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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2024

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from_____________to_____________

Commission File Number 000-51470

AtriCure, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	**34-1940305**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

7555 Innovation Way
Mason, OH 45040
(Address of principal executive offices)

(513) 755-4100
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $.001 par value	ATRC	NASDAQ Global Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐	Emerging growth company	☐
Non-Accelerated Filer	☐	Smaller reporting company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act: ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): YES☐ NO ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 29, 2024
Common Stock, $.001 par value	48,382,325

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

ATRICURE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Per Share Amounts)
(Unaudited)

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 64,967	$ 84,310
Short-term investments	40,990	52,975
Accounts receivable, less allowance for credit losses of $ 350 and $500	55,319	52,501
Inventories	71,945	67,897
Prepaid and other current assets	12,004	8,563
Total current assets	245,225	266,246
Property and equipment, net	42,035	42,435
Operating lease right-of-use assets	4,199	4,324
Intangible assets, net	62,123	63,986
Goodwill	234,781	234,781
Other noncurrent assets	3,265	2,160
Total Assets	$ 591,628	$ 613,932
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 28,991	$ 27,354
Accrued liabilities	29,719	44,682
Current maturities of lease liabilities	2,542	2,533
Total current liabilities	61,252	74,569
Long-term debt	61,865	60,593
Finance and operating lease liabilities	10,956	11,368
Other noncurrent liabilities	1,242	1,234
Total Liabilities	135,315	147,764
Commitments and contingencies (Note 9)		
Stockholders' Equity:		
Common stock, $0.001 par value, 90,000 shares authorized and 48,381 and 47,526 issued and outstanding	48	48
Additional paid-in capital	827,288	824,170
Accumulated other comprehensive loss	(697)	(993)
Accumulated deficit	(370,326)	(357,057)
Total Stockholders' Equity	456,313	466,168
Total Liabilities and Stockholders' Equity	$ 591,628	$ 613,932

See accompanying notes to condensed consolidated financial statements.

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ATRICURE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In Thousands, Except Per Share Amounts)
(Unaudited)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Revenue	$ 108,851	$ 93,494
Cost of revenue	27,583	23,885
Gross profit	81,268	69,609
Operating expenses:		
Research and development expenses	19,845	15,327
Selling, general and administrative expenses	72,340	60,064
Total operating expenses	92,185	75,391
Loss from operations	(10,917)	(5,782)
Other income (expense):		
Interest expense	(1,677)	(1,636)
Interest income	952	875
Loss on debt extinguishment	(1,362)	—
Other income (expense)	(82)	145
Loss before income tax expense	(13,086)	(6,398)
Income tax expense	183	78
Net loss	$ (13,269)	$ (6,476)
Basic and diluted net loss per share	$ (0.28)	$ (0.14)
Weighted average shares outstanding—basic and diluted	46,719	46,107
Comprehensive income (loss):		
Unrealized gain on investments	$ 539	$ 1,041
Foreign currency translation adjustment	(243)	(17)
Other comprehensive income	296	1,024
Net loss	(13,269)	(6,476)
Comprehensive loss, net of tax	$ (12,973)	$ (5,452)

See accompanying notes to condensed consolidated financial statements.

ATRICURE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In Thousands)
(Unaudited)

	Three Months Ended March 31, 2023					
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
Balance—December 31, 2022	46,563	$ 47	$ 787,422	$ (326,619)	$ (4,096)	$ 456,754
Impact of equity compensation plans	681	—	3,543	—	—	3,543
Other comprehensive income	—	—	—	—	1,024	1,024
Net loss	—	—	—	(6,476)	—	(6,476)
Balance—March 31, 2023	47,244	$ 47	$ 790,965	$ (333,095)	$ (3,072)	$ 454,845

	Three Months Ended March 31, 2024					
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
Balance—December 31, 2023	47,526	$ 48	$ 824,170	$ (357,057)	$ (993)	$ 466,168
Impact of equity compensation plans	855	—	3,118	—	—	3,118
Other comprehensive income	—	—	—	—	296	296
Net loss	—	—	—	(13,269)	—	(13,269)
Balance—March 31, 2024	48,381	$ 48	$ 827,288	$ (370,326)	$ (697)	$ 456,313

See accompanying notes to condensed consolidated financial statements.

ATRICURE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

	Three Months Ended March 31,	
	2024	**2023**
Cash flows from operating activities:		
Net loss	$ (13,269)	$ (6,476)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Share-based compensation expense	9,265	8,760
Depreciation	2,589	2,205
Amortization of intangible assets	1,863	738
Amortization of deferred financing costs	176	121
Amortization of investments	107	169
Loss on debt extinguishment	1,362	—
Other non-cash adjustments	190	160
Changes in operating assets and liabilities:		
Accounts receivable	(2,789)	(2,900)
Inventories	(4,145)	(2,847)
Other current assets	(3,458)	(2,472)
Accounts payable	2,093	3,066
Accrued liabilities	(14,888)	(4,819)
Other noncurrent assets and liabilities	(112)	216
Net cash used in operating activities	(21,016)	(4,079)
Cash flows from investing activities:		
Sales and maturities of available-for-sale securities	12,418	31,315
Purchases of property and equipment	(2,774)	(2,502)
Net cash provided by investing activities	9,644	28,813
Cash flows from financing activities:		
Proceeds from revolving credit facility, net of financing costs	61,210	—
Payments on debt and leases	(62,065)	(240)
Payment of financing costs and bank fees	(860)	(60)
Proceeds from stock option exercises	390	522
Shares repurchased for payment of taxes on stock awards	(6,537)	(5,739)
Net cash used in financing activities	(7,862)	(5,517)
Effect of exchange rate changes on cash and cash equivalents	(109)	25
Net (decrease) increase in cash and cash equivalents	(19,343)	19,242
Cash and cash equivalents—beginning of period	84,310	58,099
Cash and cash equivalents—end of period	$ 64,967	$ 77,341
Supplemental cash flow information:		
Cash paid for interest	$ 726	$ 1,487
Net cash paid (received) for income taxes	17	(12)
Non-cash investing and financing activities:		
Accrued purchases of property and equipment	860	787

See accompanying notes to condensed consolidated financial statements.

ATRICURE, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands, except per share amounts)
(Unaudited)

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Business—The “Company” or “AtriCure” consists of AtriCure, Inc. and its wholly-owned subsidiaries. The Company is a leading innovator in surgical treatments and therapies for atrial fibrillation (Afib), left atrial appendage (LAA) management and post-operative pain management, and sells its products to medical centers globally through its direct sales force and distributors.

Basis of Presentation—The accompanying interim financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (SEC). All intercompany accounts and transactions have been eliminated in consolidation. The accompanying interim financial statements are unaudited, but in the opinion of the Company’s management, contain all normal, recurring adjustments considered necessary to present fairly the financial position, results of operations and cash flows for the periods presented in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to interim periods. Certain information and footnote disclosures included in annual financial statements prepared in accordance with GAAP have been omitted or condensed. The Company believes the disclosures herein are adequate to make the information presented not misleading. Results of operations are not necessarily indicative of the results expected for the full year or for any future period.

The accompanying interim financial statements should be read in conjunction with the Company’s audited financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC. There have been no changes in the Company's significant accounting policies for the three months ended March 31, 2024 as compared to the significant accounting policies described in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Use of Estimates—The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including inventories, intangible assets, valuation allowance for deferred income tax assets, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense, including share-based compensation expense. Estimates are based on historical experience, where applicable, and other reasonable assumptions. Actual results could differ from those estimates.

Segments—The Company's chief operating decision maker is its Chief Executive Officer, who reviews financial information presented on a consolidated basis, accompanied only by revenue information by product type and geographic area, for purposes of allocating resources and evaluating financial performance. Accordingly, the Company has determined that it has a single operating segment. The Company’s long-lived assets are located in the United States, except for $3,625 as of March 31, 2024 and $ 3,432 as of December 31, 2023 located primarily in Europe.

Earnings Per Share—Basic and diluted net loss per share are computed by dividing the net loss by the weighted average number of common shares outstanding during the period. Since the Company has experienced net losses for all periods presented, net loss per share excludes the effect of 2,615 and 1,882 shares as of March 31, 2024 and 2023 because they are anti-dilutive. Therefore, the number of shares used for basic and diluted net loss per share are the same.

2. FAIR VALUE

The Financial Accounting Standards Board’s (FASB) Accounting Standards Codification (ASC) 820, “Fair Value Measurements and Disclosures” (ASC 820), defines fair value as the exchange price that would be received for an asset or paid to settle a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

ATRICURE, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands, except per share amounts)
(Unaudited)

The following table represents the Company’s fair value hierarchy for its financial assets measured at fair value on a recurring basis as of March 31, 2024:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total
Assets:				
Money market funds	$ —	$ 55,411	$ —	$ 55,411
Government and agency obligations	12,852	—	—	12,852
Corporate bonds	—	25,891	—	25,891
Asset-backed securities	—	2,247	—	2,247
Total assets	$ 12,852	$ 83,549	$ —	$ 96,401

There were no changes in the levels or methodology of measurement of financial assets and liabilities during the three months ended March 31, 2024.

