UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2020

☐ 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 001-32982

Atrion Corporation
(Exact name of Registrant as specified in its charter)

Delaware	**63-0821819**
(State of incorporation or organization)	(I.R.S. Employer Identification No.)
One Allentown Parkway, Allen, TX	**75002**
(Address of principal executive offices)	(ZIP code)

Registrant's telephone number, including area code: (972) 390-9800

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE EXCHANGE ACT:

Title of Class	**Trading Symbol(s)**	**Name of Each Exchange on Which Registered**
Common Stock, $0.10 Par Value	ATRI	The Nasdaq Global Select Market

SECURITIES REGISTERED UNDER SECTION 12(g) OF THE EXCHANGE ACT: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No X

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No X

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 X 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes X No ☐

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

Large accelerated filer	X	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging Growth 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. X

Indicate by check mark whether the Registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes ☐ No X

The aggregate market value of the voting Common Stock held by nonaffiliates of the Registrant as of, June 30, 2020, the last business day of the Registrant's most recently completed second fiscal quarter was approximately $904,980,997 based on the $637.01 closing price reported for such date on the The Nasdaq Global Select Market.

Number of shares of Common Stock outstanding at February 14, 2021: 1,825,472

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Form 10-K incorporates by reference information from the Company's definitive proxy statement relating to the 2021 annual meeting of stockholders, to be filed with the Commission not later than 120 days after the end of the fiscal year covered by this report.

ATRION CORPORATION

FORM 10-K

ANNUAL REPORT TO
THE SECURITIES AND EXCHANGE COMMISSION
FOR THE YEAR ENDED DECEMBER 31, 2020

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ATRION CORPORATION

FORM 10-K

**ANNUAL REPORT TO
THE SECURITIES AND EXCHANGE COMMISSION
FOR THE YEAR ENDED DECEMBER 31, 2020**

PART I

ITEM 1. BUSINESS.

General

Atrion Corporation and its subsidiaries ("we," "our," "us," "Atrion," or the "Company") develop and manufacture products, primarily for medical applications. Our medical products are used in a number of fields including fluid delivery, cardiovascular and ophthalmic applications.

Our fluid delivery products accounted for 51 percent of net revenues for 2020 and 46 percent of net revenues for 2019 and 2018. We have developed a wide variety of proprietary valves designed to precisely fill, hold and release controlled amounts of fluids or gasses on demand for use in various intubation, intravenous, catheter and other applications in fields such as anesthesia and oncology. We make products that deliver fluids as well as promote infection control in hospital and home healthcare environments.

Our cardiovascular products accounted for 33 percent of net revenues for 2020 and 35 percent for 2019 and 33 percent for 2018. At the core of our cardiovascular products is the Myocardial Protection System, a proprietary technology that is the only open-heart surgery system that delivers to the heart essential fluids and medications, mixes critical drugs and controls temperature, pressure and other important variables. This system indicates improved outcomes offering an integrated, flexible set of choices during surgery without diluting the blood. In late 2020, we launched a latest generation of our system, the MPS®3, which features even greater levels of performance, safety and flexibility. We also develop and manufacture other cardiovascular products such as cardiac surgery vacuum relief valves; silicone vessel loops for retracting and occluding vessels in minimally invasive surgical procedures; inflation devices for balloon catheter dilation, stent deployment and fluid dispensing; as well as products used in heart bypass surgery to make a precision opening in the heart for attachment of the bypass vessels.

Our ophthalmic products accounted for 3 percent, 5 percent and 7 percent of our net revenues for 2020, 2019 and 2018 respectively. We are a leading manufacturer of specialized medical devices that disinfect contact lenses. We also manufacture a proprietary line of balloon catheters used in the treatment of nasolacrimal duct obstruction in children and adults.

Our other medical and non-medical products accounted for 13 percent of our net revenues for 2020 and 14 percent of net revenues for 2019 and 2018. One of these product lines consists of instrumentation and associated disposables used to measure the activated clotting time of blood. In addition, we manufacture and sell a line of products designed for safe needle and scalpel blade containment. We are also the leading manufacturer of inflation systems and valves used in marine and aviation safety products. We manufacture components used in inflatable survival products and structures. We also produce one-way and two-way pressure relief valves that protect sensitive electronics and other products during transport in medical and non-medical applications.

