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<<Nathan Treybeck, Analyst, Wells Fargo>>

All right. Good morning. Welcome to the first day of the Wells Fargo Healthcare Conference. I am Nathan Treybeck, one of the medical device analysts at Wells Fargo. For this session, I am pleased to introduce management from AtriCure. Joining us from the company is Angie Wirick, the CFO. Thank you for joining us.

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

Thank you for having us.

<<Nathan Treybeck, Analyst, Wells Fargo>>

So I thought we could just start at a high level. You hosted your Investor Day in 2025 and established long-term targets for 2030, including $1 billion in annual revenue, 20% adjusted EBITDA margin, and 75% free cash flow conversion, but you also had 2028 targets as well.

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

Sure.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Your 2026 guidance already delivers the 14% margin relative to your 2028 goal of 14%, and I think you previously said you're almost two years ahead of plan on the bottom line. How would you describe the position of the business today and your growth and profitability outlook relative to where you thought you would be at this point?

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

Yeah, I think it's easy to say both on top line and bottom line ahead of where we thought we would be relative to the LRP targets. I think first and foremost, we stepped back. We put the LRP targets out there. We wanted to get investors excited about numbers that we knew we could deliver, in line with our philosophy relative to guidance. I think what we've seen is more enhanced profitability, top-line trajectory that's pacing ahead of where we thought we would be. So feel really good about our progress relative to both of the LRP targets.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Great. Maybe just specifically, I guess, what – what's going well for the company, and has anything been more challenging on your path from 2025 to 2030?

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

Yeah, I think two things really stick out to me relative to our LRP. And if you go back, we're talking early 2025. I think the progress on our clinical trials much better than we expected. You saw that in the LeAAPS enrollment, completed enrollment in the middle of the year of 2025, and then shortly thereafter, we kicked off our BoxX-NoAF clinical trial, and that one is pacing. We thought about a two-year timeline for enrollment. We're pacing a year ahead of plan. So two big clinical initiatives that we had pacing ahead of where we thought we would be on the LRP is fantastic. Profitability is the other one that really sticks out. Further ahead than we thought we would be, and what's cool is what I just said.

I'm super proud of the fact of where we're at on profitability, but we're also investing in big clinical drivers for the company, so making the same kind of investments that we thought we would to be long-term revenue drivers for our business. More challenging, I think hybrid, it's safe to say. That area of the business isn't more pressure than we thought we would be under, so isn't performing where we thought we would be starting to see a recovery here. But in light of that, I also talked about top-line pacing ahead of our plan, so clearly other drivers within the business to offset that pressure.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Okay. Can you comment, is the 2030 revenue number, is it back-end loaded? Is it – does it require the BoxX and LeAAPS labels? And will you update the framework before the trials read out?

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

Yeah, if you look at the 2028 to 2030, the growth rate that was implied in both of those two targets for revenue did assume that there was an uplift in revenue growth rate, so it did assume that you have positive trial results, and you would have at least a PMA on the initial BoxX endpoint for postoperative Afib. So I think what we're talking about now is those coming in a little bit, so likely to see a little bit more of that uplift sooner than we had anticipated. And I think very logically, just given these are two big major trials for the company, logically would likely update our LRP at some point.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Okay. For investors who aren't too familiar with the story…

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

Sure

<<Nathan Treybeck, Analyst, Wells Fargo>>

…you made significant investments in these two major clinical programs, LeAAPS and BoxX-NoAF. Can you just talk about the strategic rationale here? How can these trials shift the treatment paradigm over the next three to five years?

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

Yeah, the rationale for both LeAAPS and BoxX-NoAF, we're a company that has been focused very much on cardiac surgery and treating Afib within those cardiac surgery patients, so a subset of cardiac surgery patients. Both of these trials say, look, whether the patient has Afib or not, there is something that you can do that is very meaningful for that patient, reduce their stroke risk, reduce postoperative Afib incurrence, even reduce clinical Afib. So this is broadening a market that the company is really focused on and gives us a bigger opportunity to win within cardiac surgery.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Great. If we could just talk about the recent STS ACSD quality measure update for…

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

Sure

<<Nathan Treybeck, Analyst, Wells Fargo>>

…surgical treatment of Afib. You talked about only 35% of U.S. cardiac surgery patients with AF currently get an ablation, and STS is targeting a 70% treatment rate. How much of an immediate contribution are you expecting from this as we go in – as it goes into effect in 2027?

