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<<John McAulay, Analyst, Stifel>>

Good afternoon, everyone. Hope everybody had a nice lunch. For those listening, my name is John McAulay. I am one of the medical technology analysts here at Stifel. It's my pleasure to welcome AtriCure to the 2026 Stifel Healthcare Conference. Today, we have the company's President and CEO, Mike Carrel, along with the Chief Financial Officer, Angie Wirick. Thank you both for being here.

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

Thanks for having us.

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

Thanks, John.

<<John McAulay, Analyst, Stifel>>

I am going to start off today on the third quarter results, the updated 2026 guidance you provided before getting into some more product specific clinical data-oriented questions. So first, just to start off with the 2026 guidance you gave, updated now to $606 million to $610 million for the fourth quarter implies something like 11% to 14% growth. But in the third quarter, you just grew 15%, growth accelerated. It seems like you have a lot of tailwinds, pain management, open heart. So just wanted to talk through the 4Q dynamics and whether the implied slowdown at the midpoint reflects any specific dynamics in the quarter or just your typical prudent guidance approach.

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

It's going to be the latter, so typical prudent conservatism. When we guide to numbers, we want to make sure that we can not only just deliver the numbers, but there's a pathway to a beat. I think we feel confidence in the same tailwinds that you've called out. There were several areas of the business where we saw an acceleration in our U.S. company, which was exciting, and we still think that we've got that good kind of momentum.

I'd say two areas that we thought through in terms of headwinds for us, our international business, and then also our U.S. hybrid business, and being mindful of kind of that full compilation in the results as we thought about the fourth quarter.

<<John McAulay, Analyst, Stifel>>

That's helpful. I'm going to ask about next year, as you might expect, but I'm going to do it through the framework you gave at the 2025 Analyst Day.

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

Sure.

<<John McAulay, Analyst, Stifel>>

You gave longer term targets for 2028, $750 million in revenues, 14% adjusted EBITDA margin. Seems like you're tracking ahead of that at this point. There's been some incremental dynamics. BoxX has enrolled faster than expected. There's this STS quality metric which is going into effect, which I don't think we were aware of when that plan was provided. So, I just wanted to get a sense, that growth rate sort of implied 12% to 13% in these years leading up to 2028. Is there a chance for you that 2027, given these tailwinds, can perhaps be a better year than you would have contemplated back in 2025?

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

I think that's a fair assessment. When we gave the initial LRP, the key messages that investors should take away from that is confidence in continued double-digit revenue growth, so in the kind of the mid-teens range there. We've obviously outperformed that the last two years, and there are a couple of new catalysts, either completely new, like the quality metrics that you talked about, or BoxX-NoAF. When we gave that LRP, we expected trial enrollment and data that's coming at a later date than what we are going to see today. So, I think that there are a lot of things that are tailwinds for our business that would say continued outperformance to the LRP.

<<John McAulay, Analyst, Stifel>>

Thanks. That's helpful. Thinking about gross margins as well, just as I look at where next year is, I think consensus is actually a little below where you are this year, but it seems like the business is being driven by some particularly high margin drivers. That's where growth is centered, seems to be pain management, EnCompass, AtriClip. Could it be possible that '27 gross margins are below '26? Just walk me through maybe how you're thinking about these dynamics next year.

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

Yeah. The biggest headwind we face relative to gross margin is the expansion of our manufacturing facility. So added on, effectively doubling our production capability by adding on to current corporate headquarters, right there in kind of a campus setting. Again, we're doing this when you think long-term. We have a strong belief in our outlook here and wanted to make sure that we could support the volumes that we expect to generate longer term. I think that's the biggest headwind when we think about a full-year of that facility cost, very new, won't quite fully maximize capacity in the near term. I think what you're seeing out of the business today is with newer product launches and them becoming a bigger component of our overall revenue, that

we've got the quality of devices that can yield a very high gross margin. So that gives us an outlook longer term that's very positive.

<<John McAulay, Analyst, Stifel>>

I also wanted to go back to your Analyst Day again, because you did give a sort of long-term adjusted EBITDA margin range.

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

Yes.

<<John McAulay, Analyst, Stifel>>

I think this year, the midpoint implies about a 15% margin. Your margin target for 2028 was just 14%, so you are running well ahead of schedule. I wanted to ask then, do you see this as an opportunity to reinvest in the business, or do you see this as an opportunity to let some of this cash flow back into the business and maybe use for external investments?

