have come in the funnel that are now "not responding to PFA and long standing persistent and are now going to become AtriCure effectively patients at that time."

To give you some numbers on that, I think it's important, is in 2023 there were 400,000 catheter ablations for AFIB in the United States. It's estimated by 2026 that number is going to be 600,000. Well, if the failure rates are the same that means more patients are going to be failing and that's who we treat. We don't treat. We're not de novo. Patient comes in and they get treated with ours. We know that. They're going to get treated with PFA. But when they fail, what are they going to do after they've done everything they could with that PFA technology? And we anticipate that number is going to continue to grow as new market players come into the space and people are excited about it and they're talking about 800,000 by 2028 or the end of the decade. So that's a lot of patients and they're still only seeing 30% to 40% – they're seeing 30% to 40% failure rates in those patients at 12, 18 months. So...

<<Rick Wise, Analyst, Stifel>>

No, I think that's a good point. In fact, we were speaking to a doctor last week and he said no failures with PFA and is easier to treat paroxysmal patients and has had his first two with the more complex patients. So, I mean, I think that sort of validates...

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

I was just last week with Dr. Marrouche, who is the Chief at Tulane University and they do about – got 1,500 catheter ablations for AFIB. They do not have a convergent hybrid program yet. We're working on that and establishing it, met with them and he said that he's done 250 PFAs so far and they're seeing about a 30% "recurrence rate" in those patients. So...

<<Rick Wise, Analyst, Stifel>>

Interesting.

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

And that's an all comers. He wasn't distinguishing between one or the other. So I think you're seeing those and that's why he is sitting down with me for dinner to talk about something because he was one of those ones that was a little bit of a holdout. Let me see what happens with PFA then I will kind of get into it. Now this program will start probably sometime next year. You got to get the surgeon trained and go through all that. But I think you're going to start to see some of that come through over the course of the next 12, 18, 24 months.

<<Rick Wise, Analyst, Stifel>>

And that is a perfect lead in. Here it is my next question, which is because I was thinking about this in a wonderful way you've been sneaky about not telling us everything that's in your pipeline. That's a compliment, by the way, Andy, in case you were wondering. And I heard you talk about the Convergent procedure recently. I forget, maybe it was on the call as a post PFA procedure we do. You're talking about it again.

So a two-part question. Are there underappreciated parts of the pipeline that you could share with us? Maybe pull the curtain back a little more today than you have? And then maybe we'll talk a little more specifically about Convergent.

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

About our hybrid pipeline, or about just overall?

<<Rick Wise, Analyst, Stifel>>

Just looking at AtriCure – do you feel like investors are fully appreciating the breadth and depth of your innovation pipeline?

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

I don't think they're appreciating it relative to the "risks" that you just talked about. I think there's still, even at today's pricing, you're seeing a lot of risk. We're better than we were two months ago or three months ago on a pricing – on a price standpoint. But I think that the things that hopefully they should appreciate, I think, they appreciate maybe intellectually, but when you look at the benefits and the things we brought to market just this year and then what's coming down, you've got our cryoSPHERE+ and our cryoSPHERE MAX in that franchise which has reduced the time that they can spend or need to spend on doing the ablation when they're doing the pain management therapy for us.

To me that is going – it's bringing up the conversation. You're getting more and more people that want to do that procedure now and you've seen the acceleration of that growth actually as the year has gone on as well. That's driven by new products coming to market and driven by the excitement around bringing down that time that they actually have to do the ablation.

So I'd say I don't know how much investors appreciate or don't, but it's I think going to have a long tail for us in terms of being able to impact our growth in that particular area we've talked about before. One more in that area is that we've talk about doing work in the peripheral space and we anticipate that we'll have products in that area over the next 12 months. And so we're excited about kind of being able to attack a whole new market at that time. We'll kind of get into more details later on.

So there are things in our pipeline relative to, and we've talked about that in the past about in the peripheral space. We don't have to get additional labeling per se, but we do have to do some work on some of the probes and some of the technology to kind of get into some of those areas.

As you look at the open side of our business, and both on the ablation side and on the AtriClip side, what you've seen is the AtriClip we just did the FLEX Mini and that is a absolute game-changing product. The size of it is so much smaller, the visibility that people get when they use it, both that just rolled out. So you're not going to have much of an impact in the first quarter it rolls out, because you're introducing it to the market. We should see impact of that in 2025 for sure.

Combine that with the fact that we will have that same clip on a minimally invasive platform sometime next year as well. So you're going to get kind of another benefit to that in that area.