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

Yeah, I think the immediate impact is just awareness for accounts. I think the bigger impact will be STS has said, look, we're going to start with measuring this. It'll be a quality metric first. Over time, expect it to become a star rating, which hospitals and surgeons care very dearly about. Initially, I think just the measurement of your treatment rate is enough for many surgeons to say, boy, I thought I was doing better. So think that there's a modest uplift here. I think once you have the star rating, that's a more meaningful driver relative to revenue growth, particularly in ablation.

I think what many surgeons will find is the rates on ablation are significantly lower than appendage management today. I think many surgeons will look at the numbers and look at themselves in comparison to the national average and think, I was doing better than I thought I was. And this just gives them a reason to take a second look at each patient that they see in an operation and say, maybe there is something more I could be doing for them.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Perfect. If we could just touch on your 2026 progress, so you raised guidance at Q2 by the amount of the beat.

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

Sure.

<<Nathan Treybeck, Analyst, Wells Fargo>>

What gives you confidence in that raise, and what trends are you factoring in across your franchises for the second half?

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

Yeah, I'd say most of the confidence comes from what we continue to see is incredibly strong growth within our pain management business, continues to outperform our expectations, well beat consensus. I think you've seen that for the past several quarters in that particular area of the business. We also have a new area of a launch that's under progress here, complete greenfields for the company. When I'm talking about the cryoXT device used in amputations, I think we look at that and say, look, there's a lot of upside within this franchise, and felt confident. Both our open ablation and our appendage management franchises have been performing relatively in line from what we expected.

So those areas I'd say will be consistent, what we're thinking relative to the guidance contribution for 2026 and Cryo Nerve Block confidence in raising the guide, but also offsetting some of the continued pressure that we're seeing in hybrid and then some transient issues within our international business. This is the nice thing about our company, is you aren't relying on one source of revenue. What we've seen pretty consistently is there are some areas of the business that fire incredibly well and able to offset pressure in other areas.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Great. If we could just touch on what's assumed in your guidance for appendage management and clip share loss to Edwards in the second half. I guess what gives you confidence in sustained growth for this franchise over the next few quarters and even longer term?

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

Yeah. So going into the year, the intel that we had was company Edwards had said, look, expect kind of a soft launch in the back half of the year. Expect clearance at some point in the year. Everything that we've seen at this point has matched the intelligence that we had going into the year. At this point, we expect there to be some modest trialing, so very modest impact on 2026.

I think once the device starts to be used and we learn a little bit more about Edwards' approach, that'll inform what we expect for 2027. But the confidence, I'd say, in the near term is we have a superior product. We've got new product innovations coming here in the near term in our

appendage management franchise, and we're also talking about a patient population that still there is under-penetrated. So I think the combination of that is what gives us confidence that we'll continue to see appendage management be a strong growth driver for us.

<<Nathan Treybeck, Analyst, Wells Fargo>>

This isn't the first competitor in the space.

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

Correct.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Maybe if you could just talk about why Medtronic's Penditure was ultimately not successful given Medtronic's broader portfolio. And is there anything about Edwards specifically that would mean they would be more successful than Medtronic, just given their presence in the surgical valve space?

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

Yeah. So what we experienced when Medtronic launched their device, I'd say two things I think really stood out in that particular device launch, which is performance of the device could not rival the AtriClip. Surgeons tried the device, and you need that in med tech. You need surgeons to want to. You need any treating physician to want to try new technology. That benefits AtriCure, that benefits our competitors. They tried the device, and what they ultimately saw was the performance could not even rival the AtriClip device. So clearly technology matters. Doesn't matter the company that you work for, but technology matters incredibly well, and our devices are the gold standard.

Medtronic also, I wouldn't say, had the same kind of dedication on a field-level basis. AtriCure has been dedicated to treating Afib and cardiac surgery. We're there willing to support cases. I think when surgeons dove a little bit deeper and said, okay, Medtronic rep, are you willing to help me out? Are you willing to support a case? They didn't hear the same kind of level of response that they got from AtriCure. So I do think that those two, the technology and the performance of our technology, innovation that's there, along with a very dedicated field team who is truly thinking comprehensively about the patient and treating their Afib, were two standouts.

It's interesting on the question about Edwards and valve, very relevant for Medtronic because they also have surgical valves. I think they're going to need to want to show the ability to support surgeons no differently than what Medtronic was asked to do. Edwards is in a different position from Medtronic in not having ablation technology. So when you think about treating a patient's Afib, managing an appendage is only one part of it.