Business Strategy

Our business strategy is to provide hospitals, physicians and other healthcare providers with the tools they need to improve the lives of the patients they serve. To do so, we provide a broad selection of products in our areas of expertise in the medical device industry. We focus on meeting customer needs with existing products and expanding current product lines. We seek to develop new products for our current customers and to develop new customers in niche markets. We reach a broad base of customers through our direct sales force, independent sales representatives and distributors in the United States, Canada, Europe and other countries. We have diverse product lines serving primarily the fluid delivery, cardiovascular and ophthalmic markets, and this diversity has served us well as we encounter changing market conditions. Our manufacturing operations are conducted at three geographically separate facilities, thereby lessening the risk that that a singular event in any one location could cripple our manufacturing operations. Furthermore, all of our manufacturing activities are conducted in the United States, thus lessening the risk that offshore events could interfere with our manufacturing operations. We make significant investments in research and development at all three of our facilities in order to maintain and enhance our position in the medical device industry.

We have created and maintained a culture of controlling costs, and we regularly invest in modern manufacturing technologies. We have been successful in consistently generating cash from operations, thus enabling us to expand our operations. Over the past 20 years we have sought to grow our existing businesses and, in doing do, we have succeeded in increasing revenues from $51.4 million in 2000 to $147.6 in 2020 and increasing net income from $2.8 million in 2000 to $32.1 million in 2020. We plan to continue to focus on internal growth and are planning to significantly expand one of our manufacturing facilities to support that growth. During this 20-year period, we have explored various acquisition opportunities but have elected not to proceed with them, focusing instead on internal growth. However, we believe that we can grow internally and, at the same time, make acquisitions that will enhance our growth, and we are continuing to seek such opportunities.

Marketing

We market components to other equipment manufacturers for incorporation in their products and sell finished devices to physicians, hospitals, clinics and other treatment centers. We sell our products through a sales force which consists of direct sales personnel, independent sales representatives and distributors. Our sales managers also work closely with major customers in designing and developing products to meet customer requirements.

We offer customer service, training and education and technical support such as field service, spare parts, maintenance and repair for certain of our products. We periodically advertise our products in trade journals, routinely attend and participate in industry trade shows throughout the United States and internationally, and sponsor scientific symposia as a means of disseminating product information. We also have supportive literature on the benefits of our products.

Manufacturing

Our medical and non-medical products are manufactured at facilities in Florida, Alabama and Texas. The facilities in Alabama and Florida both utilize plastic injection molding and specialized assembly as their primary manufacturing processes. Our other manufacturing processes consist of the assembly of standard and custom component parts, including the assembly of electronic components, and the testing of completed products.

We are subject to the Quality System Regulation, or QSR, of the United States Food and Drug Administration, or FDA, which requires manufacturers of medical devices to adhere to certain design testing, quality control, documentation and other quality assurance procedures during the manufacturing process. We devote significant attention to quality assurance. Our quality assurance measures begin with the suppliers which participate in our supplier quality assurance program. These measures continue at the manufacturing level where many components are assembled in a clean room environment designed and maintained to reduce product exposure to particulate matter. Products are tested throughout the manufacturing process for adherence to specifications. Most finished products are then shipped to outside processors for sterilization by radiation or ethylene oxide gas. After sterilization, the products are quarantined and tested before they are shipped to customers.

Skilled workers are required for the manufacturing of our products, and we believe that additional workers with these skills are readily available in the areas where our facilities are located.

Our medical device operations are EN ISO13485:2016 certified and are subject to FDA jurisdiction.

Research and Development

A well-targeted research and development, or R&D, program is an essential part of our activities, and we are currently engaged in a number of R&D projects. The objective of this program is to develop new products in our current product lines, improve current products and develop new product lines. The Company expects to continue additional R&D in 2021 in all aspects of this program.