The following table represents the Company’s fair value hierarchy for its financial assets measured at fair value on a recurring basis as of December 31, 2023:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total
Assets:				
Money market funds	$ —	$ 77,864	$ —	$ 77,864
Government and agency obligations	12,711	—	—	12,711
Corporate bonds	—	38,033	—	38,033
Asset-backed securities	—	2,231	—	2,231
Total assets	$ 12,711	$ 118,128	$ —	$ 130,839

Contingent Consideration. The Company’s contingent consideration arrangements arising from the SentreHEART acquisition obligate the Company to pay certain defined amounts to former shareholders of SentreHEART if specified milestones are met related to the aMAZE™ IDE clinical trial, including PMA approval and reimbursement for the therapy involving SentreHEART’s devices. The PMA approval milestone expired December 31, 2023. The Company assessed the projected probability of payment during the contractual achievement periods to be remote, resulting in no reported fair value as of March 31, 2024 and December 31, 2023.

ATRICURE, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands, except per share amounts)
(Unaudited)

3. INVESTMENTS

Investments as of March 31, 2024 consisted of the following:

	Cost Basis	Unrealized Losses	Fair Value
Corporate bonds	$ 26,000	$ (109)	$ 25,891
Government and agency obligations	12,999	(147)	12,852
Asset-backed securities	2,252	(5)	2,247
Total	$ 41,251	$ (261)	$ 40,990

Investments as of December 31, 2023 consisted of the following:

	Cost Basis	Unrealized Losses	Fair Value
Corporate bonds	$ 38,514	$ (481)	$ 38,033
Government and agency obligations	12,998	(287)	12,711
Asset-backed securities	2,263	(32)	2,231
Total	$ 53,775	$ (800)	$ 52,975

The gross realized gains or losses from sales of available-for-sale investments were not significant in the three months ended March 31, 2024 and 2023.

The cost and fair value of investments in debt securities, by contractual maturity, as of March 31, 2024 were as follows:

	Available-for-sale	
	Amortized Cost	Fair Value
Due in 1 year or less	$ 38,999	$ 38,743
Instruments not due at a single maturity date	2,252	2,247
Total	$ 41,251	$ 40,990

Instruments not due at a single maturity date consist of asset-backed securities. Actual maturities may differ from the contractual maturities due to call or prepayment rights.

4. INVENTORIES

Inventories consist of the following:

	March 31, 2024	December 31, 2023
Raw materials	$ 35,862	$ 36,751
Work in process	5,789	3,582
Finished goods	30,294	27,564
Total	$ 71,945	$ 67,897

(In Thousands, except per share amounts)

5. INTANGIBLE ASSETS

The following table provides a summary of the Company's intangible assets:

	March 31, 2024		December 31, 2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Technology	$ 46,470	$ 10,822	$ 46,470	$ 10,084
Patents	30,000	3,525	30,000	2,400
Total	$ 76,470	$ 14,347	$ 76,470	$ 12,484

The following table summarizes the allocation of amortization expense of intangible assets:

	Three Months Ended March 31,	
	2024	2023
Cost of revenues	$ 1,125	$ —
Selling, general and administrative expenses	738	738
Total	$ 1,863	$ 738

Future amortization expense is projected as follows:

2024 (excluding the three months ended March 31, 2024)	$ 5,590
2025	8,353
2026	9,553
2027	10,453
2028	6,553
2029 and thereafter	21,621
Total	$ 62,123

6. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	March 31, 2024	December 31, 2023
Accrued compensation and employee-related expenses	$ 24,271	$ 39,425
Sales returns and allowances	2,749	2,503
Other accrued liabilities	2,699	2,754
Total	$ 29,719	$ 44,682

7. INDEBTEDNESS

On January 5, 2024, the Company entered into a credit agreement (Credit Agreement) with JPMorgan Chase Bank, N.A., as administrative agent, and JPMorgan Chase Bank, N.A., as bookrunner and lead arranger (JPMCB), and Silicon Valley Bank, a Division of First-Citizens Bank & Trust Company, as Joint Lead Arrangers and Joint Bookrunners, and the lenders party thereto (Lenders). The Credit Agreement provides for an asset based revolving credit facility (ABL Facility) in an amount of up to $125,000. Borrowing availability under the ABL Facility is based on the lesser of $ 125,000 or a borrowing base calculation as defined by the Credit Agreement. The Company may request an increase in the revolving commitment by up to $40,000 (not to exceed a total of $165,000). A portion of the ABL Facility, limited to $ 5,000, is available for the issuance of letters of credit by JPMCB or other financial institutions. JPMCB in its sole discretion, may create swingline loans by advancing floating rate revolving loans requested. Any such swingline loans will reduce availability under the ABL Facility on a dollar-for-dollar basis.

(In Thousands, except per share amounts)

At closing, the Company borrowed $61,865. The proceeds of the ABL Facility were used to terminate the Company’s outstanding indebtedness and final fee under the Loan and Security Agreement with Silicon Valley Bank (SVB Loan Agreement). Certain prepayment and early termination fees under the SVB Loan Agreement were waived at termination. The termination of the SVB Loan Agreement was treated as a debt extinguishment and the resulting loss on debt extinguishment is $1,362. As of March 31, 2024, the Company had borrowings of $ 61,865 and had borrowing capacity of $ 61,885 under the ABL facility.

The Credit Agreement has a three-year term, and all outstanding borrowings are due upon maturity of the Credit Agreement on January 5, 2027. Through January 2025, the Company's required minimum utilization of the ABL facility is 40% of the aggregate revolving commitment or $ 50,000. Subject to customary exceptions and restrictions, the Company may voluntarily prepay outstanding amounts under the ABL Facility at any time thereafter without premium or penalty. Any voluntary prepayments made will not reduce commitments under the ABL Facility. The Credit Agreement contains mandatory prepayment provisions which require prepayment of amounts outstanding under the ABL Facility upon specified events or Availability shortfall.

Future maturities of long-term debt are projected as follows:

2024 (excluding the three months ended March 31, 2024)	$	—
2025		—
2026		—
2027		61,865
2028		—
Total long-term debt, of which $61,865 is noncurrent	$	61,865

The ABL Facility is subject to a facility fee of 0.37% per annum of the daily available revolving commitment and paid on a quarterly basis. Outstanding amounts under the Credit Agreement bear interest at a rate per annum equal to, at the Company's election: (i) an alternate base rate (ABR) plus an applicable margin or (ii) an adjusted term secured overnight financing rate (SOFR) plus an applicable margin. All swingline loans bear interest at a rate per annum equal to the ABR plus the applicable margin under the Credit Agreement. Alternate base rate is equal to the greater of Prime, the NYFRB Rate plus 0.50% or Adjusted Term SOFR Rate plus 1.00%. The applicable margin on borrowings will adjust ranging 1.50% to 1.75% per annum for ABR borrowings and from 2.50% to 2.75% per annum for SOFR term borrowings determined by the average historical excess availability. Participation and fronting fees are accrued and paid on a quarterly basis.

The ABL Facility is secured by the assets of the Company, consisting of personal, tangible or intangible property, including certain outstanding equity interests of the Company’s direct subsidiaries, subject to limitations specified in the Credit Agreement. The Credit Agreement contains customary representations and warranties, events of default and financial, affirmative and negative covenants for facilities of this type, including but not limited to financial covenants relating to a fixed charge coverage ratio, a minimum liquidity requirement and a minimum excess availability requirement, and restrictions on indebtedness, liens, investments and acquisitions, asset dispositions, specified agreements, restricted payments and prepayment of certain indebtedness.

8. LEASES

The Company has operating and finance leases for office, manufacturing and warehouse facilities and automobiles. The Company’s leases have remaining lease terms of less than one year to nine years. Options to renew or extend leases beyond their initial term have been excluded from measurement of the right-of-use (ROU) assets and lease liabilities as exercise is not reasonably certain.

ATRICURE, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands, except per share amounts)
(Unaudited)

The weighted average remaining lease term and the discount rate for the reporting periods are as follows:

	March 31, 2024	December 31, 2023
Operating Leases		
Weighted average remaining lease term (years)	4.6	4.8
Weighted average discount rate	5.89 %	5.75 %
Finance Leases		
Weighted average remaining lease term (years)	6.4	6.7
Weighted average discount rate	6.93 %	6.93 %

A letter of credit for $1,250 issued to the lessor of the Company's corporate headquarters building is renewed annually and remains outstanding as of March 31, 2024.

The components of lease expense are as follows:

	Three Months Ended March 31,	
	2024	2023
Operating lease cost	$ 380	$ 310
Finance lease cost:		
Amortization of right-of-use assets	255	255
Interest on lease liabilities	157	175
Total finance lease cost	$ 412	$ 430

Short-term lease expense was not significant for the three months ended March 31, 2024 and 2023.

