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<<Bill Plovanic, Analyst, Canaccord Genuity>>

All right. Good morning. Welcome to the Canaccord Genuity Global Growth Conference, 46th Annual. My name's Bill Plovanic. I'm one of the senior analysts here on the Medtech team for Canaccord. I'm excited to have the management team of AtriCure. Up next, we have Mike Carrel, President and CEO; and Angie Wirick, CFO. We're going to have like a couple of slides for a quick overview, and then we'll get into a fireside chat.

So with that, I'm going to hand it over to Mike.

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

Great. Thank you. All right. Well, thank you for having us here, Bill, and Canaccord today. We'll kind of do a couple quick overview slides. I think the number one thing to really understand and know about us is that we are focused on helping patients with complex AFib and pain after surgery. Very simply, we use ablation and products to take out the left atrial appendage to reduce stroke. This is what we do. This is all we do, and we do it better than anybody else in the world.

We're number one in every one of our markets, and we've got a strong portfolio across the board. One of the things that we've also now demonstrated is not only do we have consistent growth. And if you look at our numbers, it's been about an 18% CAGR over the last five years. But on top of that, we've now started to generate real profit. Most recent quarter, we had 77% gross margins. We had net income for the third quarter in a row and we're generating cash. So there's no need to raise capital. This business is in a very, very healthy position for us.

In addition to that, we're going after very large unmet need markets that we, again, are the leader in establishing these markets. It's over $10 billion of a TAM when you look at all the markets that we're going after. So very large market opportunities. And if you look at our numbers, if we're going to do $600 million plus this year, $602 million to $610 million or so, obviously, a very large market opportunity sitting in front of us.

We are global in 58 countries around the world. And then we've got big catalysts coming out that eight years ago, if I was up here, we were talking about starting these trials. Now these trials are coming to fruition. There's real data that will be happening in the middle of next year, in the early part of May that we're excited about that really almost triples the size of the overall TAM in the market. And what's really nice about the trials that we have is they are in existing markets with existing customers with existing technology and existing reimbursement that is there.

So the data should accelerate overall the growth when you look at it over the next 5 to 10 years. This really was the basis for our – the team putting together our long-range plan that we presented in March of 2025, where we set the stake for $1 billion in revenue by 2030 with a 20%

adjusted EBITDA. We are already well ahead of plan. The mid-marker, the next three years, was really 2028 numbers. It shows an adjusted EBITDA of 14%. Just this most recent quarter, we did 17%.

So you can tell that we're well ahead of plan on both the top-line growth and the bottom line in our plans. We put a plan out there. What you get from AtriCure is not only are we a market leader, but we are consistent at hitting our numbers quarter after quarter. So you can count on us from that standpoint.

Just really briefly about AFib. I think everybody knows AFib is a terrible disease, causes strokes, causes heart failure. It's a debilitating disease. That 59 million patient number is up from, I think, 30 million when I started with the company about 10-year – a little over 10 years ago. The numbers keep growing as both people get heavier and they live longer, they are going to go into AFib.

And in that market, I briefly touched upon this, but our goal is to establish that the 2 million patients that undergo cardiac surgery every year, let me repeat that, 2 million patients undergo cardiac surgery every single year. 300,000 in the United States. The trials that we're running right now are that every patient that hits that operating room table would get an ablation and an AtriClip with our Encompass clamp and our AtriClip technology. We will be the only company in the world with that labeling. These trials are not small. They're the largest trials ever done in cardiac surgery.

Our LeAAPS trial is to reduce stroke. That trial was 6,573 patients. It is completely enrolled, and all we're waiting on is the events to occur, and we will get that data by the end of the decade. Our BoxX-NoAF trial, I challenge you to say that five times fast. It is not easy to say, but what it is, is that it is to reduce postoperative AFib and stunt AFib from developing in patients that undergo cardiac surgery. 50% of patients that undergo cardiac surgery go into AFib in their lifetime, so the goal here is that every patient gets that ablation and does that and we can reduce that quite considerably. That's a 1,000-patient trial.

