

Company Name: AtriCure, Inc. (ATRC)
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<<Rick Wise, Analyst, Stifel>>

All righty, let's proceed on. As always it's a pleasure to welcome AtriCure, Mike Carrel, President, Chief Executive Officer and Director. Mike, I think this might be your 10th.

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

Probably.

<<Rick Wise, Analyst, Stifel>>

...Stifel. Thank you for coming every year.

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

Am I getting old?

<<Rick Wise, Analyst, Stifel>>

No, you haven't changed a lot. And my favorite CFO...

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

I...

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

He has said that in every meeting, I'm sure.

<<Rick Wise, Analyst, Stifel>>

But sometimes that's actually true.

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

Okay.

<<Rick Wise, Analyst, Stifel>>

In this case it is, Angie Wirick, who always analytically holds my hand when I need help, when we need help, understanding something about...

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

She does the same for me...

<<Rick Wise, Analyst, Stifel>>

Exactly, we're both lucky people. And, Mike, I'm going to start in a slightly different – Angie, you want me to start with CONVERGE, but I said no, but very seriously. I mean, I feel like I don't think we hear enough about the broader picture, the bigger picture on AtriCure. You're not just an Afib company. You've assembled, I think, incredibly successfully over the last decade or so appendage management, pain management, ablation management. Yes, you are an Afib company too. And you're a broad company with many growth drivers. And that's the language I want to say out loud more and more often. You have a lot of shots on goal. Understandably, we're focused on CONVERGE. We're going to talk about it. But I was hoping you – just to start us off, you could reflect on those thoughts. Is that the way you see it? Is that the way you want us to see it as a portfolio company? And let's talk about the company from that perspective.

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

Maybe we'll bring on and help us with investor relations. Absolutely, that is our message is that we've got a big...

<<Rick Wise, Analyst, Stifel>>

Thanks, you're doing a great job.

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

Big broad portfolio that is incredibly diverse. What AtriCure does different is we find markets, really big markets where we're number one in the world. So if you look at every one of the markets that we're in, we do want you to understand that we're literally creating these markets. And there are a lot of patients that we can help to treat in those markets whether it's in our open Afib business where you're doing a concomitant, you've got a market where we're still just 27 % penetrated worldwide, and there is a huge opportunity within that space, and we're the number one player in the world there, and we've got lots of room for growth for decades to come. On top of that, you've got a clip technology that could enable us to get outside of just the Afib world and deal with strokes in general for the patient population that undergoes cardiac surgery that are likely to get Afib in their lifetime.

And that's like a new extension of the market without actually having to – the investment obviously is going to be on the clinical side. And then on the – obviously you talked about CONVERGE briefly, but that's obviously a very large market for us, an important market, huge opportunity for millions and millions of patients around the globe. We're the only player in the world with a label for patients that have had Afib for more than a year. And we believe that market is in the multiple billions. We think that there are no trials going on right now to get into

that market other than us. And it's going to take us some time to kind of really realize the huge potential that's there, but the good news, the data is there. We're in a really strong position. And then you mentioned, pain management as well, which is a business that we think when we started, it was a couple \$100 million market opportunities. Now it's probably approaching a billion dollar market opportunity globally as we think about it. So yes, that's how we want people to think about it, so lots of shots on goal.

<<Rick Wise, Analyst, Stifel>>

Lots of shots on goal. And so, I think, one of the questions I get asked most beyond the specifics of – specific product area is what will sustain mid-teens plus top-line growth. I think you're saying the whole portfolio is going to – do you have a – maybe I'll say it, is this the right portfolio to sustain that for AtriCure? And what else do you need or do you need something else to make that kind of scenario unfold for AtriCure?

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

No, we have the product and technology today to maintain that kind of growth for many, many years to come like in terms of the portfolio because the markets we're going after now are so underpenetrated, every one of those markets. And as I was saying, we're the leader in it and there is a lot of patients in each one of those individual markets that we don't necessarily need any new technologies to kind of bring us to that for. Now that being said, that doesn't mean we're not going to invest in new therapies in new areas. Every one of the areas I just talked about, there are expansion opportunities with existing technology or new clinical data in different areas that we can expand those markets quite dramatically as well. But to maintain those rates, we've got the product portfolio and even the clinical data right now to help us maintain that for many years to come.