So I think that that's going to be a harder thing to complete relative to being an Edwards rep. I can do something for the patient. I may not be doing the full complete procedure that the patient may need.

<<Nathan Treybeck, Analyst, Wells Fargo>>

That makes sense. One other area that's interesting is, Intuitive Surgical this year received approval, I think, for CABG, mitral, and left atrial appendage closure on the da Vinci 5. Talk about how you're thinking about the robotic procedures in your space. Is this a headwind, or is this an opportunity for you? Do the dV5 procedures use your devices? How does that work?

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

Yeah, there are some of our devices that are compatible today with a robot. So I think this is one we look at and say another major med tech company like Intuitive putting a focus on a market like cardiac surgery, I think, says that there is tremendous opportunity there. We're looking at innovation to make our devices even more compatible. I think overall, you're talking about putting a spotlight on an area of treatment where we've kind of lived and feel like it's exciting for Intuitive to want to have interest in the space.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Great. Pain management has been a bright spot for the company. Grew 33% last year, 29% in the first half of this year. Is this a sustainable growth inflection in that franchise? And how much is pricing driving this growth?

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

Yeah. The pricing question is pretty small in terms of points of growth. If you think about the most recent quarters, it is a couple of points of growth as accounts transition from our S device, the original device, to the cryoSPHERE MAX. The pricing differential is not that pronounced. So the majority of the growth that we are seeing, 25% growth in volume, I think that that is telling you that making that technology quicker benefits adoption and ultimately makes surgeons want to treat more of their patients here.

I think what is exciting is as you start to think about law of large numbers relative to our cryoSPHERE MAX device, which is primarily used in thoracic procedures, we are also launching the cryoXT device for amputation. Complete greenfields, new opportunity, new procedure for the company, and we are pretty bullish on that particular area of the business, starting to see really good traction.

The benefit that that has for amputation patients is very profound. Helps them get ambulatory quicker, helps them get fitted for their prosthesis quicker, and in some cases, what surgeons are seeing is it does help reduce or eliminate phantom limb pain. So I think the benefit that we are seeing in that area of the business, that starts to rise, give a bigger contribution, even as thoracic

procedures may level off a bit in terms of the rate of growth that we have seen in the past. Long-winded way of saying, yes, I think that the high growth rate is sustainable in the near term.

<<Nathan Treybeck, Analyst, Wells Fargo>>

And that would be the XT, because I think cryoSPHERE MAX is already 75%?

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

Yes, correct.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Okay.

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

Yeah. But now we're growing. I think if you think about cryoSPHERE MAX, used predominantly in thoracic procedures, it's about 20% penetration in thoracic procedures. There's still a significant amount of procedures left where the device would be very relevant and give a great patient impact here, so it will be less on conversion to the MAX. Again, the pricing uplift is pretty minimal. The volume growth is what we're ultimately looking for in that area of the business.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Great. Cryo Nerve Block, it's not separately reimbursed in the U.S. today.

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

Correct.

<<Nathan Treybeck, Analyst, Wells Fargo>>

And you're funding an investigator-led economic study together. I guess, what's the coding strategy and timeline, and I think you sized the market at $2 billion for pain. What does that assume for incremental payment?

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

Yeah. It doesn't assume incremental payment at all. So – and we've been successful at this point without separate reimbursement for our pain management devices. You're right, I think this is an area we're funding a lot of individual studies to show the benefit of pain management in a variety of procedures, the benefit to the patient, the economic benefit to a hospital, ultimately trying to wrap up that value story. Reimbursement timelines are very long. I think you're talking

about years from now before we make headway on device-specific reimbursement but are very focused on that.

I think many people may know about the NOPAIN Act. Our devices are covered in the NOPAIN Act, but those are for outpatient procedures. I think our team is also looking at that and saying, look, let's apply that same logic. Why would you not reimburse for an inpatient type of procedure? So trying multiple different shots on goal to achieve reimbursement.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Perfect. On gross margins, you've sustained about 77% gross margin for several quarters. What are some of the key drivers? And how are you thinking about sustainability into next year?

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

Yeah. Key drivers, U.S. business outpacing the growth of the international business, and within the U.S. business, you're seeing a more pronounced shift on the product mix. So the newer product launches, like our FLEX-Mini AtriClip device, the cryoSPHERE MAX device, and then even our EnCompass device, which we've spent a couple of years trying to lean out the cost within that particular device. As those continue to grow as a bigger component of our revenue, that is benefiting gross margin.