Sources and Availability of Raw Materials

The principal raw materials that we use in our products are resins. Our ability to operate profitably is dependent, in part, on the availability and pricing of these resins. The resins we use are derived from petroleum and natural gas, and the prices fluctuate substantially as a result of changes in petroleum and natural gas prices, demand and the capacity of the companies that produce these resins to meet market needs. Instability in the world markets for petroleum and natural gas could adversely affect the availability and pricing of these resins.

We contract with various suppliers to provide the component parts necessary to assemble our products. Substantially all of these components are available from a number of different suppliers, although certain components are purchased from single sources that manufacture these components using our tooling. We believe that we have satisfactory backup plans for single-sourced components, although a sudden disruption in supply from one or more of these suppliers could adversely affect our ability to deliver finished products on time. We own the molds used for production of substantially all our components. Consequently, in the event of supply disruption, we believe we would be able to fabricate our own components or contract with another supplier, albeit after a possible delay in the production process.

Intellectual Property

Our success may depend in part on our ability to protect our intellectual property, and we rely partly on a combination of patent, copyright, trademark, and trade secret laws to protect our intellectual property interests. We own 400 patents and patent applications pending on products that are currently being sold by us or which we intend to sell in the future, 98 of which relate to fluid delivery products, 100 of which relate to cardiovascular products, 52 of which relate to ophthalmology products, and 150 of which relate to other products. We pay royalties to an outside party under a license agreement for one patent. Our patents expire at various times over the next 18 years, with patent protection for one current material product expiring in August 2022. Patent protection for no other material product ends in the current decade. In assessing the importance of patents to our business and the impact of the expirations of our patents, we believe it is appropriate to take into account a number of factors, including the following: We have contractual commitments for certain products that extend beyond the expiration dates of our patents. Additionally, many of our products are components in other medical devices and the cost of those components is generally very small compared to the cost of those medical devices. As a result, the manufacturers of those medical devices and their customers would likely experience an elaborate technical and regulatory process that could add significant costs and delays to substitute alternative components and may not be cost effective, thus making it difficult for our potential competitors to replace our components in those medical devices. We manufacture our own products, and that experience has been and is expected to continue to be beneficial to us beyond the expiration of our patents. During the life of a patent, we frequently invest in automation to increase quality and reduce cost, and we allocate resources to improving and developing enhancements to our products. Our experience has been that these steps increase the likelihood that we will be able to compete effectively after our patents expire if others try to duplicate our products. We have often been able to sell our products for many years beyond their patent expirations and expect that to continue in the future. However, we recognize that our future growth depends, in part, on our success in continuing to expand our patent portfolio as older patents expire. Much of our R&D effort is aimed at developing new products that will eventually take the place of our currently-patented products. For these reasons, as well as others, we believe that no single patent expiration would have a material adverse effect on our business as a whole. We also have a number of trademark registrations that are generally for fixed but renewable terms.

We have developed technical knowledge which, although non-patentable, we consider to be significant in enabling us to compete. We have entered into agreements with key employees prohibiting them from disclosing any of our trade secrets or other confidential information. In addition, generally these agreements also provide that inventions or discoveries relating to our business by these individuals will be assigned to us and become our sole property.

The medical device industry is characterized by extensive intellectual property litigation, and companies in this industry sometimes use intellectual property litigation to gain a competitive advantage. Intellectual property litigation, regardless of outcome, is often complex and expensive, and the outcome of this litigation is generally difficult to predict.

Competition

Depending on the product and the nature of the project, we compete on the basis of our ability to provide engineering and design expertise, quality, service, product and price. As such, successful competitors must have technical strength, responsiveness and scale. We believe that our expertise and reputation for quality medical products have allowed us to compete favorably with respect to each such factor and to maintain long-term relationships with our customers.