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

I think you've hit on the two areas that we're focused on. When we talked about our guidance specifically for the fourth quarter, when we thought about overall profitability, given the progress that we've made these past two years and where we are tracking, we had the confidence to say, lean in in a couple of areas, specifically when you think about new product development. Spend more, invest more in research, and start kicking off projects a bit quicker. So, we are reinvesting in the business. All that being said, continue to make progress on bottom line. I think it's a pretty enviable position that we're in, that we're able to be able to do both and feel good about the progress overall of the business.

<<John McAulay, Analyst, Stifel>>

That's helpful. I want to switch now to the quality metric and just the dynamics there, because I think it's important to sort of level set exactly what this means in the near term versus the longer term. I believe you described it as a phased rollout on the call. There is an initial goal of 70% of patients, and they can receive here, just to clarify, either left atrial appendage management or ablation to qualify for the metric? Okay. They are nodding, for anyone who is listening.

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

Yes.

<<John McAulay, Analyst, Stifel>>

Just can you maybe talk through how this initial period might change behavior versus how behavior could be influenced in the future once we reach sort of the next stages here?

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

I think the biggest thing here is they're saying to everybody, this is incredibly important, because if you actually historically look, there aren't a lot of quality metrics that STS has rolled out. People take them very seriously, and so I think they are being smart about the phased approach because they do not want to shove it down everybody's throat right away, but they want to tell people, this is really important. And they are also telling people, over time, we're going to get rid of that OR, and over time, that 70% is going to come up to closer to 90% plus at a put, at a period. So I think what they're trying to do is get people become aware of it, you're going to be measured on it, start looking at it.

I think that's what 2027 is going to be all about, getting comfortable that this is something you're going to have to report on. You are going to get your numbers every, what they call harvest period, twice a year, and you are then going to have to react to that. Then I think they're going to up the game on everybody over time as they see how much influence just putting something in place is going to have. So I think that next year, you will see a modest movement maybe, on the ablation side, probably more than on the appendage side because appendage is already pretty well penetrated in AFib patients.

Obviously, LeAAPS is looking at the broader base of patients, but at least from that standpoint, ablation is still so under penetrated. That's where we anticipate seeing some of the upside maybe next year, but definitely as you look at '28 and '29, the impact of it.

<<John McAulay, Analyst, Stifel>>

And is this something where it's going to be tied to an individual, or is it going to be tied to, say, a broader cardiac surgery department? What I am getting at is this something where, say you have got a guy who just never got trained on ablation for one reason or another, and he is at zero, and the rest of the department is at a very high utilization rate. So technically, they are over the metric, but you've got sort of one outlier.

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

Yes.

<<John McAulay, Analyst, Stifel>>

Do you have any sense of how this is going to be judged, whether it's on a personal physician basis or on a broader department level look?

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

Both. I think what you're going to see is it's going to be reported to the individual sites, and they are going to be able to see how do they measure up against it, and then within those sites, they are going to be able to break it down by surgeon so they can look at who is doing this well and

who do they have to go after. They're going to get that granular level of detail to be able to manage it.

Obviously, STS we'll look at it from a site level, but the individual is going to be looked at very specifically so they can manage it. And we've seen that already in a couple sites where people have been below, they are talking to those surgeons that are not at a good level, or they do not believe they are at a good level, and they want them to be there.

<<John McAulay, Analyst, Stifel>>

But that's very interesting, and I guess I want to just build on that to say, how important is it this metric eventually separates ablation versus clipping as to say it's not either/or, it's both? And my impression is, the left atrial appendage management business is more penetrated than the ablation side of the business is today. Do you think this is a dynamic where it will eventually be broken out one and the other, and both metrics are judged?

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

I think you're going to see it as an and that they want them together, because the procedure itself combined is what provides the benefit. So there are stroke benefits specifically and some AFib benefits by managing the appendage, and then there are more benefits for quality of life, in terms of improving, getting out of recovery faster from the hospital, longer term, being out of AFib, and living longer. And so I think those are the things that they're going to be focused on the ablation side.

<<John McAulay, Analyst, Stifel>>

That's very helpful, Mike. I'm going to switch now to BoxX and the implications here. Maybe we can just start off sort of setting the stage for what BoxX is, what it's trying to show, what it's trying to do, how it's trying to change practice.