Supplemental cash flow information related to leases is as follows:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	$ 393	$ 317
Operating cash flows for finance leases	158	175
Financing cash flows for finance leases	264	240
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	235	1,061
Finance leases	—	—

ATRICURE, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands, except per share amounts)
(Unaudited)

Supplemental balance sheet information related to leases is as follows:

	March 31, 2024	December 31, 2023
Operating Leases		
Operating lease right-of-use assets	$ 4,199	$ 4,324
Current maturities of lease liabilities	1,451	1,447
Finance and operating lease liabilities	3,164	3,307
Total operating lease liabilities	$ 4,615	$ 4,754
Finance Leases		
Property and equipment, at cost	$ 14,620	$ 14,620
Accumulated depreciation	(8,360)	(8,105)
Property and equipment, net	$ 6,260	$ 6,515
Current maturities of lease liabilities	$ 1,091	$ 1,086
Finance and operating lease liabilities	7,792	8,061
Total finance lease liabilities	$ 8,883	$ 9,147

Future maturities of lease liabilities as of March 31, 2024 are as follows:

	Operating Leases	Finance Leases
2024 (excluding the three months ended March 31, 2024)	$ 1,103	$ 1,267
2025	1,237	1,638
2026	903	1,671
2027	897	1,703
2028	489	1,725
2029 and thereafter	751	3,099
Total payments	$ 5,380	$ 11,103
Less imputed interest	(765)	(2,220)
Total	$ 4,615	$ 8,883

9. COMMITMENTS AND CONTINGENCIES

License Agreement. The Company had been a party to a license agreement that required royalty payments of 5% of specified product sales. In May 2023, the Company entered into an agreement that terminated the license agreement and the Company's obligations to make royalty payments under the license agreement. Royalty expense of $0 and $901 was recorded for the three months ended March 31, 2024 and 2023 as a component of Cost of Revenue in the accompanying Condensed Consolidated Statement of Operations.

Purchase Agreements. The Company enters into standard purchase agreements with suppliers in the ordinary course of business, generally with terms that allow cancellation.

Legal. The Company may, from time to time, become a party to legal proceedings. Such matters are subject to many uncertainties and to outcomes of which the financial impacts are not predictable with assurance and that may not be known for extended periods of time. A liability is established once management determines a loss is probable and an amount can be reasonably estimated. The Company recognizes income from a favorable resolution of legal proceedings when the associated cash or assets are received.

ATRICURE, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands, except per share amounts)
(Unaudited)

The Company received a Civil Investigative Demand (CID) from the U.S. Department of Justice (USDOJ) in December 2017 stating that it is investigating the Company to determine whether the Company has violated the False Claims Act, relating to the promotion of certain medical devices related to the treatment of atrial fibrillation for off-label use and submitted or caused to be submitted false claims to certain federal and state health care programs for medically unnecessary healthcare services related to the treatment of atrial fibrillation. The CID covers the period from January 2010 to December 2017 and required the production of documents and answers to written interrogatories. The Company had no knowledge of the investigation prior to receipt of the CID. The Company maintains rigorous policies and procedures to promote compliance with the False Claims Act and other applicable regulatory requirements. The Company provided the USDOJ with documents and answers to the written interrogatories. In March 2021, USDOJ informed the Company that its investigation was based on a lawsuit brought on behalf of the United States and various state and local governments under the *qui tam* provisions of federal and certain state and local False Claims Acts. Although the USDOJ and all of the state and local governments declined to intervene, the relator continues to pursue the case. During the third quarter of 2022, the relator filed a Fourth Amended Complaint, which dropped allegations of off-label promotion and alleges that the Company paid illegal kickbacks to healthcare providers in exchange for using or referring the Company's products, in violation of the federal Anti-Kickback Statute and various comparable state and local laws. While the Company is contesting the case, it is not possible to predict when this matter may be resolved or what impact, if any, the outcome of this matter might have on our consolidated financial position, results of operations or cash flows.

During the first quarter of 2023, the Company entered into a legal settlement for $ 7,500 in connection with the settlement of claims filed against a competitor. The Company recorded a $4,000 gain for the three months ended March 31, 2023 for the proceeds received as a reduction to selling, general and administrative expenses.

10. REVENUE

The Company develops, manufactures and sells devices designed primarily for surgical ablation of cardiac tissue, exclusion of the left atrial appendage, and temporarily blocking pain by ablating peripheral nerves. These devices are marketed to a broad base of medical centers globally. The Company recognizes revenue when control of promised goods is transferred to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods.

United States revenue by product type is as follows:

	Three Months Ended March 31,	
	2024	2023
Open ablation	$ 29,300	$ 25,142
Minimally invasive ablation	12,318	9,637
Pain management	12,739	11,068
Total ablation	$ 54,357	$ 45,847
Appendage management	35,892	32,342
Total United States	$ 90,249	$ 78,189

International revenue by product type is as follows:

	Three Months Ended March 31,	
	2024	2023
Open ablation	$ 7,902	$ 7,286
Minimally invasive ablation	2,114	1,867
Pain management	937	228
Total ablation	$ 10,953	$ 9,381
Appendage management	7,649	5,924
Total International	$ 18,602	$ 15,305

ATRICURE, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands, except per share amounts)
(Unaudited)

Revenue attributed to customer geographic locations is as follows:

	Three Months Ended March 31,	
	2024	**2023**
United States	$ 90,249	$ 78,189
Europe	11,348	9,401
Asia Pacific	6,281	5,402
Other International	973	502
Total International	18,602	15,305
Total Revenue	$ 108,851	$ 93,494

11. INCOME TAX PROVISION

The Company files federal, state and foreign income tax returns in jurisdictions with varying statutes of limitations. The Company uses the asset and liability method to determine its provision for income taxes. The Company's provision for income taxes in interim periods is computed by applying the discrete method and is based on financial results through the end of the interim period. The Company determined that using the discrete method is more appropriate than using the annual effective tax rate method. The Company is unable to estimate the annual effective tax rate with sufficient precision to use the effective tax rate method, which requires a full-year projection of income. The effective tax rate for the three months ended March 31, 2024 and 2023 was (1.4%) and (1.2%). The Company's worldwide effective tax rate differs from the US statutory rate of 21% primarily due to valuation allowances.

The Company's federal, state, local and foreign tax returns are routinely subject to review by various taxing authorities. The Company has not accrued any interest and penalties related to unrecognized income tax benefits as a result of offsetting net operating losses. However, if required, the Company will recognize interest and penalties within income tax expense and within the related tax liability.

12. EQUITY COMPENSATION PLANS

The Company has two share-based incentive plans: the 2023 Stock Incentive Plan (2023 Plan) and the 2018 Employee Stock Purchase Plan (ESPP).

Stock Incentive Plan

Under the 2023 Plan, the Board of Directors may grant restricted stock awards or restricted stock units (collectively RSAs), nonstatutory stock options, performance share awards (PSAs) or stock appreciation rights to Company employees, directors and consultants, and may grant incentive stock options to Company employees. The Compensation Committee of the Board of Directors, as the administrator of the 2023 Plan, has the authority to determine the terms of any awards, including the number of shares subject to each award, the exercisability of the awards and the form of consideration. As of March 31, 2024, 2,287 shares of common stock have been reserved for issuance under the 2023 Plan, and 869 shares were available for future grants. The Company issues registered shares of common stock for stock option exercises, restricted stock grants and performance share award payments.

Employee Stock Purchase Plan

Under the ESPP, shares of the Company's common stock may be purchased at a discount (15%) to the lesser of the closing price of the Company's common stock on the first or last trading day of the offering period. The offering period (currently six months) and the offering price are subject to change. Participants may not purchase more than $25 of the Company's common stock in a calendar year or more than 3 shares during an offering period. As of March 31, 2024, there were 782 shares available for future issuance under the ESPP.

(In Thousands, except per share amounts)

Share-Based Compensation Expense Information

The following table summarizes the allocation of share-based compensation expense:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Cost of revenue	$ 530	$ 443
Research and development expenses	1,619	1,304
Selling, general and administrative expenses	7,116	7,013
Total	$ 9,265	$ 8,760

13. COMPREHENSIVE LOSS AND ACCUMULATED OTHER COMPREHENSIVE LOSS

In addition to net losses, comprehensive loss includes foreign currency translation adjustments and unrealized gains (losses) on investments.

Accumulated other comprehensive loss consisted of the following, net of tax:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Total accumulated other comprehensive loss at beginning of period	$ (993)	$ (4,096)
Unrealized Gains (Losses) on Investments		
Balance at beginning of period	$ (800)	$ (3,698)
Other comprehensive income before reclassifications	539	1,041
Balance at end of period	$ (261)	$ (2,657)
Foreign Currency Translation Adjustment		
Balance at beginning of period	$ (193)	$ (398)
Other comprehensive (loss) income before reclassifications	(262)	125
Amounts reclassified to other income (expense)	19	(142)
Balance at end of period	$ (436)	$ (415)
Total accumulated other comprehensive loss at end of period	$ (697)	$ (3,072)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

(Dollar amounts referenced in this Item 2 are in thousands, except per share amounts.)

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and notes thereto contained in Item 1 of Part I of this Form 10-Q and our audited financial statements and notes thereto as of and for the year ended December 31, 2023 included in our Form 10-K filed with the Securities and Exchange Commission (SEC) to provide an understanding of our results of operations, financial condition and cash flows. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. The actual results may differ from those anticipated in these forward-looking statements as a result of many factors, including but not limited to those set forth under Item 1A “Risk Factors,” the cautionary statement regarding forward-looking statements below and elsewhere in this Form 10-Q.