We will take a step backwards off the 77% here in the near term. We've duplicated, effectively, our manufacturing capacity at headquarters, with an adjacent building that we'll bring online here in the third quarter. But that's a headwind that we expect over time, ultimately, that will continue to be able to improve gross margin.

So I think you're still talking, even with the headwind of the new manufacturing facility, you're talking best-in-class gross margins north of 75%.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Okay. Maybe if we could touch on the clinical studies…

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

Sure.

<<Nathan Treybeck, Analyst, Wells Fargo>>

…in a little more detail, starting with BoxX-NoAF, how should investors think about the potential TAM expansion from this trial?

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

Yeah, so BoxX-NoAF is looking at non-Afib patients undergoing cardiac surgery. Today, about 30% of patients who go into cardiac surgery have a pre-existing Afib diagnosis. This is looking at the other 70%, so you're multiplying the company's existing opportunity today, pretty exciting. I'd say this is – the trial design covers a very broad base of what are qualifying patients today in those procedures. And I think if you look at the – some of the clinical studies that inform the trial design, it would confirm what we've heard anecdotally from surgeons. Pretty high rate of postoperative Afib, so this is a common complication coming out of cardiac surgery across the different types of cardiac surgery procedures. And in other studies that have been done, single-center studies that have been done, doing an ablation and managing the appendage has had a pretty profound impact on those patients' results.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Great. And I think you mentioned on the last earnings call that you surpassed the 50% mark…

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

Yes.

<<Nathan Treybeck, Analyst, Wells Fargo>>

…with your enrollment over 500 patients in the trial right now. Are you on track to finish enrollment by year-end?

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

Yes, we are.

<<Nathan Treybeck, Analyst, Wells Fargo>>

That's good. Are you expecting – so you're expecting to show data at AATS in May next year, I guess, what would constitute success in this trial for that readout?

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

Yeah, the trial is powered to show a 10% differential between the control and treatment arm. I think hitting that metric, if we're anywhere close to some of the individual center studies that have been done, that would be home run territory, I think, for the company. But we will show safety. We know that today. The product is incredibly safe. The procedure is incredibly safe. That's table stakes in cardiac surgery. So that, I think, in combination with the 10% differential, is what the company is looking for.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Okay. And assuming the trial is positive, what coverage and coding work is already underway for patients with no Afib history? And I guess, what's the earliest date a hospital gets paid incremental dollars for the added ablation plus clip?

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

Yeah, the beauty in cardiac surgery reimbursement today is these are pretty hefty procedural codes, so devices fit. There is additional reimbursement when you're doing a CABG procedure plus ablation, or a double valve plus an ablation. And that's agnostic to whether the patient has Afib or not. So it's just was there a medical need? So we think by and large reimbursement aspect of BoxX-NoAF is already in place and can be reimbursed today.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Okay. Good. As far as the LeAAPS study, so you mentioned you're continuing to follow the LeAAPS patients…

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

Yeah.

<<Nathan Treybeck, Analyst, Wells Fargo>>

…are we nearing the next interim readout on LeAAPS? And I guess any way you could say like, when we could see the next data readout?

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

Yeah, this one's harder. This is not a time-driven timeline for the next readout. So LeAAPS is an event-driven trial, 469 stroke events is what we need to accrue to get to the 100%. There were two interim reads. We hit the 50% mark earlier this year. What we've seen and what we knew going into the trial is the rate of stroke rate event is higher within the six months post-procedure, and then it drops almost in half past that six-month pace. So naturally, given the pace of enrollment, expected that the 50% mark was hit fairly close to that kind of six-month timeframe post-enrollment, expecting the rates to drop, and that's what we've seen. So it's within the next couple of years. BoxX is closer, so BoxX information will be here in a hand. LeAAPS is a little bit further out at this point.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Okay. Just at a high level, I guess, what's next for AtriCure beyond these two trials? If we think about where do you head next?

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

Yeah, I think in each franchise is something a little different. If you're talking about cardiac surgery, the investments that we're making within our PFA platform to enable our EnCompass clamp, dual energy RF and PFA. So getting some of the benefit of speed of PFA with already RF works incredibly, incredibly well. And the EnCompass device, the configuration of that device enables a very quick procedure. That'll be an area that the company initiates a trial on next year, so PFA-enabled technology. Cryo Nerve Block, I think we're still looking at other opportunities that are out there. Our pain management devices work incredibly well when you're talking about a surgical procedure where large nerves are exposed. There's a lot more than what we're doing today where there's potential there, so evaluating kind of next steps there.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Okay. And just looking at Cryo, I guess, what is the market penetration today and adoption of new procedures?