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

So close to 70% of patients that undergo cardiac surgery do not have AFib when they go into cardiac surgery. And the data would show you today that about 40% of those patients go into what they call post-op AFib. Post-op AFib, some people say, oh, it's benign. It doesn't matter. You can come out of it. The fact is, that's not what the data tells you. The data tells you that they're typically in the hospital for longer periods of time. It takes a lot of healthcare resources to manage that person. You've got to give them drugs. You've got to get an EP involved at that point in time. The recovery is not nearly as quick. They've got to monitor and watch them and there is a belief that these patients eventually get long-term clinical AFib.

So what we're doing in this trial is we've got two primary endpoints. The first one is to say, we can reduce post-op AFib from that approximately 40%, although in trials, they've shown between 35% and 55%. So 40% is kind of like in the middle or reasonably in the middle of all that in terms of what is the expectation in the control group of it. That being said, we think we can

reduce that quite dramatically from whatever the control arm is and actually help that patient out in the short term.

Additionally, all of them are going to be monitored over a three-year period, and we're going to look at, can we reduce the AFib burden for that patient over that three-year period? And then we'll obviously look at that for a second endpoint. What's coming out next year, so the first endpoint, because we're going to be fully enrolled by the end of this year, we will be presenting the data on the post-op AFib rate, that 30-day endpoint, in May of next year. And then obviously, it's going to take three years to get to the other endpoint.

<<John McAulay, Analyst, Stifel>>

I want to ask about that first endpoint because this is probably the number one question I get from investors. About the trial, as in, what is going to be enough to drive change? You talked about a 35% to 55% rate of post-op AFib potentially. If doctors see a change, and this is the question I get, this is a question doctors have struggled to answer for me. If they see a 40% rate in one group and they see a 30% rate in the other group, the doctors say, oh, well, maybe one in 10 patients benefits. How much does this really, in your mind, sort of push doctors to say, I need to try this. Is there a number that you think, based on the people that you talk to, is enough to say, yes, this trial needs to be something that changes the way we think about managing these patients?

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

Well, the way that it's powered and the way that we looked at it and that we all agreed was that a 10% absolute differential, so if it was the 40% and the 30%, that's 25% reduction that you're effectively getting on a relative basis. We believe that that is enough to really start the conversation. Meaning, one of the unique things about this particular procedure, different than our other AFib trials and different than any other, those trials look long-term, so you don't get the direct result right away.

In this particular case, we say, you know what? This is the data from the trial, so even if it's only that 10% that you just described, it is clinically relevant. You should try it and see if in your hands you can see an even better improvement on that. And so it allows us to have that conversation to begin. So in that kind of, "worst-case scenario" that you are talking about, we think we can actually get a foot in the door with just about everybody to say, well, in your hands, it's probably going to be better than maybe what you saw from that, because we are seeing that in practice. So why do not we try it and see what that looks like? Obviously, we think it's going to be greater than 10%, but that is the beginning point in that worst case scenario in our minds.

<<John McAulay, Analyst, Stifel>>

That's a very helpful overview. And I wanted to ask about another aspect of the trial. This is another thing where I get such a range of answers from doctors. When I talk to them about this, I tell them a potential control rate. There is like – there are so many data sets that you look at. There are some with 35%, but you talk to these doctors and they tell you, well, my post-op AFib

rate is 15%. My post-op AFib rate is 20%. So I just want to sort of level set on what you think is a reasonable place to expect it will be. I mean, is there some kind of mix factor in here where it might be in valvular patients a higher rate, in CABG patients a lower rate? How should we think about the control?

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

Here is what I definitively know. Every doctor individually I talk to says their post-op AFib rate is lower than what the actual rate is, like, by magnitudes. It's actually remarkable. You are talking to these surgeons. When you actually go measure the rates and you put them on an ILR and you see whether or not they are in post-op AFib, you are going to see dramatically higher rates than what they are going to expect on that front. And they will still push back and say, well, in my hands. I say, okay, well, let us go test that out so we can actually put them and everybody to the test when you look at that. The 35% to 55% is under controlled scenarios. That is what you're going to effectively see, I believe, in the trial.