Forward-Looking Statements

This Form 10-Q, including the sections titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, "Quantitative and Qualitative Disclosures about Market Risk" and “Risk Factors,” contains forward-looking statements regarding our future performance. All forward-looking information is inherently uncertain and actual results may differ materially from assumptions, estimates or expectations reflected or contained in the forward-looking statements as a result of various factors, including those set forth under “Risk Factors” and elsewhere in this quarterly report on Form 10-Q, and in our annual report on Form 10-K for the year ended December 31, 2023. There may be additional risks of which we are not presently aware or that we currently believe are immaterial which could have an adverse impact on our business. Forward-looking statements often address our expected future business, financial performance, financial condition and results of operations, and often contain words such as “intends,” “estimates,” “anticipates,” “hopes,” “projects,” “plans,” “expects,” “drives,” “seek,” “believes,” “see,” “focus,” “should,” “will,” “would,” “opportunity,” “outlook,” “could,” “can,” “may,” “future,” “predicts,” “target,” “potential,” "forecast," "trend," "might" and similar expressions and the negative versions of those words, and may be identified by the context in which they are used. Such statements are based only upon current expectations of AtriCure. However, the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements include, without limitation, statements that address activities, events, circumstances or developments that AtriCure expects, believes or anticipates will or may occur in the future, such as earnings estimates (including projections and guidance), other predictions of financial performance, launches by AtriCure of new products, developments with competitors and market acceptance of AtriCure's products. Such statements are based largely upon current expectations of AtriCure. Any forward-looking statement speaks only as of the date made. Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to different materially from those expressed or implied. Forward-looking statements are based on AtriCure’s experience and perception of current conditions, trends, expected future developments and other factors it believes are appropriate under the circumstances and are subject to numerous risks and uncertainties, many of which are beyond AtriCure’s control. In other words, these statements are not guarantees of future performance and inherently involve a wide range of risks and uncertainties that are difficult to predict. With respect to the forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. These forward-looking statements speak only as of the date of this Form 10-Q. We undertake no obligation to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise unless required by law.

Overview

We are a leading innovator in treatments for atrial fibrillation (Afib), left atrial appendage (LAA) management and post-operative pain management. Our ablation and left atrial appendage management (LAAM) products are used by physicians during both open-heart and minimally invasive procedures. In open-heart procedures, the physician is performing heart surgery for other conditions and our products are used in conjunction with (or “concomitant” to) such a procedure. Minimally invasive procedures are performed on a standalone basis, and often include multi-disciplinary or “hybrid” approaches, combining surgical procedures using AtriCure ablation and LAAM products with catheter ablation procedures performed by electrophysiologists. Our pain management devices are used by physicians to freeze nerves during cardiothoracic or thoracic surgical procedures. We anticipate that substantially all of our revenue for the foreseeable future will relate to products we currently sell or are in the process of developing.

We sell our products to medical centers through our direct sales force in the United States, Germany, France, the United Kingdom, the Benelux region, Australia and Canada. We also sell our products through distributors who in turn sell our products to medical centers in other markets. Our business is primarily transacted in U.S. Dollars; direct sales transactions outside the United States are transacted in Euros, British Pounds, Australian Dollars or Canadian Dollars.

Recent Developments

During the first quarter of 2024, we realized strong global revenue growth and continued our strategic initiatives of product innovation, clinical science and physician education and training to expand awareness and adoption. Our worldwide revenue for the three months ended March 31, 2024 was $108,851, representing an increase of $15,357, or 16.4%, over the first three months of 2023, driven by growing adoption across key product lines. Historically there have been limited competitors in our key markets, but we have begun to see more entrants that may cause variability in 2024 results. Highlights of the strategic and operational advancements include:

PRODUCT INNOVATION. In October 2023, FDA granted 510(k) clearance for our next generation cryoSPHERE ®+ cryoablation probe for pain management. During the first quarter of 2024, we completed the initial procedures with the cryoSPHERE+, realizing a 25% reduction in ablation time. The product is currently in an extended limited launch period in the United States with full launch expected by the end of the second quarter. In addition, we received several CE mark certifications under the European Medical Device Regulation (EU MDR).

CLINICAL SCIENCE**.** We continue to invest in studies to expand labeling claims, support various indications for our products and gather clinical data regarding our products. One of our critical initiatives is the Left Atrial Appendage Exclusion for Prophylactic Stroke Reduction (LeAAPS) IDE clinical trial. LeAAPS is designed to evaluate the effectiveness of prophylactic LAA exclusion using the AtriClip LAA Exclusion System for the prevention of ischemic stroke or systemic arterial embolism in cardiac surgery patients without pre-operative AF diagnosis who are at risk for these events. This prospective, multicenter, randomized trial evaluates safety at 30 days post-procedure to demonstrate no increased risk with LAA exclusion during cardiac surgery, and efficacy over a minimum follow-up of five years post procedure. The trial provides for enrollment of up to 6,500 subjects at up to 250 sites worldwide. The first patient was enrolled in the trial in January 2023, and we ended the first quarter of 2024 with over 2,000 patients enrolled. Site initiation and enrollment is ongoing.

TRAINING**.** Our professional education and marketing teams conduct a variety of in-person and virtual training programs for physicians and other healthcare professionals. These training methods ensure invaluable access to continuing education and awareness of our products and related procedures. During 2023, we launched new training courses for Advanced Practice Providers, pain management in pectus procedures, as well as a best practice course for developing arrhythmia programs, with a primary focus on Hybrid therapies. These training events allow for collaborative, hands-on engagement with our physician partners and other healthcare professionals. Additionally, our professional education courses continue to be enhanced by the use of simulation models or synthetic cadavers, known as CADets. These reusable CADets provide a sustainable alternative to the use of cadaver specimens, in addition to increasing the efficiencies of education and more cost effective training alternatives.

Results of Operations

Three months ended March 31, 2024 compared to three months ended March 31, 2023

The following table sets forth, for the periods indicated, our results of operations expressed as dollar amounts and as percentages of revenue:

	Three Months Ended March 31, 2024 Amount	2024 % of Revenues	2023 Amount	2023 % of Revenues
Revenue	$ 108,851	100.0 %	$ 93,494	100.0 %
Cost of revenue	27,583	25.3	23,885	25.5
Gross profit	81,268	74.7	69,609	74.5
Operating expenses:				
Research and development expenses	19,845	18.2	15,327	16.4
Selling, general and administrative expenses	72,340	66.5	60,064	64.2
Total operating expenses	92,185	84.7	75,391	80.6
Loss from operations	(10,917)	(10.0)	(5,782)	(6.2)
Other expense, net:	(2,169)	(2.0)	(616)	(0.7)
Loss before income tax expense	(13,086)	(12.0)	(6,398)	(6.8)
Income tax expense	183	0.2	78	0.1
Net loss	$ (13,269)	(12.2) %	$ (6,476)	(7.0) %

Revenue. The following table sets forth, for the periods indicated, our revenue by product type and geography expressed as dollar amounts and the corresponding change in such revenues between periods, in both dollars and percentages:

	Three Months Ended March 31, 2024	2023	Change Amount	Change %
Open ablation	$ 29,300	$ 25,142	$ 4,158	16.5 %
Minimally invasive ablation	12,318	9,637	2,681	27.8
Pain management	12,739	11,068	1,671	15.1
Appendage management	35,892	32,342	3,550	11.0
Total United States	$ 90,249	$ 78,189	$ 12,060	15.4
Total International	18,602	15,305	3,297	21.5
Total revenue	$ 108,851	$ 93,494	$ 15,357	16.4 %

Worldwide revenue increased 16.4% (16.3% on a constant currency basis). In the United States, we experienced growth in key product lines, including the ENCOMPASS® clamp in open ablation, Hybrid AF™ Therapy procedures using the EPi-Sense System in minimally invasive ablation, cryoSPHERE® probe for post-operative pain management and AtriClip ® Flex·V® for appendage management. International sales increased 21.5% (21.1% on a constant currency basis), across franchises and major geographic regions, bolstered by strong sales of appendage management and post-operative pain management products.

Revenue reported on a constant currency basis is a non-GAAP measure calculated by applying previous period foreign currency exchange rates, which are determined by the average daily exchange rate, to each of the comparable periods. Revenue is analyzed on a constant currency basis to better measure the comparability of results between periods. Because changes in foreign currency exchange rates have a non-operating impact on revenue, we believe that evaluating growth in revenue on a constant currency basis provides an additional and meaningful assessment of revenue to both management and investors.

Cost of revenue and gross margin. Cost of revenue increased $3,698 primarily reflecting higher sales volumes. Gross margin increased 21 basis points, driven by product and geographic mix.

Research and development expenses. Research and development expenses increased $4,518 or 29.5%. Expansion of product development, clinical and regulatory teams resulted in $1,964 of increased personnel costs, including travel and share-based compensation. Clinical trial expenses increased $1,455 from increased enrollment activity in the LeAAPS clinical trial throughout the quarter. Product development project spend increased $1,001 reflecting continued investment in our product pipeline.

Selling, general and administrative expenses. Selling, general and administrative expenses increased $12,276, or 20.4%, driven by a $6,429 increase in personnel costs as a result of growth in headcount and travel expenses. The increase was further driven by the $4,000 gain on proceeds from a legal settlement during the first quarter of 2023. During the first quarter of 2024, fees for professional services, legal and IT increased $930 and marketing activities also increased $654.

Other income (expense). During the first quarter of 2024, the Company recognized a loss on debt extinguishment of $1,362; see Note 7 - Indebtedness for related discussion. The remaining activity consists primarily of net interest expense and net foreign currency transaction losses.