Our EnCompass Clamp continues to be a really strong, innovative platform. One thing that I didn't or we didn't do a really good job with was saying we had a long clamp and then we actually made it a little bit shorter and we rolled that out earlier this year. We never did a press release on it. We never thought that was like a big marketing thing to investors. But actually it's had a big impact on people that were a little bit scared of looking at the longer clamp and now that it's a little bit shorter and they've got that short version, that's really generated and continued to generate interest, almost like a new product launch in many ways for us. And we really haven't talked that much about that.

And then the clinical data is more long term. I mean, and I don't know how you get credit for it in the short term. LeAAPS is going to be a game changing trial. It's going to basically enable us to attack all two million patients globally that undergo cardiac surgery to get them to have an AtriClip put on to reduce their stroke. We believe that we're going to get that indication and are confident that that's going to be a really successful trial. Our enrollment has been fantastic, but it's a cost right now. So investors are like, until we get closer and how long and we've got to follow them for five years. Completely understand that.

So if you have a real-long term view, that is a great pipeline development for us. And I think that companies that spend money in that clinical sphere wind up winning long term.

<<Rick Wise, Analyst, Stifel>>

Yes, I totally agree. As you can tell, I'm starting with bigger picture questions. We'll get into some of the details as well, but just a high level, obviously you're prioritizing innovation. You're also prioritizing generating positive adjusted EBITDA and reach free cash flow positive status and you're trying to grow the business in under penetrated markets, you're entering adjacent markets, et cetera, et cetera.

How do you balance, and I don't know this question for you or Angela or both, how do you balance expanding margins driving free cash, and the mechanics of delivering strong growth? How are you dealing with that? How are you thinking about all that?

<<Angela L. Wirick, Chief Financial Officer>>

Yes, our first priority is R&D. I think we've been very clear about that investing in both product development, but then clinical trials and clinical data to surround each of our therapies. So, I think that that's pretty clear that given where we've been as a company, a lot of the leading investments leading up to like a CONVERGE PMA and some of these other product launches. We invested pretty heavily in commercial team and training teams. Now our focus is how can we be more efficient with those resources.

Similar algorithm when you think about kind of back office functions, when you scale from \$100 million business to \$0.5 billion business, you start to look at each one of those areas and say we made a lot of investments along the way to help us now scale and focus on efficiency there. So that's kind of the general calculus there.

I'd say the other thing we've also looked at is we've got really great gross margins. That doesn't mean that we're satisfied with where we're at today. So, on existing products as well as new product launches, really focusing on how we can enhance our gross margin, because that's a nice lever for us as well to improve bottom line.

<<Rick Wise, Analyst, Stifel>>

And Mike – thank you for that, Angie. Mike, if you can't beat them, join them, I love that you're joining the PFA revolution. You talked about it last quarter. Talk about your decision here again. I know it began long ago. The seeds were in place, made, planted. How important really is it that you have it? And sort of an unfair part of the question is, can you accelerate this program? So again, we can take this topic off the table and you're there too.

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

Yeah, I don't know. It's – I don't view it as though we're trying to join them per se. We're not trying to get into the catheter PFA game. I mean there are a lot of great players in that space. I think that you would tell me, wait, you're going to spend all that money to go compete against those five big players that have all distribution in place, that's not what our kind of angle on this.

Our angle is that PFA is an important technology. There's a lot of discussion and work that's being done around it. We believe in ourselves as being a leader in the Afib ablation market overall and that PFA has a role to play in the cardiac surgery aspect of that as well. And that we need to learn and understand that. And so that's what we've been doing over the last four to five years, which is kind of how does PFA. Can we bring PFA to all of our technology?

Can we bring it into our clamps and into our Epi-Sense, which is the hybrid solution that we bring to the table? And that's what we've done. So we basically kind of developed a box in concert and working with an outside party on that front, feel like we are going to be ready to have product to go into testing and trial sometime. We'll kind of describe that in more detail sometime.

<<Rick Wise, Analyst, Stifel>>

Sometime.

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

I'm not going to give details on that one quite yet, but we are – it's in the near future, I would say, not like in the next quarter or so, but like we feel like we've got a lot of great progress that's been made there. The question is going to be does that increase and improve adoption within concomitant surgery or help the hybrid side of it? And I think that what it does is it makes sure that we're kind of getting the best technology possible into our devices and that we're able to kind of compete in the market from that standpoint. And so, but it's not like a me too that we're trying to follow the catheter ablation side of it.

<<Rick Wise, Analyst, Stifel>>

I want to sort of go through some core business questions and first sort of a high level version. Hey, in the third quarter, you had a great quarter as I said, growth accelerated to 15%. Just remind us briefly the factors that drove that growth and something I didn't hear asked and I didn't ask either, did centers trialing appendages switch back to AtriClip with some early PFA

adopters realized, oh my God, something we better do a little more convergent. I mean, help us appreciate maybe some of the nuances.