What's exciting about this trial is it has enrolled about 50% faster than we had expected. We thought that it would be full enrollment by the end of 2028. We will be fully enrolled by the end of this year. We will have data by the middle of next year on the post-op reduction of atrial fibrillation, which is a debilitating aspect of going into cardiac surgery. So we think that we are on the cusp of some really major catalysts and market-expanding trials. That again will be very unique to our products. There are no other products being used in this trial other than the AtriCure EnCompass clamp and the AtriClip product that are being used there.

And then pain after surgery was an area of the business that we got into and really rolled out our first product in 2019, but has been under development for many years. We've seen this grow into an almost $100 million franchise during that period of time. It is the fastest growing area of our business. We started in thoracotomies, just to give you some context. This is to significantly reduce pain. You freeze the nerve. By freezing the nerve, you basically block the pain signal to the brain so that somebody who is undergoing very invasive surgery, whether you're going

through a thoracotomy or any thoracic procedure, going into sternotomy, and we're now getting into amputations. So think of anything that hits a large nerve.

We've got a special skill set with our cryotechnology that reduces that pain, kills that nerve temporarily. It grows back several months later. By the time then, everything else is kind of healed, so you're in a much better place. That means faster recovery, getting out of hospital faster, and reducing the amount of opioids that are being used. And this is one of the fastest-growing parts of our business.

Like every other aspect of our business, we continue to innovate in this area. So we invest in continuous innovation. We're now on our third generation product just for the thoracotomies, and we just started going into amputations. And we're not even in batting practice, as they like to say, for that part of our business. Just starting there, but seeing really good traction in that market as well.

And as you can see, we've had great growth over the many years, 18% CAGR during that period of time, and feel like we're in a very strong position for this year. We did beat and raise in the most recent quarter, both on top and bottom line, generating cash, strong EBITDA, the company is in a great position to really expand over the next 5 to 10 years.

And so with that, I am going to say thank you, and I'm going to turn it over to Bill to ask us questions.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

Great. Thanks, Mike. I love the passion. Appreciate that. So I like to have the companies give a quick overview so we can, rather than diving right into it, to give us a level set on, what I'd like to dive into first now is just the Q2 cryo drove it. It's often new products. Is this a – is this something that can continue to see an acceleration? Where are we in kind of penetration? Some of it's in existing markets. You're getting a little deeper. Some of its new procedures you're getting into. But how should we think about this? Is this something that can just maintain or accelerate, or will it decelerate from where we're sitting today?

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

Yeah. So the second quarter results and really what you've seen so far this year and last year, thoracic procedures continue to drive the majority of the growth in our pain management franchise in the U.S., and it's on the launch of our cryoSPHERE MAX product. Taking the freeze time for that procedure and cutting it in half with the cryoSPHERE MAX clearly has accelerated volume growth here. We are seeing some stickiness with sternotomy. It's not the majority of the revenue that we're seeing today. And then greenfields with our cryoXT amputation-related device.

So we think the momentum is there. The market penetration is the highest in thoracic procedures, around 20%, significantly less. Mike talked about early innings, very, very early on for sternotomy and then our amputation procedure. So we look at this and say the opportunity is

there and think that this is an area that's going to have accelerated growth for the foreseeable future.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

And from an IP or barrier perspective, from somebody else coming in, this is something you started from the ground up, kind of found this technology yourself. You've commercialized it. I don't think anybody has out there really done it yet. What is the defensive capabilities of this?

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

Well, it's not an IP game in this. Cryo's been around for a long time, I mean, for hundreds of years, quite frankly, in terms of use. What's super unique in this particular area for us is that you can't just go plop cryo into a system. You've actually got to invest in the capital first and foremost. You actually have to have systems out there that can do the freezing. We have over 2,000 systems out in thoracic centers around the country. That doesn't just come overnight. You've got to manufacture them, build them, make sure they're working, and you can manufacture at scale on that front.