Liquidity and Capital Resources

As of March 31, 2024, the Company had cash, cash equivalents and investments of $105,957 and outstanding debt of $61,865. We had unused borrowing capacity of $61,885 (see Note 7 - Indebtedness for related discussion). All cash equivalents and investments and most of our operating cash are held in United States financial institutions. A small portion of our cash is held in foreign banks to support our international operations. We had net working capital of $183,973 and an accumulated deficit of $370,326 as of March 31, 2024.

	Three Months Ended March 31,		
	2024	2023	Change
	(dollars in thousands)		
Net cash used in operating activities	$ (21,016)	$ (4,079)	$ 16,937
Net cash provided by investing activities	9,644	28,813	(19,169)
Net cash used in financing activities	(7,862)	(5,517)	2,345

Cash flows used in operating activities. Net cash used in operating activities increased $16,937 from 2023 to 2024. Cash used for working capital and other assets and liabilities increased $13,543 on higher annual variable compensation payments due to improved operating performance, as well as continued investment in inventory to support future growth. The remaining change is largely attributable to decrease in operating margin due to a one-time gain on legal settlement recorded in 2023 of $4,000.

Cash flows provided by investing activities. Net cash provided by investing activities decreased by $19,169 in 2024 compared to 2023, driven by a $18,897 decrease in sales and maturities of available-for-sale securities.

Cash flows used in financing activities. Net cash used in financing activities increased by $2,345 in 2024. This increase was a result of $1,451 payment for extinguishment of debt and financing fees, net of borrowings, and a $798 increase in shares repurchased for payment of taxes on stock awards.

Credit facility. As of January 5, 2024, we entered into a credit agreement (Credit Agreement) with JPMorgan Chase Bank, N.A. as Administrative Agent, JPMorgan Chase Bank, N.A. and Silicon Valley Bank, a division of First-Citizens Bank and Trust Company, as Joint Lead Arrangers and Joint Bookrunners that provides for a $125,000 asset-based revolving credit facility (ABL Facility), with an option to increase the revolving commitment by an additional $40,000. A portion of the ABL Facility, limited to $5,000, is available for the issuance of letters of credit. The Credit Agreement has a three-year term and expires January 5, 2027. Amounts available to be drawn from time to time under the ABL Facility are determined by calculating the applicable borrowing base, which is based upon applicable percentages of the values of eligible accounts receivable, eligible inventory, eligible liquid assets, less reserves as determined by the Administrative Agent, all as specified in the Credit Agreement. The borrowings bear interest at a rate per annum equal to, at the Company's election: (i) an alternate base rate (ABR) plus an applicable margin or (ii) an adjusted term secured overnight financing rate (SOFR) plus an applicable margin. As of March 31, 2024, the Company has borrowed $61,865, classified as noncurrent and had unused borrowing availability of $61,885.

Our corporate headquarters lease agreement requires a $1,250 letter of credit which we renew annually and remains outstanding as of March 31, 2024.

For additional information on the terms and conditions, as well as applicable interest and fee payments, see Note 7 – Indebtedness.

Uses of liquidity and capital resources. Our executive officers and Board of Directors review our funding sources and future capital requirements in connection with our annual operating plan and periodic updates to the plan. Our future capital requirements depend on a number of factors, including, without limitation: market acceptance of our current and future products; costs to develop and support our products, including professional training; costs to expand and support our sales and marketing efforts; operating and filing costs relating to changes in regulatory policies or laws; costs for clinical trials and to secure regulatory approval for new products; costs to prosecute, defend and enforce our intellectual property rights; maintenance and enhancements to our information systems and security; and possible acquisitions and joint ventures, including potential business integration costs. We continue to evaluate additional measures to maintain financial flexibility, and we will continue to closely monitor macroeconomic conditions including, but not limited to, inflationary pressures, rising interest rates, and fluctuations in currency exchange rates that may impact our liquidity and access to capital resources. Our principal cash requirements include costs of operations, capital expenditures, debt service costs and other contractual obligations.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations is based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, revenue and expenses and disclosures of contingent assets and liabilities at the date of the financial statements. On a periodic basis, we evaluate our estimates, including those related to sales returns and allowances, inventories, share-based compensation and income taxes. We use authoritative pronouncements, historical experience and other assumptions as the basis for making estimates. Actual results could differ from those estimates under different assumptions or conditions. Our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 includes additional information about the Company, our operations, our financial position and our critical accounting policies and estimates and should be read in conjunction with this Quarterly Report on Form 10-Q.

Recent Accounting Pronouncements

As of March 31, 2024, there were no material changes to the information provided regarding recent accounting pronouncements in Note 1, “Description of the Business and Summary of Significant Accounting Policies” in the Company’s Form 10-K for the fiscal year ended December 31, 2023.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of March 31, 2024, there were no material changes to the information provided under Item 7A, “Quantitative and Qualitative Disclosures About Market Risk” in the Company’s Form 10-K for the year ended December 31, 2023.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company’s management, with the participation of the President and Chief Executive Officer (the Principal Executive Officer) and Chief Financial Officer (the Principal Accounting and Financial Officer), has evaluated the effectiveness of the Company’s disclosure controls and procedures, as defined in Rules 13(a) -15(e) and 15(d) -15(e) of the Securities Exchange Act of 1934 as amended (Exchange Act), as of the end of the period covered by this report. Based on this evaluation, we concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective in providing reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s forms and rules, and the material information relating to the Company is accumulated and communicated to management, including the President and Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Control systems, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that control objectives are met. Because of inherent limitations in all control systems, no evaluation of controls can provide assurance that all control issues and instances of fraud, if any, within a company will be detected. Additionally, controls can be circumvented by individuals, by collusion of two or more people or by management override. Over time, controls can become inadequate because of changes in conditions or the degree of compliance may deteriorate. Further, the design of any system of controls is based in part upon assumptions about the likelihood of future events. There can be no assurance that any design will succeed in achieving its stated goals under all future conditions. Because of the inherent limitations in any cost-effective control system, misstatements due to errors or fraud may occur and not be detected.

Changes in Internal Control Over Financial Reporting

In the ordinary course of business, we routinely enhance our information systems by either upgrading current systems or implementing new ones. There were no changes in our internal control over financial reporting that occurred during the three months ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Information with respect to legal proceedings can be found under the heading “Legal” in Note 9 – Commitments and Contingencies to the Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q, and is incorporated herein by reference.

Item 1A. Risk Factors

In addition to the other information set forth in this report, careful consideration should be given to the factors discussed in Item 1A, “Risk Factors” in our Form 10-K for the year ended December 31, 2023, which could materially affect our business, financial condition or future results. The risks described therein are not the only risks facing us. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial, also may adversely affect our business, financial condition and/or operating results. There have been no material changes with respect to the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023, which are incorporated herein by reference.

Item 5. Other Information

During the three months ended March 31, 2024, none of our executive officers or directors adopted, terminated or modified a "Rule 10b5-1(c) trading arrangement" or a “non-Rule 10b5-1 trading arrangement” (as each term is defined in Item 408 of Regulation S-K).

Item 6. Exhibits

Exhibit No.	Description
10.1#	Form of Performance Share Award Agreement for Awards Granted in 2024.
10.2#	Form of Performance Stock Unit Award Agreement for Employees.
31.1	Rule 13a-14(a) Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Rule 13a-14(a) Certification of Principal Accounting and Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification pursuant to 18 U.S.C. Section 1350 by the Principal Executive Officer, as adopted, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification pursuant to 18 U.S.C. Section 1350 by the Principal Accounting and Financial Officer, as adopted, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

\# Compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AtriCure, Inc.
(REGISTRANT)

Date: May 2, 2024	/s/ Michael H. Carrel
	Michael H. Carrel
	President and Chief Executive Officer
	(Principal Executive Officer)
Date: May 2, 2024	/s/ Angela L. Wirick
	Angela L. Wirick
	Chief Financial Officer
	(Principal Accounting and Financial Officer)

Exhibit 10.1

ATRICURE, INC. 2023 STOCK INCENTIVE PLAN

PERFORMANCE STOCK AWARD AGREEMENT FOR EMPLOYEES

ATRICURE, INC. (the "Company"), pursuant to the 2023 Stock Incentive Plan, as may be amended from time to time (the "Plan"), hereby irrevocably grants you (the "Participant"), on________, 2024 (the "Grant Date") a Performance Stock Award (the "Performance Stock Award") of ____________ forfeitable shares of the Company's Common Stock, par value $0.001 per share (the "Performance Stock") subject to the restrictions, terms and conditions herein.

WHEREAS, the Participant is an employee of the Company or a Subsidiary.

WHEREAS, the Compensation Committee (the "Committee") of the Board has determined that it would be in the best interests of the Company and its stockholders to grant the award provided for herein to the Participant, on the terms and conditions described in this Performance Stock Award Agreement (the "Agreement").