<<Rick Wise, Analyst, Stifel>>

Yes. And, as we reflect on other growth drivers, is there – maybe just again at a high level, what's next there in terms of internal organic pipeline? What are – what kind of big incremental, approvals or should we focused on? And then let's talk about your thoughts externally and in terms of add on in technologies

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

Yes, so, let's start. First, I'll go back to the franchises again. On the open side of our business, the exciting opportunity in front of us today is we spent a lot of time and energy to get this ENCOMPASS clamp to go after patients that do not have an option today because their surgeons weren't necessarily trained. So to make it easier for the surgeon to treat that patient, to take that 27% to 80%, 90% of patients that get treated because it's a Level 1 guideline, ENCOMPASS clamp, we believe makes it that much easier for them and I think that's going to make a big difference in that market. We're just at the beginning. You saw the results this quarter and now it's about executing that. And the good news, we've got relationships in every one of those cardiac surgery centers in the country.

In addition, in the open side of our business is the LeAAPS trial and that is for putting a clip, our AtriClip clip on the appendage to reduce stroke for patients that do not have Afib going into surgery, but likely over the course of their lifetime they're going to get Afib and therefore be at high risk of stroke. So you can reduce that stroke rate quite dramatically. And I'm really excited about this trial, the largest cardiac surgery trial ever done in terms of number of patients and number of sites for an FDA labeling. So it's 6,500 patients, 250 sites around the globe and I think this is going to change practice patterns for decades to come. And we have so much excitement and sites lining up to be a part of this trial. So that's a huge exciting piece of our portfolio that we're looking at.

And actually just this week on Monday, what published was a lot of the data that basically led us to this trial. Our ATLAS study was 562 patients that showed a significant reduction in stroke in that same patient population and that was kind of the hypothesis generating trial we did to basically lead us to the larger trial that we're undergoing right now. So really excited about that pipeline and that activity that's going on right now. We're getting centers signed up very quickly and anticipate next year being a really big year of getting a lot of centers signed up and kind of going down that pathway.

And so those are two of the exciting things in our open platform. And that LeAAPS trial expands our market opportunity. So if you think about the number of patients that are undergoing cardiac surgery within the U.S. is about 300,000, Afib patients are 90,000, that means 210,000 don't have Afib. Well, this opens up that market for the appendage management to that 210,000 patients in the U.S. If you look at it globally, that's a million patients. It's the global trial. We're going to be in at least 15 countries around the world and we anticipate that this could change practice patterns to have a clip being put on almost every patient that undergoes cardiac surgery at the end of this. That's a big market.

<<Rick Wise, Analyst, Stifel>>

That's ubiquitous.

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

We feel it's a very safe procedure. It's easy to put on. It doesn't take long to do. They have access to it right then and there. So why not take that opportunity to take advantage of it right then when they've got the chest that's wide open. So that I – we think, again, that's not going to drive revenue in 2023 or 2024, but if you're thinking about kind of really exciting growth drivers and sustainable growth drivers for our business, we're also raising – not only expanding the market, but we're raising the bar on saying, if you're going to manage the appendage, we're showing – we're going to show you get a stroke reduction with it and that's what we're going after, a stroke reduction label. And that's the goal with that trial is to raise the bar on anybody else that wants to kind of get into the space seriously is to raise the bar on the level of evidence there.

<<Rick Wise, Analyst, Stifel>>

Right. And what kind of enrollment do you expect and how quickly – and sort of a couple related questions, do you get any revenue from – I mean this is a big trial. Do you get revenue from it? And three maybe larger companies that played this game for years. It sort of enhances your relationship with centers and doctors and helps you pull through, push through other technology or expand market share. Talk about those three aspects of at LeAAPS.

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

Yes. Well the first aspect of it, like in terms of enrollment it's 6,500 patients, we've already contacted them and touch with the first 50 sites that are going to basically be doing it. We anticipate that heavy enrollment will begin in the second half of next year. We'll start enrollment likely the beginning – or the end of this year, early part of next year. And then once those sites get up and running, we will see acceleration on it. With the ATLAS trial as an example, it took us about 12 months to get the sites up and running. And then once we got the sites up and running, that trial enrolled incredibly quickly because they're seeing it very fast. So, you'll see some enrollment, good enrollment next year, but 2024 will be really fast enrollment from our estimation on that front.

<<Rick Wise, Analyst, Stifel>>

Conversation, sorry, I'm breaking mine...

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

We will get a lot of revenue.

<<Rick Wise, Analyst, Stifel>>

Just one at a time.