On top of that, our knowledge base in this area is also very unique, the way that we've kind of built that technology. And then our team, which is well over 100 people out in the field today, when you combine our clinicals plus our sales team who have knowledge in pain and what that pain after surgery looks like, what recovery times look like, understand the various different areas, that's a lot for somebody to kind of go build and go decide, oh, I'm going to go after that.

What's also unique is that it's going to sound like a strange barrier, but actually our reasonably low cost in terms of the price point is a differentiator because you've got to have a lot of high volume and you've got to feel like if you're going to come to this market, you're not getting $35,000 for this like you do with valves. You're getting $3,000 basically for this device. So you've got to have a lot of volume to be able to get the right kind of margin profile on that front. And we've been able to leverage the fact that we were already there on the cardiothoracic side. So anybody else coming in is going to have to try to invest both in the capital infrastructure and then also in a field team to do that. In addition to the fact that we're going to keep innovating like we always do in our markets.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

And then last question on this for now is that growth, how much of that was unit volume versus price, because you did shift over to the new product, which has a higher ASP?

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

Yeah, for the quarter, it was around 25% volume growth. So the majority of the growth that you saw in the franchise really was volume-based growth. I think that's outstanding. We've also been asked a lot about account growth. One of the metrics that we take a look at is how does volume growth compare to the number of accounts that grew in the quarter. We saw about 12% growth

in total accounts in our pain management business, yet 25% volume growth. It's telling you that surgeons are going deeper. There are more procedures in which they're using this device.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

Excellent. And let's shift to – stay on the quarter, but on gross margin. What were the key drivers of gross margin performance? I mean, 77%, really high gross margin…

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

Yes.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

…for – even for the world of medtech. And how should we think about sustainability, kind of headwinds, tailwinds as we go move forward?

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

Yeah, so the biggest contributor was product mix. You're seeing the newer product launches, particularly in the United States, as they are becoming a higher percentage of our revenue, they are coming in at a favorable gross margin. Some benefit from geographic mix. U.S. margins win everywhere around the world for us, regardless of the country that you're talking about. So a little bit on the geographic mix side, but the product mix has been the biggest driver.

If all things were staying the same, we could be operating at 77% going forward. We are investing in and will take online a new manufacturing facility this quarter. So we'll take a step back on gross margin in the 76% range as opposed to 77%. And think that given with the newer product launches and as we continue to innovate with a focus on margin improvements here that we've got a pathway to continue to improve margin through the rest of the decade.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

Okay. And then I'll finish going through the P&L just on the operating leverage and SG&A and R&D, both strong. What drove the leverage and where do you still need to make future investments because, yeah, we've been following you for six years now, at least I have, my predecessor long before that. But it's definitely transitioned. You're now cash flow positive. You're in a more unique spot with money coming in the door versus going out. How should we think about how you lean into the P&L versus driving the business?

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

Yeah, so performance of the quarter, you did see leverage across OpEx. We will expect a step-up in R&D spending in the back half of the year, just, and that's primarily driven by trial spend. So LeAAPS had enrollment, our clinical trial for prophylactic clipping had enrollment through the first half of 2025, and we didn't start the BoxX-NoAF trial until later in 2025. So you had a bit of

a gap where you didn't have fulsome clinical trial costs. So we'll lose a little bit of leverage on R&D in the back half of the year. Still felt confident that you're seeing a pathway to an improved adjusted EBITDA number, which is why we raised the guide.

SG&A, this is an area the company had made a lot of investments over a number of years. Feel like we've got good coverage with our sales team in particular. We'll continue to add to our nerve block team. That's a high-growth area for us. And as we look towards BoxX-NoAF, that trial data coming in early next year and then a PMA the year following, are looking at that team and saying, where are we going to be more aggressive on territory splits? So marginal incremental investments, but I still think you're talking about improved bottom-line progress that'll continue through the next several years.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

I'm going to take a step back, and I'm going to...

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

Okay.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

...unpack that one a little. As BoxX-NoAF comes, hope I got that right.