NOW, THEREFORE, for and in consideration of the promises and the covenants of the parties contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, for themselves, and their permitted successors and assigns, hereby agree as follows:

1. Terms and Conditions.

(a) Vesting. The period during which the Performance Goals are measured shall be a three-year period, beginning in the year of the Grant Date and ending on December 31 of the third year (the "Performance Period"). The number of shares of Performance Stock earned by the Participant will be determined at the end of the Performance Period based on the Performance Goals set forth on Exhibit A. Except as provided in this Section 1(a) or Exhibit A, Performance Stock will vest and become nonforfeitable, if at all, on the last day of the Performance Period, provided that the Participant has remained continuously employed by the Company or any Subsidiary from the Grant Date through the last day of the Performance Period (the "Vesting Date"). Shares of Performance Stock that have not yet vested pursuant to this Section 1(a) shall be forfeited automatically without further action or notice if the Participant ceases to be employed by the Company or a Subsidiary other than as provided below.

(b) Permanent Disability. If the Participant's continuous employment with the Company or any Subsidiary terminates due to a permanent and total disability (a "Permanent Disability") within the meaning of Section 22(e)(3) of the Code, the Participant's employment with the Company or any Subsidiary shall, for all purposes under this Agreement, be deemed to continue. If Participant dies while suffering a Permanent Disability, Participant's estate shall have the rights to shares underlying Performance Stock on the terms set forth in Section 1(c).

(c) Change in Control. If a "Change in Control" (as defined in the Plan) occurs while the Participant is employed by the Company or any Subsidiary or if the Participant dies, in either case at any time prior to the end of the Performance Period, then the Participant shall be deemed to have earned the number of shares of Performance Stock equal to the greater of (A) the Target Number of shares of Performance Stock identified on Exhibit A to this Agreement or (B) the number of shares of Performance Stock which would have vested based on the actual performance of the Company had the Performance Period ended on the date of the last fiscal quarter immediately prior to the date that the Company executes a definitive agreement ("CIC Date") pursuant to which a Change in Control occurs. Upon such Change in Control or death of the Participant, as the case may be, the Company shall deliver to Participant (or Participant's estate in the case of death) the shares underlying all Performance Stock earned in accordance with this Agreement. The Committee shall have the authority to determine the extent to which Performance Goals with respect to the Performance Period (as shortened to end on the CIC Date) have been met based on such audited or unaudited financial information or other information, such as the Company's stock price or the performance of the Nasdaq Health Care Index constituents, then available that the Committee deems relevant so that the vesting contemplated by this Section 1(c) reflects the actual performance of the Company achieved immediately prior to the CIC Date or the date of Participant's death, as the case may be.

(d) Committee Discretion. Notwithstanding anything contained in this Agreement to the contrary, the Committee may, in its sole discretion, accelerate the time at which the shares underlying any Performance Stock become vested and nonforfeitable on such terms and conditions as it deems appropriate upon a Change in Control or the death or Permanent Disability of Participant, subject to the limitations in Section 14(b) of the Plan.

(e) Other Agreements. If an offer letter or employment agreement to which Participant is a party with the Company or a Subsidiary provides for vesting in other circumstances, such as the Company or a Subsidiary terminating Participant's employment without Cause or Participant terminating employment for Good Reason, the terms and conditions relating to vesting in such offer letter or employment agreement shall apply.

(f) Promotion. If the Participant is hired by the Company or promoted within the Company prior to October 1 of any fiscal year within the Performance Period and is thereby granted shares of Performance Stock under this Agreement, the shares of Performance Stock shall be earned on a pro-rata basis beginning on the effective date of this Agreement until the end of the Performance Period as set forth on Exhibit A.

(g) Book Entry; Payment. Upon vesting, the Committee shall cause shares of Common Stock to be registered in the name of the Participant and held in book-entry form subject to the Company's directions. The Company's obligations with respect to the Performance Stock Award shall be satisfied in full upon such registration of the shares of Common Stock.

2. Restrictive Covenant Agreement; Incorporation by Reference.

(a) Restrictive Covenant Agreement. This Performance Stock Award is conditioned upon the Participant's agreement to this Agreement and compliance with any Restrictive Covenant and Confidentiality Agreement executed by the Participant in favor of the Company ("Restrictive Covenant Agreement").

(b) Incorporation by Reference. The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. In the event that any provision of this Agreement is inconsistent with the terms of the Plan, the terms of this Agreement shall control.

3. Compliance with Legal Requirements. The granting and delivery of the Performance Stock Award, and any other obligations of the Company under this Agreement, shall be subject to all

applicable federal, state, local and foreign laws, rules and regulations and to such approvals by any regulatory or governmental agency as may be required.

4. Transferability. No share of Performance Stock may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant (with respect to Performance Stock), until it has vested in accordance with Section 1(a), other than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Subsidiary.

5. Dividend, Voting and Other Rights. Neither the Participant nor any person claiming under or through the Participant has any of the rights or privileges of a shareholder of the Company in respect of shares of Common Stock that may become deliverable hereunder unless and until certificates representing such shares of Common Stock have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered in certificate or book entry form to the Participant or any person claiming under or through the Participant.

6. Relation to Other Benefits. Any economic or other benefit to the Participant under this Agreement or the Plan shall not be taken into account in determining any benefits to which the Participant may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or a Subsidiary.

7. Taxes and Withholding. To the extent that the Company or any Subsidiary is required to withhold any federal, state, local, foreign or other tax in connection with the shares of Performance Stock pursuant to this Agreement, it shall be a condition to earning the award that the Participant make arrangements satisfactory to the Company or such Subsidiary for payment of such taxes required to be withheld. The Committee may, in its sole discretion, require the Participant to satisfy such required withholding obligation by surrendering to the Company a portion of the shares of Common Stock earned by the Participant under this Agreement, and the shares of Common Stock so surrendered by the Participant shall be credited against any such withholding obligation at the Fair Market Value of such shares of Common stock on the date of surrender.

8. Adjustments. The number and kind of shares of Common Stock deliverable pursuant to the Performance Stock Award are subject to adjustment as provided in Section 12 of the Plan.

9. Section 409A. This Agreement is intended to be exempt from or comply with Section 409A of the Code and shall be construed and interpreted in a manner that is consistent with the requirements for avoiding additional taxes and penalties under Section 409A of the Code. Notwithstanding the foregoing, the Company makes no representations that the Performance Stock Award provided under this Agreement complies with Section 409A of the Code and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with Section 409A of the Code.

10. Section 280G. If any payment or benefit due under this Performance Stock Award, together with all other payments and benefits that the Participant is entitled to receive from the Company or any of its Subsidiaries, would (if paid) constitute an “excess parachute payment” (as defined in Code Section 280G(b)(1)), the amounts otherwise payable under this Performance Stock Award shall either (i) be paid in full, with Participant being liable for the excise tax under Code Section 4999 or (ii) be limited to the minimum extent necessary to ensure that no portion thereof will

fail to be tax-deductible to the Company (or a Subsidiary) by reason of Code Section 280G or result in an excise tax payable pursuant to Code Section 4999, whichever results in the best economic position for Participant, as determined by the Committee. The determination of whether any payment or benefit would (if paid or provided) constitute an “excess parachute payment” will be made by the Committee.

11. Electronic Delivery. The Participant consents and agrees to electronic delivery of any documents that the Company may elect to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other forms of communications) in connection with this and any other award made or offered under the Plan. The Participant understands that, unless earlier revoked by the Participant by giving written notice to the Chief Financial Officer of the Company, this consent shall be effective for the duration of the Agreement. The Participant also understands that he or she shall have the right at any time to request that the Company deliver written copies of any and all materials referred to above at no charge. The Participant consents to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Company may elect to deliver, and agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature. The Participant consents and agrees that any such procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the Plan.

12. Miscellaneous.

(a) Waiver. Any right of the Company contained in this Agreement may be waived in writing by the Committee. No waiver of any right hereunder by any party shall operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.

(b) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(c) No Right to Retention. Nothing contained in this Agreement shall be construed as giving the Participant any right to be retained, in any position, as an employee, consultant, or director of the Company or its Subsidiaries or shall interfere with or restrict in any way the right of the Company or its Subsidiaries, which are hereby expressly reserved, to remove, terminate or discharge the Participant with or without Cause at any time for any reason whatsoever. For purposes of this Agreement, the continuous employment of the Participant with the Company and its Subsidiaries shall not be deemed to have been interrupted, and the Participant shall not be deemed to have ceased to be an employee of the Company and its Subsidiaries, by reason of the transfer of the Participant’s employment among the Company and its Subsidiaries or a leave of absence approved by the Committee.

(d) Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns, the Participant and the beneficiaries, executors, administrators, heirs and successors of the Participant.

(e) Entire Agreement. This Agreement and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations and negotiations in respect thereto. No change, modification or waiver of any provision of this Agreement shall be valid unless the same be in writing and signed by the parties hereto, except for any changes permitted without consent of the Participant under the Plan.

(f) Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware without regard to principles of conflicts of law thereof, or principles of conflicts of laws of any other jurisdiction which could cause the application of the laws of any jurisdiction other than the State of Delaware.

(g) Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction and shall not constitute a part of this Agreement.

(h) Amendments. Subject to the terms of the Plan, the Committee may modify this Agreement upon written notice to the Participant. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, no amendment of the Plan or this Agreement shall adversely affect the rights of the Participant under this Agreement without the Participant's consent unless the Committee determines, in good faith, that such amendment is required for the Agreement to either be exempt from the application of, or comply with, the requirements of Section 409A of the Code, or as otherwise may be provided in the Plan.