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

Yeah, so thoracic is where we're most penetrated and it's around 20%. Sternotomy, super low in terms of penetration, but very steady contribution there. And we're not even 1% penetrated into the amputation market, so new in terms of that opportunity and launch.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Okay. And as far as how much runway is left in the EnCompass adoption curve, maybe anything you could add there?

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

Yeah, so EnCompass, in terms of number of accounts, we are nearing close to all of the accounts north of 700 in the past year in terms of cardiac surgery hospitals. There are around 1,000 cardiac surgery centers in the U.S. for the opportunity there. EnCompass is driving all of our open ablation growth. We don't see an increase in the legacy technology being used. So I think this is the one where you're seeing consistently increasing and improving adoption across cardiac surgery community.

If we were to wrap a couple data points from earlier, if we're 35% penetrated in the U.S. on ablation, it would tell you the runway for EnCompass is the other 65% of Afib patients. We also have the trial BoxX-NoAF, combines ablation and AtriClip. That's for the 70% of cardiac surgery patients who don't have Afib, who are not being treated today. So I think in total, you're talking about a very, very long runway for the EnCompass and AtriClip device.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Okay.

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

And that's only the U.S. I didn't even touch on international. So I think when you think of our international markets, a newer launch in Europe. So I think this is an area, and we're furthest ahead in Europe at this point in time, getting it approved or cleared in other countries around the world. So while EnCompass has been an incredible success in the U.S., in terms of global opportunity, super long runway.

<<Nathan Treybeck, Analyst, Wells Fargo>>

What is the priority OUS outside of Europe?

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

Yeah, I think in Europe the priority, I'd like to say focus on the product launches, but I think also stabilizing in a couple of the markets where we've had some disruption and execution issues. EnCompass is a big priority, and then also our Mini devices, which were cleared recently, they're launching in those areas. In Europe, the treatment rates are significantly less in every country than they are in the U.S., so focusing on lifting that up. Every one of our trials is a global trial. We'll have sites in – we have sites in LeAAPS, we'll have sites in BoxX that are participating in that trial, so just advancing the rate of treatment.

<<Nathan Treybeck, Analyst, Wells Fargo>>

So international is about 18% of total revenue today. What is assumed in your LRP by 2030?

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

Yeah, this is a – I'd say in the LRP we had assumed international business would outpace the U.S. business, at least in the short term, until you had some of the bigger catalysts, which I think are in the near term or more immediate impact to our U.S. business. I'd say given the performance of our international business today, probably lagging behind the U.S. company. Again, the BoxX and the LeAAPS catalysts are more germane to the U.S. business. The cryo amputation, the cryoXT device for amputations impacts the U.S. business today. Future state in our international markets. So I think what we're seeing on the LRP is more strength in the U.S. business than our international business.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Let me – from a product standpoint, I guess, what's the impact of PFA and RF dual technology from a surgeon's perspective?

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

Yeah. I think if you're a surgeon who cares about the amount of time that you're spending in procedure. This gives some of those surgeons who are on the cusp, it gives them a way to reduce overall procedure time. And at this point, we're talking about minutes. The EnCompass device

alone took a 45-minute procedure roughly down to about 10 minutes. I think adding in PFA may give you another minute or two back in terms of the overall procedure here. RF is incredibly safe, but I think to be relevant in the Afib market, what surgeons are hearing is PFA technology, I think helping speed up the procedure along with you know that RF works incredibly well, is incredibly safe. That gives them best of both worlds.

<<Nathan Treybeck, Analyst, Wells Fargo>>

So your first in the human is done in Australia. European work is starting right now. You have an IDE submission late 2026 or early 2027?

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

Early 2027, likely.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Okay. And the trial starts by the end of 2027. Is that?

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

Correct.

<<Nathan Treybeck, Analyst, Wells Fargo>>

So, I guess, what's the trial size and what was the endpoint you're...

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

You're entering into a big debate here at AtriCure. So evaluating trial design and size, likely not the same size of what you saw. Definitely not the size of LeAAPS, but likely not the same size as BoxX-NoAF. I think we're trying to decide which patient population to focus on first, non-Afib or Afib patients, and what ultimately that design will look like.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Okay. Is PFA additive to the EnCompass ASP or a replacement, and does it require new capital equipment to be placed?