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

Yes, we will get paid for the clip in the trial, it is a randomized trial. So don't expect that in terms of numbers, like Mike said, over a period of time for enrollment and I think the halo effect, the overall appendage management business, the awareness that the trial is ongoing, that this is an outcome that we're going after, I think, could have an impact over the next several years.

<<Rick Wise, Analyst, Stifel>>

Yes, it makes a ton of sense. So a couple years to enroll you hope and then...

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

Pretty longer than a couple years to enrollment 6,500 patients, so we anticipate kind of a three to four year enrollment period in general. But I mean, I don't want to be quoted on exact time lines on that...

<<Rick Wise, Analyst, Stifel>>

You don't know.

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

Quite frankly, don't know yet.

<<Rick Wise, Analyst, Stifel>>

Of course. Another opportunity that I think doesn't get enough attention. We've done a bunch of doc calls, as I've said to you on Cryo Nerve Block and the docs love it. I mean really love it, but at this point you sort of narrowly focused. Talk about where you are with Cryo, what's next and how do you continue to drive the penetration there?

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

So first we're – to give some market sizing perspective of it, Cryo Nerve Block in the United States, there is about 140,000 to 150,000 or so thoracotomies every year. We're in about just over 10% this year we anticipate. So we've gone from 0% to 10% over the last couple years with the new probe, which is about anywhere from about 16,000 or so procedures will be in 2022. That number is growing. Obviously, the key to growth there is to just get open up new centers. We're in 500 or so out of the 1,200 centers in the United States that do thoracotomies. So we've made a lot of progress just over the last couple of years and really kind of beginning to establish this in centers. The goal now is to go deeper in those accounts and obviously get to all the accounts over time. So there is growth there because we're still only at less than 20% penetrated in that portion of the market.

Longer term and that market is a nice market in the U.S. We've got approvals now in Europe and in Australia, but the next growth lever for it is going to be in sternotomy where we anticipate that you can ablate the same nerve, so it's the same intercostal nerve, but instead of doing it through the thoracotomy on the side, you're going to be doing it through the open chest procedure. And so we're studying that right now and we're looking at that opportunity. We think that's going to open up the market. So instead of 140,000 or 150,000 procedures in the U.S. that number is closer to 250,000 procedures every year and we're already there and already have the relationship. So the channels already developed. I don't think we will build a new sales channel. Now I've got a team that calls on the thoracic surgeon and on the cardiothoracic surgeon. And so, we've already got that channel built in. So once we kind of get comfortable with the success we could see with that, we see that as another very large market opportunity.

<<Rick Wise, Analyst, Stifel>>

I mean to ask are margins for Cryo Nerve Block at below or above the corporate average?

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

Yes, they are above the overall corporate average, but in the U.S. it is a decline over. There are other ablation tools about a 10 point difference on margin.

<<Rick Wise, Analyst, Stifel>>

Okay. The – and from a technology perspective, how's the technology going to evolve, Mike? I mean, you've done an amazing – I mean, I honestly could say you've done an amazing job evolving AtriClip and just watching that movie evolve over the years has been very impressive. Is that same opportunity here?

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

There are some opportunities within there. Let me – first actually on the AtriClip, I'll just go off I mean and we've got a new – you had asked about pipeline before. We do have new generation and next generation. AtriClips coming out as well. So we've got two different products and development that'll be coming out over the course of the next two to three years that we think will also make it even less invasive, easier to put on. And it's already a great product. So we'll continue to enhance that product. On the Cryo Nerve Block side, there are enhancements to be made, and we will have some enhancements coming out next year, both in terms of like the size of the actual ablation tool kind of making a little bit larger to kind of get after it, and making some other small modifications to it.

Right now, the product works really well. The product we've built right now is dedicated specifically to thoracic procedures. And so we think that that's – because of that we already built that procedure I don't know that we're going to have some next new innovation that's going to kind of break through from that standpoint.

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

I would say though I would add on, I think, it is exciting from a cost perspective. So from a technology perspective, maybe not something that's super differentiated, but as a team has been looking at this and sustaining next gen products, how can you lean the manufacturing and the cost of this. So hopefully boosting that closer to the average ablation margins in the U.S.

<<Rick Wise, Analyst, Stifel>>

Some of the pushback we've gotten from doctors, Mike, on Cryo Nerve Block, and again, wildly enthusiastic overall, but has really to limited reimbursement and lack of more data. How are you addressing those two issues?