The undersigned acknowledges that a copy of the Plan, Plan Summary and Prospectus, and the Company's most recent Annual Report and Proxy Statement (the "Prospectus Information") are available for viewing on the Company's intranet site at www.atricure.com. The Participant consents to receiving this Prospectus Information electronically, or, in the alternative, agrees to contact the Company's Chief Financial Officer at (513) 755-4100 to request a paper copy of the Prospectus Information at no charge. The Participant represents that he or she is familiar with the terms and provisions of the Prospectus Information and accepts the Award described herein on the terms and conditions set forth in this Agreement and in the Plan.

PARTICIPANT

____

ATRICURE, INC.

By: ____________________________

By: ____________________________

EXHIBIT A

PERFORMANCE GOALS AND PERFORMANCE PERIOD

Performance will be measured 75% on revenue growth (Revenue CAGR) and 25% on relative total shareholder return (TSR), as described further below

- Performance on each metric will be measured over a three-year (2024-2026) period
- Performance for the Revenue CAGR is relative to fiscal year 2023 (Base Year)
- The revenue and TSR component payouts (in shares) will be determined independently and then added together for the total payout for the three-year performance period, subject to the maximum defined in the payout range below

Possible Payout as a Percentage of Target Award	
	2024-2026
Payout Range*	0% - 300%
Scheduled Vest Date**	December 31, 2026
*Payout as a percentage of target number of shares of Performance Stock subject to this award. ** Subject to Section 1(a) of the Agreement, Scheduled Vest Date is later of date indicated or the date the Committee determines whether and the extent to which the performance criteria have been satisfied and the number of shares of Performance Stock earned, if any.	

Revenue CAGR Component (75%)			
• Revenue compound annual growth rate (CAGR)			
• Acquisitions and other business developments may result in adjustments pursuant to Section 8 of the Agreement			
Revenue CAGR			
	2024-2026	**Payout***	**Number of Shares of Performance Stock**
Maximum	>=26%	300%	
Stretch	20%	200%	
Target	**16%**	**100%**	
Threshold	14%	50%	
Below Threshold	<14%	0%	0
*Payout as a percentage of target number of shares of Performance Stock subject to this award; linear interpolation between goals			

Relative Total Shareholder Return (TSR) Component (25%)			
•TSR measured against the Nasdaq Health Care Index constituents			
•TSR will be measured as the 20-trading-day average stock price prior to the end of the performance period over the 20-trading-day average stock price prior to the beginning of the performance period			
•Payout under this component will be capped at target if AtriCure’s TSR is negative			
Relative TSR (expressed in percentiles)			
	2024-2026	**Payout***	**Number of Performance Shares**
Maximum	>=90th	300%	
Stretch	75th	200%	
Target	**55th**	**100%**	
Threshold	30th	50%	
Below Threshold	<30th	0%	0
*Payout as a percentage of target number of Performance Shares subject to this award; linear interpolation between goals			

The maximum number of Performance Shares in which the Participant can vest on the basis of the actual level of Performance Goal attainment shall in no event exceed in the aggregate 300% of the number of Performance Shares at Target as set forth above.

Exhibit 10.2

ATRICURE, INC. 2023 STOCK INCENTIVE PLAN

PERFORMANCE STOCK UNIT AWARD AGREEMENT FOR EMPLOYEES

ATRICURE, INC. (the "Company"), pursuant to the 2023 Stock Incentive Plan, as it may be amended from time to time (the "Plan"), hereby irrevocably grants you (the "Participant"), on **March 1, 2024** (the "Grant Date") a forfeitable Performance Stock Unit Award (the "Performance Unit Award") representing the right to receive shares of Company common stock, $.001 par value per share ("Common Stock"), subject to the restrictions, terms and conditions herein.

WHEREAS the Participant is an employee of the Company or a Subsidiary.

WHEREAS, the Compensation Committee (the "Committee") of the Board of Directors of the Company (the 'Board") has determined that it would be in the best interests of the Company and its stockholders to grant the award provided for herein to the Participant, on the terms and conditions described in this Performance Stock Unit Award Agreement (including any Appendix attached hereto, the "Agreement").

NOW, THEREFORE, for and in consideration of the promises and the covenants of the parties contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, for themselves, and their permitted successors and assigns, hereby agree as follows:

1. Terms and Conditions.

(a) Grant; Vesting. Subject to and upon the terms, conditions, and restrictions set forth in this Agreement and in the Plan, the Company hereby grants to the Participant as of the Grant Date, a total of ________ performance stock units ("Performance Units") which shall be credited in a book entry account established for the Participant until payment in accordance with Section 1(f). Subject to the other terms and conditions contained in this Agreement and the Plan, the restrictions on the Performance Units shall lapse over the four years after the Grant Date (the "Performance Period"). The actual number of Performance Units that are earned, if any, pursuant to the terms and conditions of the Agreement will be determined by the Committee (the "Total Award") and shall be computed in accordance with the terms and conditions of this Agreement and Appendix A. During the Performance Period, there will be three measurement periods (each a 'Measurement Period", with the final date of each Measurement Period being the "Measurement Period Date") of the Company's performance based on the simple moving average of the closing price of the Company's Common Stock during the sixty (60) calendar days immediately prior to and including the Measurement Period Date (the "Performance Criteria"). If the Performance Criteria is achieved, then the number of Performance Units associated with that Measurement Period shall vest on the last day of that Measurement Period (a "Vesting Date"). Performance Units that do not vest at the end of a Measurement Period shall be forfeited automatically without further action or notice. Additionally, Performance Units that have not yet vested pursuant to this Section 1(a) shall be forfeited automatically without further action or notice if the Participant ceases to be employed by the Company or a Subsidiary other than as provided below.

(b) Death; Disability; Retirement; Good Reason. If the Participant's employment with the Company or a Subsidiary has terminated prior to the end of the Performance Period due to the Participant's death, Disability or Retirement, or the Participant terminates his employment with Good Reason, then as soon as administratively feasible after the termination date (in the Committee's sole discretion) the Committee will determine the Total Award payable to Participant based on the Performance Criteria achieved as of such termination date.

(c) Change in Control. If, in connection with a Change in Control, the successor company, or a parent of the successor company, in the Change in Control does not agree to assume, replace, or substitute the Performance Units granted hereunder (as of the consummation of such Change in Control) with Performance Units on substantially identical terms, as determined by the Committee, then as of immediately prior to such Change in Control, Performance Units shall vest if the Performance Criteria is achieved based on the offered price per share of the Company's Common Stock in connection with such Change in Control.

(d) Other Terms. If an offer letter or employment agreement to which Participant is a party with the Company or a Subsidiary provides for vesting in other circumstances, such as the Company or a Subsidiary terminating Participant's employment without Cause or Participant terminating employment for Good Reason, the terms and conditions relating to vesting in such offer letter or employment agreement shall apply.

(e) Payment; Share Ownership; Dividend Equivalents. The Company shall settle as soon as administratively possible after the applicable Vesting Date any vested portion of the Performance Unit Award by the payment to the Participant of one share of Common Stock (a "Share") for each vested Performance Unit, subject to any applicable tax withholding requirements. If the Participant is deemed a Specified Employee at the time of the Vesting Date, then such payment will be delayed until the earlier of the date that is six months following the Vesting Date and the Participant's death. At no time prior to such Vesting Date shall the Participant be deemed for any purpose to be the owner of shares of Common Stock in connection with a Performance Unit Award and the Participant shall have no right prior to applicable Vesting Dates to vote Shares in respect of the Performance Unit Award. However, the Participant shall possess dividend equivalent payment rights with respect to the Performance Units granted pursuant to this Agreement as of the Grant Date. Any dividend equivalent payment on the Performance Units shall be based on the number of Performance Units credited to the Participant as of the dividend record date and such credited dividend equivalent payment amount shall be paid in accordance with quarterly dividend declarations by the Board of Directors on the Common Stock. The Participant will not have any rights of a shareholder of the Company with respect to the Performance Units until the delivery of the underlying Shares. The obligations of the Company under this Agreement will be merely that of an unfunded and unsecured promise of the Company to deliver Shares in the future, and the rights of the Participant will be no greater than that of an unsecured general creditor. No assets of the Company will be held or set aside as security for the obligations of the Company under this Agreement.

(f) Forfeiture. Except as otherwise determined by the Committee in its sole discretion or as set forth in this Section 1, the unvested portion of Performance Unit Awards shall be forfeited without consideration to the Participant upon the Participant's termination of employment with the Company or a Subsidiary for any reason.

2. Restrictive Covenant Agreement; Incorporation by Reference.

(a) Restrictive Covenant Agreement. This Performance Unit Award is conditioned upon the Participant's agreement to this Agreement and compliance with any applicable Restrictive Covenant and Confidentiality Agreement executed by the Participant in favor of the Company ("Restrictive Covenant Agreement").

(b) Incorporation by Reference. The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. In the event that any provision of this Agreement is inconsistent with the terms of the Plan, the terms of this Agreement shall control. The Committee acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein, have the right to determine any questions which arise in connection with the grant of the Performance Unit Award.

3. Compliance with Legal Requirements. The granting and delivery of Performance Unit Award, as applicable, and any other obligations of the Company under this Agreement, shall be subject to all applicable federal, state, local and foreign laws, rules and regulations and to such approvals by any regulatory or governmental agency as may be required.