<<Angela L. Wirick, Chief Financial Officer>>

Yeah. I'd say in the third quarter you saw within the U.S. almost every franchise saw an acceleration, hybrid was the one exception. But that's off of a very high comp in 2023. We had a really good third quarter in 2023, so acceleration in almost every area of the business specific to Pendenture, we did see more centers kind of get through their trialing phase and say, look ultimately AtriClip is our product of choice and this is what we will use. I think that was in part why you saw an inflection up to the 20% growth in the U.S. in the third quarter.

I'd also be remiss if I didn't mention our international business. Another really strong quarter, you saw about 20% growth. That's where that business has been as a whole. And I'd say almost every franchise in Europe saw really, really nice growth. And then we're also continuing to augment outside of our European markets.

<<Rick Wise, Analyst, Stifel>>

Yeah. No, that's great. And Mike, you just used the word game changing about the FLEX-Mini, which I think you're going to launch it in the fourth quarter, if I'm...

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

Yeah. We've already launched it.

<<Rick Wise, Analyst, Stifel>>

You recently launched it. Okay. Forgive me, I guess I blanked out on that. But I'm thinking back eight years ago and when like every six months there was another new nuance, smaller, faster, leaner, meaner, AtriClip. How much more innovation is possible? It's a decade later I mean, how much more is there to go just with the product itself? And then we'll come back to FLEX-Mini specifically.

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

If you look at the way that FLEX-V came out five years ago, so it hasn't – which has been a fantastic product. And then we wanted to – the feedback we kept getting was, can you make it smaller? And can you make one smaller with a hoop on it, which is effectively what a FLEX-Mini was. Now it's okay. That product is fantastic.

What are we going to learn when we roll that out? So until we get some of the learnings come back about how we might improve it. But at this point, the feedback all we're getting is positive feedback right now. So like we're not getting, there's a lot of net improvement to be had above that. But there are extensions of that product. So you get an extension into the minimally

invasive space for sure. But anything that can be made smaller or less invasive is always going to be something we're going to be looking at relative to that, that market.

<<Rick Wise, Analyst, Stifel>>

And talk about the FLEX-Mini impact, is there a price premium? Is this a better? Does it enhance margins? Do you gain share? Do you take share back from Pediture? It's like how do we think about the many impacts of launching a new product?

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

The latter part – I don't know, what Angie at the first.

<<Angela L. Wirick, Chief Financial Officer>>

Okay.

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

I don't know that there's a share gain because Pediture doesn't have a lot of share. It's not a lot of share. But it does help us grow the market. It does give us something where somebody may have been uncomfortable managing the appendage. We've given them an easier and better product to basically do. It's easier to put on than anything that's out there in the market. It's much smaller. So they've got great visibility to make sure they get to the base of the appendage.

So it's a great product that I think is going to be another kind of bolt-on of energy for our team to have something to go-to-market with for the next several years that is much different and better than anything that is on the market today. I'll let Angie talk about AtriClip.

<<Angela L. Wirick, Chief Financial Officer>>

Yes, and yes. Price uplift around 25% to 30% over our FLEX-V clip, which is the predominance of the open AtriClips that we sell and also enhancing our gross margin.

<<Rick Wise, Analyst, Stifel>>

That's great. And this is – and that one point I wanted to bring out, what you said, Mike, this is not for the next six months. This is for the next three to five years or something like that. I think this is an underappreciated point. Just quickly remind folks, Angie, what percentage of sales is AtriClip right now?

<<Angela L. Wirick, Chief Financial Officer>>

AtriClip in the U.S. we did about \$140 million last year. Of that, about \$100 million was in our open AtriClip business. Of that, around \$75 million or so was in the open AtriClip with Flex V.



<<Rick Wise, Analyst, Stifel>>

So FLEX Mini is going to have a meaningful growth sustaining margin enhancing benefit for quite a while. Wow. You had a great OUS AtriClip performance. How sustainable is that? I think 25% or plus, if I remember correctly, growth. How sustainable is that? And maybe just as part of that – how sustainable is this broad 20% growth outlook or performance?

<<Angela L. Wirick, Chief Financial Officer>>

Yeah. Outside the U.S. we're still very, very low penetration in every market that we operate in. So I'd say I think the potential there is that we could see robust continued growth in almost every market outside of the U.S. you have some enhancements. We talked about a label expansion in Europe for pre-op afib patients on our AtriClip devices. Yet another reason why a physician should treat those patients. And that came off of over 10,000 AtriClip patients who had been studied.