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

Yeah. It would require new capital equipment to be placed, so we would have to make that investment or look for hospitals to acquire the capital equipment. Today, we just place the generators on loan. And in terms of the pricing, it follows our R&D track record, which is when we're innovating, we're adding new and differentiated technology into devices, we generally look for an ASP improvement.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Okay. The next two Clip launches, so you flagged the smaller version...

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

Sure

<<Nathan Treybeck, Analyst, Wells Fargo>>

...of the existing device at the end of 2026 and the V-Clip Mini at the end of 2027. Are these 510(k)s already submitted and are they already in the 2027 revenue plan?

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

Yeah. That – the smaller device is a 510(k) extension, so that's in process. We are working through the development for the Mini V and expect that to be kind of 2027, later in 2027, launch. The Mini V was contemplated within our LRP, so we had already thoughts on following the FLEX-Mini clip, so that smaller profile but closed-end clip following that on with an open-end version, kind of a Mini FLEX V version clip, so and contemplated it within the LRP.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Okay. The Mini device is already 45% of the appendage revenue?

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

Yes.

<<Nathan Treybeck, Analyst, Wells Fargo>>

So where does that mix kind of cap out and maybe just what was the ASP premium on this device versus the legacy device?

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

Yeah. It's a great question if we did not have new device launches coming within another year. So I would say absent the FLEX-Mini V coming into play, I would have said Mini – the FLEX-Mini device, so currently at launch 45% of the revenue. I would have expected that to be the predominant clip that we sell. I think in the end with the Mini V, it's going to come down to surgeon approach. With the Mini, if you prefer a closed-end clip, you have got the benefit of the low profile, but the closed-end clip. If you were a surgeon who preferred the ability just to slide onto the appendage with the V-Clip style, you will have that Mini that's small profile, but then the ability to the approach that you take within applying the AtriClip device.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Great.

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

It will be a competition, I think, in the end between those two.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Okay. So you ended the quarter with cash balance of over $167 million. How are you thinking about capital deployment allocation from here?

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

First and major priority is to continue to fund the internal development activities, so complete the trials, continue to fund investments within our product development pipeline. So we are coming through a cycle where it was a little bit more focused on heavier on clinical trials but then reinvigorating product development. So that's main priority for the company. That being said, we do look at the landscape. What is emerging technology? Companies out there may be of interest. But I think we have too many opportunities within an organic pathway for the company to focus on.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Okay. Great. So as far as updates to the LRP, I think you said you do expect, I do not know if you said near-term, but when do you think we could expect an LRP update?

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

That's a great question. I think logically, when the company has data from BoxX-NoAF, and is approaching a PMA, that kind of timeline makes sense. That's one of the areas within the LRP I would say that is the most accelerated in comparison to when we thought we would have that as a catalyst. I think given performance of the business just overall against LRP targets, outperforming both top and bottom line, and then a major catalyst for the company becoming real, you call it about a year earlier than we anticipated. I think it's natural to say somewhere within kind of the BoxX timeline.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Great. Just to touch on the Intuitive approvals. Does this, the fact that these procedures are going robotic, does this expand the market for you? And I guess, do you have to, one, what is – do you have to work with Intuitive to get your devices used, or is that in the discretion of the physician who's doing the procedure?

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

Yeah. Today, it's in the discretion of the physician. I don't know that it necessarily expands the market in cardiac surgery. I think it just changes approach, and time will tell whether or not a robot and robotic procedures give the right kind of efficiency that a surgeon is looking for, for each of the procedures. So what AtriCure has done incredibly well is look, you've got to be able to support multiple different procedures and approaches, and you can see this in every one of the areas of our business.

Making sure that we can be – we have devices that are adaptable in different procedure types. That's why we created minimally invasive devices many, many years ago. That's why we've invested in the PRO-Mini, the PRO-AtriClip line, so to be able to enable minimally invasive surgery and appendage management. So just being able to provide the best kind of innovation and technology agnostic to the approach.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Great. We have about three minutes left. Do you have any closing remarks, anything you want to share, anything we didn't touch on?

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

You covered quite a wide base, so appreciate the time that you've spent understanding our story and the company here. I think it's – we're sitting on some pretty exciting catalysts for our business. Pleased with the performance of the business overall, and it's exciting, I think a time to be around AtriCure and what's to come relative to the opportunities for market expansion, revenue growth, and continued progress on our profitability.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Great. Well, thank you for coming, Angie.

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

All right.

<<Nathan Treybeck, Analyst, Wells Fargo>>

Appreciate it.

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

Thank you.