I think you will see higher rates, quite frankly, than even the 40% that we initially said in the control arm, because you are monitoring it. You're are actually putting an ILR on there for 30 days, and you're looking at, they went home. Most of those docs are not looking at, did they have AFib in the third week of a five-minute run that could have caused a stroke or could have caused other major issues that they should have dealt with, and it's probably stunting their recovery one way or the other because they were not tracking that, quite frankly. So I think what you are going to see is a much higher rate than what those docs that you are talking to.

I can even tell you, even in the trial, as an example, I know that there are sites that would tell me, oh, I'm not seeing any post-op AFib at all. And then I know what – I don't know what arm they might be in, but I know what their overall rates might look like, and their overall rates are like a thousandfold higher than what they think. Because they're just not tracking it, and they don't know. Like maybe they weren't called in. Maybe their APP was called in. Maybe their nurse was called in. Maybe they got the referral. So there's a lot more that's kind of happening than I think even a physician that you might directly talk to might know about.

<<John McAulay, Analyst, Stifel>>

That was helpful to go through. Now we've talked about quality metric. We've talked about BoxX. Both are at least beginning in 2027 to some extent. You're going to have a data readout, and the quality metric is going to start to be implemented. I'll ask you just upfront, which one do you think would have a bigger impact on your business in 2027 and why?

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

In '27, I'd say that the potential for BoxX is much higher. Even though we can't go aggressively market it afterwards, we've got to wait till we get the FDA label, and we'll be very clear on that. The data is going to be out there. They're going to be able to digest it on their own, and I think you'll see sites, when the data comes out, that they're going to proactively kind of approach us and want to kind of get involved on that front. The product's already on the market as a 510(k).

People can use our clips. They can use the EnCompass device. So I think that the potential upside is probably greater with that, if you'd add any.

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

I would agree. It's complete new greenfields in terms of the number of patients here. I think the quality metrics, I think we're going to go through a phase of just awareness and understanding what does it ultimately mean. And then I think each physician and then each hospital is going to look at where do we ultimately want to be, particularly if the STS eventually says a star rating comes involved. I think they're going to be more thoughtful about how do we move practice, which I think just inherently says that may be a slower kind of burn, but additive nonetheless.

<<John McAulay, Analyst, Stifel>>

This sort of leads me to a point you brought up on the earnings call. You talked about adding new reps. I think you said you have 350 sales and clinical personnel currently, but you talked about potentially adding more for BoxX. I was just hoping you could unpack that a bit and talk about where and how maybe a new rep is going to add value when you already have such a massive commercial team.

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

Yeah. So of the 350 in the United States, that's around 200 or so for our cardiac service team, about 40 or so for our hybrid business, and the remaining in our pain management business. So we are looking at the cardiac team and saying, when we've got a rep who has a territory with, think 20 or so accounts, if their opportunity within an individual account is doubling, with BoxX, with positive data, for them to be equipped to be able to be present and to be driving the therapy ultimately when we have the label, we want them to have a more manageable territory size. So today may not have leaned in, but thinking about BoxX in advance, looking at territory sizes and starting to split more aggressively. And this is, I think the context behind all of this is, this is incremental. This is not doubling the size of the sales team. This is just looking at some of the outliers on the higher account side.

<<John McAulay, Analyst, Stifel>>

That's helpful. I want to switch now to the left atrial appendage side of your business. On the last week's earnings call, you highlighted a number of next generation products that you're working on, a 30-millimeter FLEX-Mini, I think late this year, and then next year, FLEX-Mini V. Can you just walk us through how you feel like these new products add to your portfolio in areas where you're missing something today?

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

Yeah. So the FLEX-Mini, the 30-millimeter clip today, four sizes. I think when we launched the FLEX-Mini device, because it has such a small profile, as surgeons were adopting that device, they said, look, I may have been oversizing my clip for the appendage size of the patient. So

pretty early on, got the feedback of, if you could go just slightly smaller than the 35-millimeter, which would be the smallest form of the FLEX-Mini device, that would be a home run for us. So developed the 30-millimeter clip. This is an area where we leaned in, got FDA clearance, and we're going to launch it later this year. I think it ultimately means maybe shifting in sizes. I don't think you're talking about a completely new patient subset, but it will differentiate the FLEX-Mini device in a competitive landscape.

We would be the only company with something that's that small. FLEX-Mini V, I like to say, is best of both worlds. So if you like the approach of using our FLEX-V clip, which was the dominant AtriClip that was used by surgeons prior to the FLEX-Mini launch, if you like the approach of being able to just slide onto the appendage, but you're enamored with the small profile of the FLEX-Mini device, it combines the two of those. So active in product development today and would expect clearance and then launch late in 2027.