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

You got it right.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

And then we get LeAAPS later out. I mean, same customer, same channel, same. Why would you need to split territories?

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

I think it's when you are looking at a rep load. So if we have reps that have 15 to 20 hospitals, our opportunity is just multiplied. Them being able to actually attack that sell to the surgeon, focus on the clinical trial results. We want to put our reps in the best possible position to accelerate. So I do not think you are talking about doubling of the sales team. Looking at territories that without this catalyst, you probably would not necessarily go through a territory split.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

So incremental, not exponential.

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

Incremental, correct.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

Okay. And then the last thing I am going to hit on this topic is guidance. And rather than kind of go through detail real quickly, you are beating your LRP?

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

Yes.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

Why – what would make you change the LRP or say, you know what? We are doing so much better than we thought. We need to – we need to relook at this and update it?

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

Yeah, I think for level setting, this LRP was the first time the company had given long-term financial goals. And we did this as we were completing one of our clinical trial enrollments, LeAAPS, but hadn't started yet BoxX-NoAF. I think in reality, as you start to see some of the more fulsome catalysts that were in that long-range plan, along with your performance, the company naturally at some point might take a look and say, there's a point to update. But a year ago, this was the first time we had put those numbers out there.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

It's a champagne problem.

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

Yes.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

Well, let's talk about the Clip business. I won't ignore you here, Mike.

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

That's okay.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

On the competitive dynamics, this seems like we've seen this movie before. Last time Medtronic, now we got Edwards coming in, and they're going to come into the market later this year. They don't currently have an ablation product. Should we expect a similar or smaller impact than what you saw from Medtronic? And then what competitive impact is embedded in the guidance? How do we think about them coming in? Like everybody freaked out about this.

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

Like I said on the conference call, and I'll restate it again, the fact that Edwards and Medtronic, who are two of the big medical device companies in cardiovascular in particular, have decided that cardiac surgery is an area they want to invest in and go after the left atrial appendage tells you this market's really large. They're not going after it for the $200-plus million of revenue we've got today. That doesn't move the needle for them. So they must be doing it for other major reasons to really move the needle for them. They see a market opportunity there, kind of like what we've talked about. And are they going to ride our coattails a little bit? Sure.

But I think it actually more than anything else tells us this is a real market, it is a big market, and they're putting their investment dollars to kind of come into it. And I've got confidence in us. So first is market's big, they've just validated that. Now, how well can we compete against them is that I think everybody knows we are an innovation machine. We continue to roll out new products, have new ideas for how do we make our products better, in particular around the Clip.

Obviously, we've done that with many generations of the product. The products that they've rolled out are really looking at older generations of the product. We've now got the mini-series that we know is significantly smaller, much easier to deploy, giving better visibility for them on that front. So we think that is the best product that is on the market today, bar none, even with the new products that they're coming out with, because they were chasing our older products in terms of what they were trying to copy from that standpoint.

So innovation-wise, product-wise, we think we've got superior products, which enables us to competitively compete, combined with the fact that we have, and have invested heavily in clinical evidence. I talked about this on the call. Whether it's BoxX-NoAF, that includes the AtriClip or the LeAAPS trial. These are major trials demonstrating how good our product is, and nobody else has that. On top of the fact that there are over 150 peer-reviewed articles already, combined with over 20,000 patients, that we have invested heavily to make sure that there is a compendium of clinical evidence that everybody is far behind us relative to that.

And the final piece for us from being able to compete is that we've got a team of people. We've got over 300 people in total that are out in the field today when you look across all of our different areas, in the U.S. market in particular, that understand AFib, market AFib, are talking to these customers or in these cases every day, and this is what we do every day, all day long. And combining the ablation with the Clip is actually incredibly important.

And so long-term, we think we've just got a competitive positioning with the field team, the clinical evidence, and the innovation on that front. How are they going to roll it out? I don't know. We have to listen to their calls no different than you do, trying to see how they can

compete, what are they going to come out with. Our team is ready, though, because they know the strength of our product and where we come from to win in the market long-term.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

I'm going to spin on to LeAAPS here. You've brought it up a couple of times. We don't see data till later in the decade. How should we – this is a market-expanding trial.