So robust data went into being able to get that label expansion. We also announced that we got approval for our AtriClip in China and expect that in 2025, kind of latter half of 2025, that that product will be on market there. Almost no use of managing the appendage devices to manage the appendage in that market today. So this is another opportunity to enhance our international growth.

<<Rick Wise, Analyst, Stifel>>

The EnCompass Clamp had a stunning quarter, I think was up 50% if I can remember correctly. I thought it had already been widely launched, but maybe it hasn't. Where are we in that launch and rollout and adoption? Talk about the strong U.S. performance and what seems to be – and I'm making this up a second wave – is there a second wave of adoption here? What's going on?

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

Yeah. I think you're going to see a wave of adoption for a long time. I mean in cardiac surgery, what you don't never see is all of a sudden just a huge inflection that it's going to start growing at hundreds and hundreds of percentage points and take over the market. What you do see though is an inability to really attack a market that has not been treating properly. And a lot of things are coming together at the same time. You've got the EnCompass Clamp, which is out there, which is getting more and more knowledge, presentations, clinical data that is being put out there by people to demonstrate that this product is an exceptional product, really easy to use, cuts the time down for someone to do an ablation from about 40 minutes down to less than 10 minutes and they can get a really good result for that particular patient population.

And more and more clinical evidence is coming out that's helping, that's very specific to EnCompass, but on top of that it's helping people that were uncomfortable to treat before to now begin to treat like they were doing nothing. And that's the target market. And there's a lot of those people that are still out there today. The other things that help that in addition to an EnCompass Clamp is you've got reimbursement changes that have happened over the last three

years where they're now getting paid if they do an ablation when they do on top of coronary bypass. They do – they get additional payment if they do that with a double valve procedure.

Next up is going to be single valve procedure. That has not happened yet. That will happen probably in the next year to two years. So you've got a lot of waves of growth that I think are going to happen. It's still such an underpenetrated market that I think we've got many years of really strong growth coming off the EnCompass Clamp ahead of us.

<<Rick Wise, Analyst, Stifel>>

That's great, exciting to hear.

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

And I think you mentioned earlier when you saw the V clip, we saw something similar where – we've had five years of great growth with the V clip. I mean, so – this notion that innovation only drives like one year's worth of growth. That's not what happens. It actually drives it for a really long period of time. And you can look at whether it was like WATCHMAN or TAVR, they all had like 10 years of really strong growth that came off of that, right? And how do you do that? You do that with better reimbursement. You do it with clinical evidence that furthers that market. We're doing the same thing, but we're just doing it in the surgical market. So we expect that there'd be many layers of that growth for years on EnCompass, because it's such a good product.

<<Rick Wise, Analyst, Stifel>>

If I have a conversation about CONVERGE or Convergent procedure, I think the most common language I hear get back is CONVERGE is dead, sort of next topic. It's clearly not, but I think people need to hear again, where are we? You're opening up a new account at [indiscernible] (0:23:55) what the heck? So talk about the – let's say, the outlook for growth for CONVERGE from here over the next year or two, and what's going to make us sort of inch in a more positive direction.

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

So the positive side of where CONVERGE is. Converge is not dead. I mean, CONVERGE is a great product. We're helping a lot of patients. And these patients cannot get treated by any catheter that is out there, whether it's PFA, RF or cryo on that front. But most things are going to go towards PFA. And I think we all recognize and realize that. That pressure is going to be there for the next, call it, year or so, as people are not only trialing it, but trying to figure out how well does PFA and how durable is it. And that's going to be critical. But as I was mentioning before, the funnel is filling so high on the top end. There are going to be failures that are going to come out of it. And what are they going to do for those complicated to treat patients, which represent almost 50% of all patients out there. That's where we're going to win long-term in that area. I don't think it's going to be. It's definitely not dead.

It's used by a lot of centers around the globe to help a lot of patients. And I think that you're going to start to see a comeback, not necessarily tomorrow, because I think there's so much activity going on in that space and they're so distracted. You won't see that in the near-term, but I'd say in the medium-term you're definitely going to see a comeback on converge and the hybrid procedure for sure.

<<Angela L. Wirick, Chief Financial Officer>>

Yeah. Maybe a data point to add to that. We track accounts really closely for this area of the business and I'd say it's been nice to see over the past. We had a very strong exit to 2023 and a start in 2024. The level of accounts that are ordering each quarter very steady, so we're not seeing accounts pull back in terms of just completely stopping procedure at lower volume per account, obviously to get the revenue results.