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

They're kind of related. There is lack of reimbursement. The pushback we get is cost because there is no reimbursement and time because it takes more time in their procedures. So those are

definitely things you have to overcome. You said it upfront. One of the reasons we're able to overcome them is because it works so well.

<<Rick Wise, Analyst, Stifel>>

Yes.

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

But what we are doing on both of those, you need the clinical data to get to the reimbursement. So we are investing in a lot of – we've probably got five or six kind of individual center trials going on right now where they're gathering data. We've got a registry called the REDUCE registry that we basically have people as we're getting them up and running, kind of putting that into place. So we can kind of use that data to go back to the FDA or also just get things published on. And so we're – that's a big investment that we're making, whether or not we do a opioid reduction trial, which is kind of one of the big question marks, is that – could that really move the needle overall for it. We believe that it probably could, but we've got to get the trial done, right? So we're working with the medical advisory board right now to design that trial. So it's got ubiquity across all sites because everybody has different protocols for how they utilize opioids after surgery. And so we want to make sure that whatever we do is going to have applicability to all sites.

<<Rick Wise, Analyst, Stifel>>

Got you.

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

But it's really important. I mean I think that is going to be something we're going to be making an investment in over the course of the next several years.

<<Rick Wise, Analyst, Stifel>>

And it's already sounding like the Cryo Nerve Block technology is sort of a platform technology, if you will, a pipeline in a product, a phrase I like to use whenever I can. But how do we think about it? Could this potentially – I'm asking this incredibly naively is this something that could address all kinds of surgical pain? Is it that broad? Or no, it's probably going to be more narrow or thoracic, whatever? I don't know.

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

I do think there are other applications to it outside of thoracotomies and sternotomies, but I kind of want to – we're taking one place at a time because one of the things we're – what we like to do is we get really deep in the clinical therapy and understanding it very well. So we took our time to bring Cryo Nerve Block to market. You're seeing it grow really fast right now. We got the approval on this back in 2014, but we took our time to learn the science behind it, get that data

out there, and now that the data is out there, you're starting to see things begin to grow. We're going to do the same thing with sternotomy. And then there are probably other areas where you've got large nerves that are basically impacted during surgery that yes, we could probably use it, but those are things that we have to learn a little bit more about before kind of getting too far ahead of ourselves.

<<Rick Wise, Analyst, Stifel>>

Got you. So we've established that 92% of the company has a tremendous number of fast growing, rapidly growing high margin shots on goal. There is something called [indiscernible] CONVERGE, it says – oh yes...

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

The CONVERGE procedure, please [indiscernible] Angie. The CONVERGE procedure uptake, look, I mean, you said it – I believe that I mean this is an important addition to the arsenal. And you're still in the early stage, earliest stages of rolling it out. But I – certainly all investors wanted to be faster, bigger, sooner.

<<Rick Wise, Analyst, Stifel>>

Yes, I would like that too. Angie, said she – oh no, I'm not supposed to say that.

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

I would like, I mean, I think it's – I mean, we'd like it to grow faster than it's been growing. There's no question about that.

<<Rick Wise, Analyst, Stifel>>

What can you do? Is it just – you just have to be patient and keep working it or...

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

Let's just remind ourselves a couple of things.

<<Rick Wise, Analyst, Stifel>>

Okay.

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

One is just first the size of the market opportunity there. We are the only company in the world with a label for longstanding persistent patients. Now what does that mean? These are patients that have Afib for over 12 months. It is 40% to 50% of all Afib patients in the world. These patients have been ignored or they've been treated with a catheter and then sent home and never

coming back. And so they've kind of they're out there in the market right now. EPs are very busy today. So it's a huge market opportunity, which is why everybody is excited, why everybody wants it to go fast. They're like, well, the data showed that it's incredibly compelling. You see 110% improvement and there is no safety issues with it so – or very few obviously. And so it's as safe as pretty much almost any other procedure.

So what's going to – what it's going to take? We've got to develop this market. We've got to get EPs every day to be thinking when they see that patient that has longstanding persistent, can I get them to go and have this combination procedure where they're doing a little bit of surgery combined with the EP work. So we're changing the way that they do clinical practice today. And that's the part that's taking a little bit longer, not just in the EPs, but then they've got to then go talk to and schedule that patient with the surgeon. And so when we first kind of were beginning to roll this out, we thought you'd get people up and running, it would take about 12 months. I'd say that number is probably closer to 18 to 24 months to really get them kind of rolling, which is why it's taking a little bit longer to kind of get that momentum building.