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

Yeah, absolutely.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

The questions I get are, because of the trial, docs started to use it, and they just kept using it. So how much benefit do we really get from the data when it comes out, or have we already seen some of the benefit? And where are we in terms of penetration of the whole market versus the opportunity with the LeAAPS label expansion?

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

So in the U.S. there are 300,000 cardiac surgery patients that undergo cardiac surgery every year, specifically to the AtriClip and not the ablation side. Ideally, we're going to get all the ablation as well. We are still less than, probably around a third or less than a third penetrated in that market. So with the LeAAPS data, we anticipate, obviously, we can fill out the rest of that two-thirds of the market.

Even though some of that third are patients that don't have pre-op AFib and they're prophylactically already doing that, as you described, we still have two-thirds of the market to go after on that front. There's a huge portion of the market just in the U.S. that requires that. When you look OUS, that number is significantly less than 15% in terms of overall penetration into the cardiac surgery market.

So we think we've got a huge opportunity for growth just within the LeAAPS. The same applies, if not even more, with the BoxX-NoAF trial because the ablation is even less than that in terms of its penetration. Very few people are doing prophylactic ablation at this point, so it's almost all upside from that side.

I don't know if you'd add anything to that.

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

No, that's great.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

I'm going to put a Clip in the back or a pin in the BoxX AF and BoxX-NoAF. One more question on the Clip is, the other question I get is, just from a high level, Boston has had challenges in the WATCHMAN business, right? Why does or doesn't that impact you on the clipping business because you're both going after the LAA? Like help us understand...

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

Different patient population, and the data – there has been data within our market that is the most robust data to demonstrate that when you manage the appendage with an AtriClip, you get reduction in stroke. So you've seen the LAAOS trial, in which the AtriClip is used in that trial. That's 4,800 patients that were in that trial. They saw a 33% reduction on that for patients that had AFib.

LeAAPS then is going to demonstrate that for patients that don't have AFib. It's 6,500 patients. There's been no trial even close to this kind of size and randomization and consistency. If that demonstrates the stroke reduction we saw in LAAOS III, which I think that it will, you can see the unique benefits of doing it in cardiac surgery patients.

And I believe it's because you get complete closure every single time, and that you're not going to have any kind of issues with anything being left in the bloodstream relative to that. I don't – I can't comment on their specific trial, et cetera. But for us, we're going to have definitive data to show stroke reduction, and I think that's what's going to win the game long-term for us.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

Okay. So – but what's going on with them won't impact you.

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

No.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

Different patient population and better data.

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

Correct.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

I will summarize my simplistic view.

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

There you go.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

Let us switch over to the open ablation segment and then talk about EnCompass, the durability. I do not know if I have ever seen a product that has been launched and driven for four or five straight years. I mean, it has been a hell of a driver for you guys.

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

AtriClip, maybe.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

AtriClip.

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

Cryo nerve block. We've got a couple, Bill.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

Well, I mean on a generational improvement.

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

Okay. Okay.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

What makes the product so differentiated and durable?

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

I mean the ergonomics of that product, the way that our engineering team built that is that the clamp, kind of, the pressure points that you put on there, you know that you get a transmural lesion every single time that you clamp that down. We put a lot – there were four years of engineering work going into that to make it super, super durable relative to that. So it's just the ergonomics and the way the algorithm is built was very specialized for that tissue that they are going after.

On top of that, we have made it very easy. So what – what that did is it cut the time from a 30-minute procedure and cut it to less than 10 minutes. So we took out a lot of the procedural time as well, and we leveraged your body habitus. We basically leveraged your various different sinuses to pull it through, and it is built very specifically for that.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

Is there anything competitive today or in the future that you see coming, and it's kind of geared towards another company out there doing a trial with a clamp and the PFA using a different technology. What do you think are the advantages you will continue to have or that they bring to the table? They are arguing speed is the benefit.