But then we've also had a string of four or five quarters where we've added new accounts with this procedure. So I think looking at those two data points, hospitals see the value, physicians see the value in this particular procedure at a lower volume and the PFA pressure I think right now is real. But hopefully longer term, by keeping these accounts live and going, you come out of the PFA pressure peak, so to speak, in a good position to grow.

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

That's great. An example of some of that would be like Cleveland Clinic, great customer of ours across all of our platforms. And if you look at our first quarter with Cleveland Clinic and you look at how many cases they were doing in that quarter, they were probably doing about 15 cases, that number dropped to seven in Q2 and almost zero in Q3, which is like, oh my gosh, it's dead. Well, no, I mean they're doing probably. They're back up to doing probably five to seven or so this quarter.

Why? Because they had failures within PFA from last year when they're in the trials, they're now coming through. Now every site's going to have a different algorithm that's going to happen with, but that's effectively what you see. You see a little bit of a dip and then it come back, and then we've got new sites like the one from Tulane I talking about. Not all of them are going to happen at the same time period, right, per se.

But that gives you an example of a very well recognized site that has gone through that. I was just with this weekend in Barcelona at a course with an EP from down in, what is it Cape Cod Memorial, which is really a small little hospital – community hospital. And Dr. Sood was basically saying he's been involved in every PFA trial and when he started getting involved in it, his numbers went down considerably. Not quite to zero, but almost to zero. He's now back up to the volume he was before and he sees more volume coming because again he's seeing failures in or non-responders in a certain percentage of that population.

<<Rick Wise, Analyst, Stifel>>

I wanted to talk about cryo. Let's see if I can get both cryo and gross margin in here. I was hoping, Angie, you'd talk a little about pain management for U.S. gross margins as I look at my model, those two parts of the business are growing the fastest?

<<Angela L. Wirick, Chief Financial Officer>>

Yeah.

<<Rick Wise, Analyst, Stifel>>

You know, are they dilutive? Are they additive to consolidated? And I want to run it past you and help us think about the, am I worried about my 75% solid base here or help me think that through?

<<Angela L. Wirick, Chief Financial Officer>>

Yeah. The legacy cryoSPHERE product was, I'd say more in line with the corporate number, a little bit higher than that in the U.S., lower than that in international markets. With the two new products that we're launching in the U.S. the SPHERE+ and the MAX both will enhance gross margin. So you'll start to see some incremental improvement in gross margin coming out of both of those products.

<<Rick Wise, Analyst, Stifel>>

And back to cryo [ph] quickly, CMS just included AtriCure and the NOPAIN Reimbursement Act providing incremental reimbursement to non-opioid Pain Management Therapies. Is this going to be impactful? Is this important to you in this business?

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

Not sure yet. I think it's too early to tell what the downstream effects of that are going to be. We have not seen that yet. However, there was a study just done by Dr. Miller who is down in Georgia at Georgia Medical and he has done a study to show that when you use Cryo Nerve Block from an economic analysis, you're actually seeing a \$5,000 to \$8,000 reduction in cost by actually using the Cryo Nerve Block.

When you look out over a six month period, you wind up seeing that in a 30-day period it's five, at six months, it's \$8,000 savings to the system because they're getting fewer people coming back to the ER, reduction in not only opioid use but really in callbacks. People having to come back to the office, et cetera, and so that length of stay, all that combined is showing a significant reduction in the cost by adding the price because you're adding \$2,600 to that procedure and you're still getting that kind of cost savings overall. And that was just rolled out at AATS Meeting at the end of September.

<<Rick Wise, Analyst, Stifel>>

Interesting. And I'm going to quickly in the last few seconds here, Angie, just thinking about long term adjusted EBITDA expansion and growth rate. I mean, I don't know my model says you're going to grow 15.5% sales growth this year and my adjusted EBITDA is like 40% or something like that. Can you continue? Is that the kind of like double or more EBITDA growth and that's what's going to get you why you're so confident that you're going to get to those margin goals and break even goals?

<<Angela L. Wirick, Chief Financial Officer>>

Yeah, very confident in our ability to expand the bottom line. So, and I think we are probably in a period where the growth in EBITDA on a percentage basis looks bigger than the top line growth.

<<Rick Wise, Analyst, Stifel>>

That's great. Listen, I think it was a great presentation. It just clarifies that it's like it's a year later, as we were saying to start, but it feels a lot better, maybe just that third quarter. Keep doing that please.

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

Sounds good.

<<Rick Wise, Analyst, Stifel>>

Thank you so much.

<<Angela L. Wirick, Chief Financial Officer>>

Thank you.

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

Thank you.