In many of our markets, we compete with numerous other companies in the sale of healthcare products. These markets are dominated by established manufacturers that have broader product lines, greater distribution capabilities, substantially greater capital resources and larger marketing and R&D staffs and facilities than ours. Many of these competitors offer broader product lines within the specific product market and in the general field of medical devices and supplies. Broad product lines give many of our cardiovascular and fluid delivery competitors the ability to negotiate exclusive, long-term medical device supply contracts and, consequently, the ability to offer comprehensive pricing of their competing products. By offering a broader product line in the general field of medical devices and supplies, competitors may also have a significant advantage in marketing competing products to group purchasing organizations, health maintenance organizations, and other managed care organizations that are increasingly seeking to reduce costs through centralization of purchasing functions. Furthermore, innovations in surgical techniques, product design or functions, or medical practices could have the effect of reducing or eliminating market demand for one or more of our products. In addition, our competitors may use price reductions to preserve market share in their product markets.

For some customers or prospective customers, we design products for a customer or potential customer prior to entering into long-term development and manufacturing agreements with those customers or prospective customers. Because these products are somewhat limited in number and normally are only a component of the ultimate product sold by our customers, we are dependent on our ability to meet the quality requirements of our customers and must continually be attentive to the need to manufacture such products at competitive prices and in compliance with strict manufacturing standards. Additionally, we are dependent on our customers' success in the marketing of the ultimate products sold. We also compete in the market for inflation devices used in marine and aviation equipment.

Government Regulation

Products

The manufacture and sale of medical products are subject to comprehensive regulation by numerous United States and foreign regulatory agencies, principally the FDA in the United States. The R&D, manufacturing, promotion, marketing and distribution of medical products in the United States are subject to the provisions of the Federal Food, Drug and Cosmetic Act, or FDCA, and the regulations promulgated thereunder. All manufacturers of medical devices must register with the FDA and list all medical devices manufactured by them. The list must be updated annually. Our medical products subsidiaries and certain of our customers are subject to inspection by the FDA for compliance with such regulations and procedures and our medical products manufacturing facilities are subject to regulation by the FDA. In order for our products to be marketed in countries outside the United States, regulatory approvals must be obtained, and extensive product and quality system regulations must be complied with, in those countries. These regulations, including the requirements for approvals or clearance and the time required for regulatory review, vary significantly from country to country. Some countries have regulatory review processes which are substantially longer than similar processes in the United States. Failure to obtain regulatory approval in a timely manner and to meet all local requirements including language and specific safety standards in any foreign country in which we would like for our products to be sold could prevent our products from being marketed in those countries.

The FDA has traditionally pursued a rigorous enforcement program to ensure that regulated entities comply with the FDCA. A company not in compliance may face a variety of regulatory actions, including warning letters, product detentions, device alerts, mandatory recalls or field corrections, product seizures, total or partial suspension of production, injunctive actions or civil penalties and criminal prosecutions of the company or responsible employees, officers and directors.

The FDA promulgates rules, which are available to the public, for the approval of medical devices. The process of obtaining FDA approval for new devices can take several months to several years depending on the type of application required for a particular device. Furthermore, the process of obtaining FDA approval can be expensive and uncertain. Even if granted, FDA approval may include significant limitations on the indicated uses for which a product may be marketed. FDA enforcement policy strictly regulates the promotion of approved medical devices. Product approvals can be withdrawn for failure to comply with regulatory requirements or the occurrence of unforeseen problems following initial marketing. In addition, after a device is placed on the market, numerous FDA and other regulatory requirements continue to apply. These include establishment registration and device listing with the FDA; compliance with medical device reporting regulations requiring that manufacturers report to the FDA if their device may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if it were to recur; and compliance with corrections and removal reporting regulations requiring that manufacturers report to the FDA field corrections and product recalls or removals if undertaken to reduce a risk to health posed by the device or to remedy a violation of the FDCA that may present a risk to health. The FDA and the Federal Trade Commission, or FTC, also regulate the advertising and promotion of our products to ensure that the claims we make are consistent with our regulatory clearances, that scientific data substantiates the claims and that our advertising is not false or misleading. Generally, we may not promote or advertise our products for uses outside the scope of our intended use statement in our clearances or make unsupported safety and effectiveness claims. Many jurisdictions outside the United States have similar regulations.