But everything we're seeing is positive in the sense that we've got a lot of new sites, the sites that are doing it are seeing incredible success with their patients, it's continued to be a very safe procedure as they have rolled it out, as we've rolled it out to new surgeons and new centers across the country, we've now got 14 out of the top 25 major cardiac centers in the country starting a program or already in the midst of having a program that's up from like three or four before the label was, or before we got the data out. And so we're starting to see a lot of those markers that are showing you this is going to be very successful and that we've got to be a little bit patient.

Now again, do I want it to go faster? Absolutely. But we've got to work with that workflow and really change the mindset to create this new standard. But once it's created, I think it's going to be incredibly sticky. I just can't predict, okay, it's going to be this quarter of next year that it's going to all of a sudden take off. I think you are going to just see continued progress and then all of a sudden you are going to start to see that flywheel turn and we'll all see the benefit of it.

<<Rick Wise, Analyst, Stifel>>

How critical, when you think about drivers of adoption, how critical is, or how necessary is it to add more data? Does the technology in some, I mean, I don't know where in some way, shape, or form need to evolve more?

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

It's a great question. This is not a data. We actually had this conversation this week, like do we need another trial the data is incredibly compelling. There is lots of papers that are out there that support it even more and so it's not a data issue. The technology works incredibly well and it's very safe. So, none of that is an issue. There is no reimbursement. The issue is getting through the workflow. Really, you're changing how they're basically taking that patient. They see the patient in clinic, okay, now this person has got long standing persistent. I want to basically go talk to my cardiac surgeon. Do I have that program set up so that when I send them, they are not

going to get delayed and wait two months or three months to get any kind of procedure, that kind of workflow is what has taken a little bit more time than we thought to get going.

<<Rick Wise, Analyst, Stifel>>

And talk about the surgeon training, physician training and program initiation. What are your plans over the next six, twelve months to continue moving this along?

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

We're going to continue to do a lot of both in-person training and also more didactic training. So we'll hold courses throughout the year. We've got them all scheduled out for all of next year, courses where we'll bring teams together. We're also going to continue to expand to getting to the APPs and the nurse practitioners that we're making sure that not only are the surgeons trained, but the people that are actually seeing the patients before the EPs and surgeons see them. So they are aware of how to basically not only work them up, but also identify these patients so they can get them into the right workflow. So a lot of work is being done on how do you improve that workflow? How do you build a program from that stand? How can EPs and surgeons work really well together? So a lot of focus on that as much as the technical skill set of how do you actually do the procedure.

<<Rick Wise, Analyst, Stifel>>

How is staging the procedure in the two steps? Everybody seems a little more relaxed about that now than they were initially. How has staging at that way improved workflow, approved adoption or affected adoption?

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

It's interesting. The trial was the same day. We did in the same day.

<<Rick Wise, Analyst, Stifel>>

Right.

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

That proved to be logistically very challenging for many sites. So a lot of sites have opted to stage it because trying to get the schedule of the surgeon and the EP to map at the same time and the EP waiting around for the surgeon to finish their portion of the procedure, they decided that wasn't going to work and it wasn't good for the patient. And so many of them have gone for the staging. And I think that's actually helping out and I think that's going to help a lot of the workflow.

<<Rick Wise, Analyst, Stifel>>

To what extent does the perennial staffing as a macro headwind challenge slowed or limited converge adoption?

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

The staffing a little bit maybe, but more so we saw great success going into the end of last year. And then we saw Omicron kind of hit us. And that really probably set back programs earlier this year and getting them back up and running. They got all this excitement in the third and fourth quarter of last year, they did a couple patients and then getting them back after when they started to kind of go and do all their other catheter and get them going again, that's what's been kind of, I'd say the thing that's been more slow than we had expected.

The bounce back off of COVID again, those centers that were involved last year, that now you're having conversations, they're like, oh yes, I've got to get to that, I've got to get my program back up and running on it. That's caused some of the kind of I'd say slower than expected growth.

<<Rick Wise, Analyst, Stifel>>

In the near term. I heard, we just heard that from another company. Those same words about interesting that the, it's slow to turn the light switch on again, commentary.

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

It's understandable. They are getting very busy in their practices and just trying to get their minds share to kind of come back to this.

<<Rick Wise, Analyst, Stifel>>

Profitability, I often get asked about profitability. I'm looking to...

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

This is the first time I've been asked.