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

Yeah, I think that's kind of a silly argument, though, because we have already reduced the speed of the procedure and the procedure time going from 30 minutes down to less than 10 minutes. Our clamp is very uniquely designed to be able to do a fulsome ablation across the entire atrium to enable that. Just the clamp is basically looks exactly like our old clamp. You still have to spend time, that other 20 minutes dissecting the veins, getting access to it, et cetera. So you are not actually saving that much. You are not saving any time. In fact, it is going to be a much longer procedure.

The ablation time with PFA may be a little bit shorter, so the total ablation time in an EnCompass case may be three minutes, maybe it is two-and-a-half minutes. And with our PFA, we can get that down to 30 seconds as well. So maybe you save a couple of minutes there, but that couple of minutes is a lot less savings than what you are getting from the procedure time we have already saved with EnCompass. Nobody else has anything coming out in the market, that I am aware of, that is going to be able to, kind of, do the fulsome ablation that we are able to do with EnCompass today.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

So it's the design of the device and ease of use that differentiates it?

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

Yes.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

I wanted to go back to the LeAAPS trial. It was end of the decade. Are there any data points that we could get earlier? Because it's an event-driven endpoint, and you're seeing, I would imagine that you are seeing the number of events accrued, and you know what that number is. And I do not know if you can answer the question, but how is that tracking to your expectations? You continue to say end of the decade, but are we tracking at, ahead, behind to get to there?

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

We are definitely ahead of plan on the numbers. So we passed the 50% of total events already. We are just over one-year from the follow-up period. So we anticipate that could be pulled in a year or so. But we're not – we cannot be specific, as you just do not know when. They come in

bunches. But we are definitely seeing events kind of accrue and come in at a little bit faster pace than we had originally expected on that front.

The only other data is the safety data, because you have got safety, and the safety data has been exceptional. 6,573 patients that were zero, let me repeat that, zero device-related events in the trial. So we know that we have won on safety. We know that part. Now it is just a matter of the efficacy.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

All right. I've got like two questions left here. In the BoxX-NoAF trial, we're getting data mid next year, the first data point.

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

Yeah.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

Is that data enough to change the label or to change usage patterns?

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

Yeah.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

Because you think of the different data?

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

I'll go back. You want me to be really simple. Yes. The answer...

<<Bill Plovanic, Analyst, Canaccord Genuity>>

Oh, I love it.

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

Okay. The answer, yes, it is, because post-op atrial fibrillation is not benign. Now it's the first endpoint, and I think that the two endpoints together are home runs. The first endpoint is a really good change. It will change the market quite dramatically because 35% to 40% of all patients that undergo cardiac surgery have post-op AFib. What happens when you go into post-op AFib? You have an increased stroke rate. You've got to put somebody on a heparin drip. You've got to call the EP. Maybe you've got to put them on amiodarone.

That is, obviously nobody wants to be on that. They have to round them more often. They've got to use more resources from the hospital. The patient doesn't recover as quickly because they're now in post-op AFib. These are all things that you can avoid, that by reducing that number quite dramatically, we think that it'll have a big impact, yes.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

All right. Last question, going back to the use of free cash and capital allocation. We'll finish with Angie.

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

You just want to hear Angie close out.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

Yeah, she can let her close.

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

I like that actually.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

How do we think about this? What are we doing with the money? Are we going to buy something? Are we going to invest in sales? Are we going to give it to shareholders? And what are we going to do?

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

Yeah. Bolster balance sheet would be priority number one. Invest in organic opportunities. So continue the R&D engine that we've built, continue to fund that. Those are one through 10 in terms of priorities. M&A, we want to be aware of companies that are out there, but I would say there's so many good things going on organically within the company, not a high priority for us.

<<Bill Plovanic, Analyst, Canaccord Genuity>>

Excellent. I think we're out of time. Thank you so much.

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

Thank you.