Certain of our aviation and marine safety products are subject to regulation by the United States Coast Guard and the Federal Aviation Administration and similar organizations in foreign countries which regulate the safety of marine and aviation equipment.

Healthcare Regulations

In the United States, healthcare providers, including hospitals and physicians, that purchase medical products for treatment of their patients generally rely on third-party payors, principally Medicare, Medicaid and private health insurance plans, to reimburse all or a part of the costs and fees associated with the procedures performed using these products.

Reimbursement systems in international markets vary significantly by country and by region within some countries, and reimbursement approvals must be obtained on a country-by-country basis. Many international markets have government-managed healthcare systems that control reimbursement for new products and procedures. In most markets, there are private insurance systems as well as government-managed systems. Market acceptance of our products in international markets depends, in part, on the availability and level of reimbursement.

Medicare and Medicaid reimbursement for hospitals is generally based on a fixed amount for a patient based upon that patient's specific diagnosis. Because of this fixed reimbursement method, hospitals may seek to reduce the costs they incur in treating Medicare and Medicaid patients. Frequently, reimbursement is reduced to reflect the availability of a new procedure or technique, and as a result hospitals are generally willing to implement new cost saving technologies before these downward adjustments take effect. Likewise, because the rate of reimbursement for physicians who perform certain procedures has been and may in the future be reduced, physicians may seek greater cost efficiency in treatment to minimize any negative impact of reduced reimbursement. Third-party payors may challenge the prices charged for medical products and services and may deny reimbursement if they determine that a device was not used in accordance with cost-effective treatment methods as determined by the payor, was experimental or was used for an unapproved application.

In March 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (collectively known as the "Affordable Care Act") were enacted. The Affordable Care Act made changes that have had a significant impact on healthcare providers, medical device and pharmaceutical companies and insurers. The Affordable Care Act also established a payment transparency program, sometimes referred to as the Physician Payments Sunshine Act that requires medical device and drug manufacturers, including the Company, to report to the Centers for Medicare & Medicaid Services, or CMS, payments or other transfers of value made to physicians and teaching hospitals. The program is intended to provide patients with enhanced transparency as to the financial relationships that physicians and teaching hospitals have with medical device and drug manufacturers. On January 20, 2017, former President Trump signed an Executive Order directing federal agencies to exercise all authority and discretion available to them under the Affordable Care Act to waive, defer, grant exemptions from, or delay the implementation of any provision of the Affordable Care Act that would impose a fiscal or regulatory burden on states, individuals, healthcare providers, health insurers, or manufacturers of pharmaceuticals or medical devices. There have also been judicial and congressional challenges to certain aspects of the Affordable Care Act, as well as efforts by the Trump Administration to modify, repeal, or otherwise invalidate all, or certain provisions of, the Affordable Care Act. After January 2017, former President Trump signed two Executive Orders designed to delay the implementation of certain provisions of the Affordable Care Act or otherwise circumvent some of the requirements for health insurance mandated by the Affordable Care Act. In addition, CMS has proposed regulations that would give states greater flexibility in setting benchmarks for insurers in the individual and small group marketplaces, which may have the effect of relaxing the essential health benefits required under the Affordable Care Act for plans sold through such marketplaces. The Tax Cuts and Jobs Act of 2017, or Tax Act, which was enacted on December 22, 2017, reduced the Affordable Care Act's shared-responsibility payment to zero, effective January 1, 2019. Following the enactment of the Tax Act, on December 14, 2018 in a case in the United States District Court for the Northern District of Texas, a federal judge ruled that the individual mandate imposed by the Affordable Care Act is unconstitutional and inseverable from the other provisions of the Affordable Care Act and, therefore, the remaining provisions of the Affordable Care Act are invalid. On December 18, 2019, the United States Court of Appeals for the Fifth Circuit affirmed the ruling of the United States District Court but sent the case back to that court to consider how much, if any, of the Affordable Care Act, other than the individual mandate, should be invalidated. On November 10, 2020 the United States Supreme Court heard arguments concerning the constitutionality of the Affordable Care Act, and is expected to rule in that case in early 2021. Assuming the Affordable Care Act is found, in whole or in part, to be constitutional, the implementation of the Affordable Care Act and related regulations may increase our regulatory burdens. Litigation and legislation related to the Affordable Care Act are likely to continue, with unpredictable and uncertain results. We cannot predict with certainty what affect further changes to the Affordable Care Act would have on our business. Various legislation has been proposed and adopted since the Affordable Care Act was enacted. For example, in August 2011, former President Obama signed into law the Budget Control Act of 2011, which, among other things, created the Joint Select Committee on Deficit Reduction to recommend to Congress proposals in spending reductions. The Joint Select Committee on Deficit Reduction did not achieve a targeted deficit reduction of at least $1.2 trillion for fiscal years 2012 through 2021, triggering the legislation's automatic reduction to several government programs. This includes aggregate reductions to Medicare payments to providers of up to two percent per fiscal year, which went into effect beginning on April 1, 2013 and, due to amendments to the statute, will stay in effect through 2030 unless additional Congressional action is taken. However, pursuant to the Coronavirus Aid, Relief and Economic Security Act, or CARES Act, and subsequent legislation, these Medicare sequester reductions are suspended from May 1, 2020 through March 31, 2021 due to the COVID-19 pandemic. Proposed legislation, if passed, would extend this suspension until the end of the COVID-19 pandemic. In January 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, further reduced Medicare payments to several types of providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. The Biden Administration is likely to continue shaping the law significantly through legislation and regulations that may impact the health insurance marketplaces, essential health benefits requirements, and Medicaid marketplace waivers for state flexibilities. Any regulatory or legislative developments in domestic or foreign markets that eliminate or reduce reimbursement rates for procedures performed with our products could harm our ability to sell our products or cause downward pressure on the prices of our products, either of which would adversely affect our business, financial condition, and results of operations. Further, we anticipate that state legislatures and the private sector will continue to review and assess healthcare reform, including alternative healthcare delivery and payment systems. We cannot predict with certainty what impact the adoption or modification of any such reform measures or market forces may have on our business.