<<Rick Wise, Analyst, Stifel>>

I'm sure. Is that still a priority for you? You have, I think, \$120 million or so in cash, if I'm remembering correctly. You are burning \$10 million or so.

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

Yes, we ended the quarter with about \$174 million total in cash. Some of it parked long term. Profitability we think we hit it pretty naturally in the near term. This is coming off of many, many years of investments AtriCure. I would say over the past five or so years, not just in the CONVERGE trial, but also building out a nice, robust, commercial and training program, commercial field team and training program.

So while we think that we're making new investments within LEAPS and Helios team in the clinical side and continue to build out R&D platform, expect pretty naturally in the near term to hit profitability. If you look further back into the P&L, taking out things like acquisitions, the organic improvement to the bottom line has actually been very good. We've just taken a couple of steps back for some of the more strategic investments that we've made.

<<Rick Wise, Analyst, Stifel>>

Certain people in the room and the Street, I think, are modeling EBITDA positivity in 2023. I'm always I've lost my senses. But what about the Street? Do they know what they are doing?

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

Wow! That is a loaded

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

It's a special answer. Shall I answer that?

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

I think we haven't given guidance yet for 2023, bottom line we've said to expect, improvement to the bottom line and then sustained profitability once we hit that. So no comment otherwise, no breaking news right here.

<<Rick Wise, Analyst, Stifel>>

You disappoint me. It's a disappointment. You promised.

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

I'm okay with disappointment, yes.

<<Rick Wise, Analyst, Stifel>>

P&L leverage. Mike, you touched on it, this idea of we've made substantial investments in every aspect of the business. Is there more P&L leverage ahead? Does that, you've been investing in sales, could we see a more dramatic upturn as volumes build as the macro headwinds on procedures lift, et cetera?

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

You mean leverage in the P&L?

<<Rick Wise, Analyst, Stifel>>

In the P&L in terms of...

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

I wouldn't say anything much different than to what Angela just said, which is, I think, that we're naturally going to get ourselves to profitability. But we think these are really big markets for making investments in LEAPS and other clinical trials. Once we hit that profitability on an annualized basis, we will sustain that we've definitely made that commitment. But how much we expanded at that time, I think, maybe, I'm not ready to kind of make a comment on that yet, because obviously we can get some leverage off of the SG&A aspect of the P&L.

<<Rick Wise, Analyst, Stifel>>

This is not a 12 months question, but just as when you look over seriously long term you imagine where AtriCure might be in five years, what the portfolio could look like. What kinds of bigger picture things are you thinking about? Where could AtriCure grow in terms of, I mean, do you want to add pulsed-field ablation to the portfolio? Do you want to add other Afib treatment modalities? Do you want to become more of a pain company? I mean, you've got a lot of little hubs you could add spokes to. What are you thinking about high level?

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

Over the next five to ten years we touched up on it briefly before. I actually think we have things in place today expanding the sternotomy, expanding into non-Afib patients for clip placements, expanding, other areas of, hybrid ablation into IST. We see those kinds of market expansion items, really expanding the total TAM that we're going after helping a lot of patients that – have today. That's kind of how we're thinking about expansion. PFA is interesting. I think it's a great technology. We'll look at how does it apply and can we put it down onto our products for sure. And so we're doing a lot of research in that area to understand epicardially, how does it work? Because right now everything that's being done is done endocardially.

<<Rick Wise, Analyst, Stifel>>

Yes.

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

And our products are epicardial kind of from the outside of the heart. And so we're definitely doing a lot of research in that area to figure out can we marry it and things like that. But I'd say it's really early research that's being done to try to figure out what does that look like longer term for us.

<<Rick Wise, Analyst, Stifel>>

Yes. We have 51 seconds. Any closing thoughts you would like to sum up?

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

I would just say we appreciate obviously both your support, but also support of all the investors. And from our perspective, when we look out over the next decade we've put in our vision 2030 internally about kind of where we're going. And we see this. We see a lot of works. I'm as excited today as I was 10 years ago when I started at the company. In fact, I'm more excited. I see myself here for a really long time. I love this business. I love the ability to impact patients in so many different areas and help patients that quite frankly, don't have other opportunities today and other options.

And so hopefully you guys can continue on for the ride. We appreciate it. And thanks for having us, sir.

<<Rick Wise, Analyst, Stifel>>

That's been quite a ride. Thank you so much, Mike.

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

Thank you.

<<Rick Wise, Analyst, Stifel>>

Thank you, Angela.

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

Thank you.