<<John McAulay, Analyst, Stifel>>

I also wanted to ask about competition in the left atrial appendage space. Earlier this year, I think it was maybe a bigger question for people, but you do have a competitor enter, a second competitor now, three people in the market, including you. Just want to know, just curious, what are you seeing in the field? Are there any headwinds you're managing right now as doctors are trialing this other device? Just at a high level, be curious to hear what you're seeing.

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

They're definitely, its Edwards that came out with their ECLIPTIS device, and we are absolutely seeing them in the field. They've trained their entire field force. They're talking to customers. They've done a slow release as they've talked about it. But we're seeing them all over the country in terms of trying to present kind of what their product looks like. We're ready for it. As we've talked about before, we think competition is good. It means our space is obviously a very big and robust space.

On top of that, though, we believe that we've got the best product on the market by far. So we think that our product is exceptional. It is the smallest profile product out there. I think that's well recognized by most people that they talk to. So we feel like we're in a great position as competition comes into the space. People have been trialing their product. It hasn't really been much of a headwind at this point in time. We think we've got a lot of advantages that we've talked about, whether it's on our calls over time. Not only do we have great products, we've obviously got the only company with great evidence, and we have a field team that understands this space. All the people that we talked about understand what's going on with the AtriClip, how it works, why it's a great product, and why it works the way that it works.

<<John McAulay, Analyst, Stifel>>

So do you think for next year, and I'll just say right now, consensus shows about 12% growth in the LAA U.S. line. Do you think that consensus in some way needs to reflect any incremental

impact from this competitor entering the market? Is there any reason to think that consensus should have some sort of impact?

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

You keep going after '27. Good attempt.

<<John McAulay, Analyst, Stifel>>

It's my job.

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

I'd say to tune in in '27 for broader guidance. I think conceptually, given where the business is operating today, would say consensus is in a fine spot. I think as we look forward, Mike touched a little bit on this with the quality metrics. When you think about the penetration in any one of our markets, in our open heart AtriClip market, so open appendage management, it's our highest level of penetration. I think that's what we'd be bumping up against more so than competitive pressure. I think we've got a lot of reasons to continue to engage with surgeons, to continue to drive treatment and adoption with the newer products. I think we continue to make it easier for a surgeon to want to use an AtriClip device.

<<John McAulay, Analyst, Stifel>>

I think that's super helpful, Angie. And I wanted to make sure, one more question here on the LAA space, specifically on LeAAPS. We talked a lot about BoxX, the other trial, but LeAAPS is also huge. I mean, 6,500 patients enrolled. In the past, Mike, I think you've talked about how the trial is tracking. You've talked about sort of an event-driven metric in the trial. I'm just curious today if you can provide us with any sort of update on how the study is progressing, and just maybe remind everyone when and how this trial would show us results.

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

Sure. Just a reminder, the trial fully enrolled July of 2025, so we're a year and four or five months basically post-final enrollment in the trial. It's a five-year follow-up on the trial. We already hit 50% of the events. We hit that earlier this year. The next look is going to be at 75% of the events, which we anticipate a thumbs up at that time, and then there'll be a final one at 100% of the events, which is 469 total events. We believe that it was going to take us five years. We think that we're ahead of plan a little bit on that front, so it probably won't be five years. We might be a little bit earlier than that. It's tough for us to predict, though, exactly what that date looks like.

There was an initial surge of patients that you saw, which you would have expected, and then since then, the rate has slowed down to what a more normalized rate you would expect from a stroke rate standpoint. We anticipate that sometime in 2028, likely you'll hit the 75%, and then you'll have a subsequent time after that for hitting the 100%.

<<John McAulay, Analyst, Stifel>>

I'm going to switch gears now to pain management. I can't believe it took this long to get here. Such an excellent quarter, 33% growth in the third quarter. Seems broad-based, based on your commentary, utilization, new accounts, everything. I just kind of want to go through each sort of segment of this and get your high level thoughts on where you are and what's still to go. I think the earliest stage one is amputations. I think you talked about hitting $1.5 million in third quarter revenues. Is this a product where the run rate's going to increase to a point where this could be $10 million or more contributing to your total business next year?