We are, directly or indirectly, subject to various federal and state laws governing our relationship with healthcare providers and pertaining to healthcare fraud and abuse, including anti-kickback laws. In particular, the federal Anti-Kickback Statute prohibits persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual or the furnishing, arranging for or recommending a good or service for which payment may be made in whole or part under federal healthcare programs, such as the Medicare and Medicaid programs. Penalties for violations include criminal penalties and civil sanctions such as fines, imprisonment and possible exclusion from Medicare, Medicaid and other federal healthcare programs. The Anti-Kickback Statute is broad and prohibits many arrangements and practices that are lawful in businesses outside of the healthcare industry. In implementing the statute, the Office of Inspector General of the United States Department of Health and Human Services, or OIG, has issued a series of regulations, known as the "safe harbors." These safe harbors set forth provisions that, if all their applicable requirements are met, will assure healthcare providers and other parties that they will not be prosecuted under the Anti-Kickback Statute. The failure of a transaction or arrangement to fit precisely within one or more safe harbors does not necessarily mean that it is illegal or that prosecution will be pursued. However, conduct and business arrangements that do not fully satisfy each applicable element of a safe harbor may result in increased scrutiny by government enforcement authorities, such as the OIG.

The Federal False Claims Act, or FCA, imposes civil liability on any person or entity that submits, or causes the submission of, a false or fraudulent claim to the United States government. Damages under the FCA can be significant and consist of the imposition of fines and penalties. The FCA also allows a private individual or entity with knowledge of past or present fraud against the federal government to sue on behalf of the government to recover the civil penalties and treble damages. The United States Department of Justice, on behalf of the government, has previously alleged that the marketing and promotional practices of medical device and drug manufacturers that included the off-label promotion of products or the payment of prohibited kickbacks to doctors violated the FCA resulting in the submission of improper claims to federal and state healthcare entitlement programs such as Medicaid. In certain cases, manufacturers have entered into criminal and civil settlements with the federal government under which they entered into plea agreements, paid substantial monetary amounts and entered into corporate integrity agreements that require, among other things, substantial reporting and remedial actions going forward.