4. Transferability. No Performance Unit Award may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate.

5. Section 280G. If any payment or benefit due under this Performance Stock Award, together with all other payments and benefits that the Participant is entitled to receive from the Company or any of its Affiliates, would (if paid) constitute an “excess parachute payment” (as defined in Code Section 280G(b)(1)), the amounts otherwise payable under this Performance Stock Award shall either (i) be paid in full, with Participant being liable for the excise tax under Code Section 4999 or (ii) be limited to the minimum extent necessary to ensure that no portion thereof will fail to be tax-deductible to the Company (or an Affiliate) by reason of Code Section 280G or result in an excise tax payable pursuant to Code Section 4999, whichever results in the best economic position for Participant, as determined by the Committee. The determination of whether any payment or benefit would (if paid or provided) constitute an “excess parachute payment” will be made by the Committee.

6. Adjustments. The number and kind of shares of Common Stock deliverable pursuant to the Performance Stock Award are subject to adjustment as provided in Section 12 of the Plan.

7. Miscellaneous.

(a) Waiver. Any right of the Company contained in this Agreement may be waived in writing by the Committee. No waiver of any right hereunder by any party shall operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.

(b) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(c) No Right to Employment. Nothing contained in this Agreement shall be construed as giving the Participant any right to be retained, in any position, as an employee, consultant, or director of the Company or its Affiliates or shall interfere with or restrict in any way the right of the Company or its Affiliates, which are hereby expressly reserved, to remove, terminate or discharge the Participant with or without Cause at any time for any reason whatsoever. Although over the course of employment terms and conditions of employment may change, the at-will term of employment of the Participant will not change. For purposes of this Agreement, the continuous employment of the Participant with the Company and its Affiliates shall not be deemed to have been interrupted, and the Participant shall not be deemed to have ceased to be an employee of the Company and its Affiliates, by reason of the transfer of the Participant’s employment among the Company and its Affiliates or a leave of absence approved by the Committee.

(d) Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns, the Participant and the beneficiaries, executors, administrators, heirs and successors of the Participant.

(e) Relation to Other Benefits. Any economic or other benefit to the Participant under this Agreement or the Plan shall not be taken into account in determining any benefits to which the Participant may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or a Subsidiary.

(f) Taxes and Withholding. To the extent that the Company or any of its Affiliates is required to withhold any federal, state, local, foreign or other tax in connection with the Performance Units or dividend equivalent payments thereon pursuant to this Agreement, it shall be a condition to earning the award that the Participant make arrangements satisfactory to the Company or any of its Affiliates for payment of such taxes required to be withheld. The Committee may, in its sole discretion, require the Participant to satisfy such required withholding obligation by surrendering to the Company a portion of the Shares earned by the Participant hereunder, and the Shares so surrendered by the Participant shall be credited against any such withholding obligation at the Fair Market Value of such Shares on the date of surrender or in such other reasonable manner as determined by the Company.

(g) Amendments. Subject to the terms of the Plan, the Committee may modify this Agreement upon written notice to the Participant. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, no amendment of the Plan or this Agreement shall adversely affect the rights of the Participant under this Agreement without the Participant's consent unless the Committee determines, in good faith, that such amendment is required for the Agreement to either be exempt from the application of, or comply with, the requirements of Section 409A of the Code, or as otherwise may be provided in the Plan.

(h) Section 409A of the Code. It is intended that the Performance Units shall be exempt from the application of, or comply with, the requirements of Section 409A of the Code. The terms of this Agreement shall be construed, administered, and governed in a manner that effects such intent, and the Committee shall not take any action that would be inconsistent with such intent. Without limiting the foregoing, the Performance Units shall not be deferred, accelerated, extended, paid out, settled, adjusted, substituted, exchanged or modified in a manner that would cause the award to fail to satisfy the conditions of an applicable exception from the requirements of Section 409A of the Code or otherwise would subject the Participant to the additional tax imposed under Section 409A of the Code. Notwithstanding the foregoing, the Company makes no representation that the Restricted Stock Units provided under this agreement comply with Section 409A of the Code and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with Section 409A of the Code.

(i) Entire Agreement. This Agreement, the Plan and, if applicable, the Restrictive Covenant Agreement contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations and negotiations in respect thereto; provided, however, the Participant understands that the Participant may have an existing agreement(s) with the Company, through prior awards, acquisition of a prior employer or otherwise, that may include the same or similar covenants as those in any Restrictive Covenant Agreement, and acknowledges that any Restrictive Covenant Agreement is meant to supplement any such agreement(s) such that the covenants in the agreements that provide the Company with the greatest protection enforceable under applicable law shall control, and that the parties do not intend to create any ambiguity or conflict that would release the Participant from the obligations the Participant has assumed under the restrictive covenants in any of these agreements, including any Restrictive Covenant Agreement. No change, modification or waiver of any provision of this Agreement shall be valid unless the same be in writing and signed by the parties hereto, except for any changes permitted without consent of the Participant under the Plan.

(j) Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware without regard to principles of conflicts of law thereof, or principles of conflicts of laws of any other jurisdiction which could cause the application of the laws of any jurisdiction other than the State of Delaware.

(k) Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction and shall not constitute a part of this Agreement.

(l) Electronic Delivery. The Participant consents and agrees to electronic delivery of any documents that the Company may elect to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other forms of communications) in connection with this and any other award made or offered under the Plan. The Participant understands that, unless earlier revoked by the Participant by giving written notice to the Chief Financial Officer of the Company, this consent shall be effective for the duration of the Agreement. The Participant also understands that he or she shall have the right at any time to request that the Company deliver written copies of any and all materials referred to above at no charge. The Participant consents to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Company may elect to deliver, and agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature. The Participant consents and agrees that any such procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the Plan.

The undersigned acknowledges that a copy of the Plan, Plan Summary and Prospectus, and the Company's most recent Annual Report and Proxy Statement (the "Prospectus Information") are available for viewing on the Company's intranet site at www.atricure.com. The Participant consents to receiving this Prospectus Information electronically, or, in the alternative, agrees to contact the Company's Chief Financial Officer at (513) 755-4100 to request a paper copy of the Prospectus Information at no charge. The Participant represents that he or she is familiar with the terms and provisions of the Prospectus Information and accepts the Award described herein on the terms and conditions set forth in this Agreement and in the Plan.

ATRICURE, INC.

By:______________________

PARTICIPANT

____

Appendix A

Award of Performance Units:

The Performance Period shall commence on **March 1, 2024**, and end on **March 1, 2028**.

The Participant shall earn the Performance Units based on the simple moving average of the closing price of the Company's Common Stock during the sixty (60) calendar days immediately prior to and including the Measurement Period Dates in the table below. The moving average must be equal to or exceed the Performance Criteria in the table below for each respective Measurement Period in the table below.

Performance Units that do not vest at the end of a Measurement Period shall be forfeited automatically without further action or notice.

<table>
<tr><th colspan="7">Performance Unit Grant</th></tr>
<tr><th colspan="4"></th><th colspan="3">Measurement Periods</th></tr>
<tr><th>Grant Date Price</th><th>Tranche</th><th>Payout % of Performance Award</th><th>Performance Unit Payout</th><th>March 1, 2026</th><th>March 1, 2027</th><th>March 1, 2028</th></tr>
<tr><td rowspan="5">$36.28</td><td>Tranche 1</td><td>10%</td><td></td><td>$50.00</td><td>n/a</td><td>n/a</td></tr>
<tr><td rowspan="2">Tranche 2</td><td>20%</td><td></td><td>n/a</td><td>$62.50</td><td>n/a</td></tr>
<tr><td>20%</td><td></td><td>n/a</td><td>$75.00</td><td>n/a</td></tr>
<tr><td rowspan="2">Tranche 3</td><td>25%</td><td></td><td>n/a</td><td>n/a</td><td>$87.50</td></tr>
<tr><td>25%</td><td></td><td>n/a</td><td>n/a</td><td>$100.00</td></tr>
</table>

In the event of a stock split, stock distribution or other event that materially changes the Company's capital structure, the parties hereto shall have the right to make adjustments to this Appendix A.

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael H. Carrel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AtriCure, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2024

By: /s/ Michael H. Carrel

Michael H. Carrel
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION OF PRINCIPAL ACCOUNTING AND FINANCIAL OFFICER
PURSUANT TO
SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Angela L. Wirick, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AtriCure, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 2, 2024

By: /s/ Angela L. Wirick

Angela L. Wirick
Chief Financial Officer
(Principal Accounting and Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of AtriCure, Inc. (Company) on Form 10-Q for the quarter ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (Report), I, Michael H. Carrel, President and Chief Executive Officer and Principal Executive Officer of the Company, certify, pursuant to Rule 13a–14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 2, 2024

By: /s/ Michael H. Carrel
Michael H. Carrel
President and Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to AtriCure, Inc. and will be retained by AtriCure, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the report or as a separate disclosure document.

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of AtriCure, Inc. (Company) on Form 10-Q for the quarter ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (Report), I, Angela L. Wirick, Chief Financial Officer and Principal Accounting and Financial Officer of the Company, certify, pursuant to Rule 13a–14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 2, 2024

By: /s/ Angela L. Wirick
Angela L. Wirick
Chief Financial Officer
(Principal Accounting and Financial Officer)

A signed original of this written statement or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to AtriCure, Inc. and will be retained by AtriCure, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the report or as a separate disclosure document.