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

Yeah, I mean, I think we're on a track that would suggest that. Still super early innings. The $1.5 million, it kind of represents one point of growth for the company overall, which was what kind of stood out to us. This is meaningful to our business overall. What we've seen since the launch of the cryoXT device is super sticky adoption within accounts. We want to make sure that we're installing a therapy that the surgeon well understands the device and that their tendency is to continue to use it on patients, not a one and done. So our team has done a nice job of really focusing in on really sticky adoption, which is what you've seen and kind of leading towards that ramp there. So continue to focus on new accounts. That'll be a focus for us in 2027, expanding the overall customer base, and continuing to get good data, collecting data that eventually we would hope to publish in support of this therapy.

<<John McAulay, Analyst, Stifel>>

Now, on the thoracic side of things, I believe this is the original indication. Just how penetrated are you in thoracic? And again, how much more is there still to go here?

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

Yeah, about a 25% penetration in thoracic market. In terms of size of market amputations, around 185,000 a year. Thoracic procedures, 150,000 to 160,000 a year. Both of those markets grow in kind of the low-single digits, so good market opportunities between the two. I think what's been exciting to see with thoracic was the revitalization of that market with the cryo MAX device, making the freeze time shorter, making the procedure effectively quicker for the surgeon, I think has changed some mindset on being less selective on the patients that it's applied and has clearly broadened adoption there. So that will be a primary focus for our team in 2027, continuing to drive adoption. I know we've talked on several of the calls about some major cancer centers who went through extensive trialing, and it's nice to see that that's starting to pick up as well.

<<John McAulay, Analyst, Stifel>>

Super helpful. Last, sternotomy. I think you got into sternotomy, was it last year or late the year before that? But just where do you stand today in sternotomy? And again, sort of similar

question to thoracic, how penetrated are you and what can you see in terms of new account growth and utilization?

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

Yeah, so sternotomy is another interesting one because initially tried with the original cryoSPHERE device, so the original pain management device. Resounding feedback at the time we tried to launch was, this is too long to add on to an open chest procedure. If you can make the freeze time quicker, then I would think about it. What we see in sternotomy today, so less than 10% penetrated. It is the biggest of the three markets that we're in today for pain management, around 250,000 procedures, less than 10% penetration today. I think this is one, if a surgeon's really interested, they tend to adopt and use it pretty consistently. It's not an area, I'd say a focus for our team in terms of trying to convince surgeons, more supporting the ones that become aware of it.

The nice part is we've got multiple shots on this one with our cardiac surgery team. It's that same customer, and they're focused on, okay, what can you do to help eliminate pain in those procedures? We've got something, another device over here that can help as well. But cryoSPHERE MAX has been the big unlock for us in that market.

<<John McAulay, Analyst, Stifel>>

Great. We're coming up close on time here. I want to make sure I get in last quick couple questions. First, on the hybrid side of your business, struggled since PFA has come onto the market, but now PFA is 85%, 90% of AFib ablations in the U.S. At what point do you think we find a bottom here and that things begin to turn around?

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

Do you want me to take this?

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

Go for it.

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

Okay. This one I'd say we could tell you a lot of positives in individual centers that have made the turn that we talked about. Initially thought PFA kind of shut down their CONVERGE programs. We're going to try and do everything that they could with PFA catheters for their patients. We've got great examples of that. We need to see that more consistently across the customer base. I think out of caution and prudence that we've tried to exercise all along relative to the outlook here, until we see growth, I don't think we want to call a bottom here. So we're anticipating continued pressure, but this is a relevant therapy. We know that the therapy works incredibly well. And it's a solution that benefits longstanding persistent AFib patients.

<<John McAulay, Analyst, Stifel>>

Last, for either one of you. On the capital allocation front, we talked about earlier reinvesting in the business in terms of potential rep adds and clinical trials. But just looking outside the business, do you see any potential opportunities there? Is that something that you're examining alongside internal reinvestment?

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

Definitely not a focus of ours right now. We think that our such a rich pipeline of catalysts that are coming down. We talked about it on the call, whether it's the clinical trials, the new products, extreme focus is how we're going to win. And right now, we're not looking at anything that's transformational or in any sense really on the M&A side.

<<John McAulay, Analyst, Stifel>>

That's helpful, Mike. Thanks again.

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

Awesome. Thank you.

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

Thank you, John.