Product Liability and Insurance

The design, manufacture and marketing of products of the types we produce entail an inherent risk of product liability claims. A problem with one of our products could result in product liability claims or a recall of, or safety alert or advisory notice relating to, the product. We have product liability insurance in amounts that we believe are adequate.

Clinical Advisors

Several physicians and other healthcare professionals serve as our clinical advisors. These clinical advisors have assisted in the identification of the market need for some of our products. Members of our management and scientific and technical staff from time to time consult with these clinical advisors to better understand the technical and clinical requirements of current and future products. We anticipate that these clinical advisors will continue to play a role in our development activities.

Certain of the clinical advisors are employed by academic institutions and may have commitments to, or consulting or advisory agreements with, other entities that may limit their availability to advise us. The clinical advisors may also serve as consultants to other medical device companies. Our clinical advisors are not expected to devote more than a small portion of their time in providing services to us.

Human Capital

Our Employees.
As of December 31, 2020, we had 636 employees, all of whom were employed in the United States. Our highly qualified and experienced team, including employees responsible for our sales, marketing, manufacturing, regulatory, finance and other important functions is critical to our success. During 2020, the number of employees increased by approximately 20. We also leverage temporary workers to provide flexibility for our business needs. As we grow our business over the next several years, we expect to add additional employees. We continually evaluate our business needs and opportunities and balance in house expertise and capacity with external expertise and capacity. Currently, we manufacture all of our products.

Our Culture.
The success of our human capital management is evidenced by our low employee turnover, a number which is regularly reviewed by our senior management as part of its oversight of our human capital strategy. We have a strong commitment to our communities and are proud to offer jobs with excellent benefits to people often overlooked by too many businesses. We pride ourselves on having a strong, inclusive and positive culture based on our shared mission and values.

Employee Engagement and Benefits.
We believe that our continued success largely depends upon our ability to attract and retain highly qualified employees. We provide our employees with competitive salaries and bonuses, certain opportunities for equity ownership, development programs that enable continued learning and growth and an employment package that promotes well-being across all aspects of their lives, including health care, retirement planning and paid time off. As part of our promotion and retention efforts, we regularly conduct an employee survey to gauge employee engagement and identify areas of focus.

Diversity and Inclusion.
The tenets of diversity and inclusion have long been baked into the DNA of our Company. We have always operated our business in the United States, with a highly diverse workforce. Although we laud the popular focus on diversity in the boardroom—our Board had its first female director 18 years ago, one of our four independent directors is a person of color, and we are seeking to add a female director to our Board with the result that two of our five independent directors will be a woman and a person of color—we also believe that the focus on diversity and inclusion should be at all levels of every company. Companies that do not offer opportunities to those who are struggling are failing in this mission. Over half of our employees have at most a high school degree. We proudly employ individuals who have come from difficult circumstances that all too often have the effect of disqualifying them from being hired at many companies, and we believe that businesses that ignore them often are losing out on exceptional talent. Additionally, we do not have a mandatory retirement age, and many of our employees have tenures with us ranging from 10 to 40 years. We believe that our business benefits from the different perspectives a diverse workforce brings us.

Available Information

Our website address is www.atrioncorp.com. We make available free of charge through our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and Proxy Statements, and amendments to these filings, as soon as reasonably practicable after filing with or furnished to the Securities and Exchange Commission, or SEC. These filings are also available at www.sec.gov. The contents of these websites are not incorporated in this Form 10-K, and any references to our website are intended to be inactive textual references only.

ITEM 1A. RISK FACTORS.

In addition to the other information contained in this Form 10-K, the following risk factors should be considered carefully in evaluating our business. Our business, financial condition and results of operations could be materially adversely affected by any of these risks. Additional risks and uncertainties that we do not currently know about or that we currently believe are immaterial, or that we have not predicted, may also harm our business operations or adversely affect us.

Risks Relating to Our Business

- **Our sales could decline materially if we lose business from one or more of our larger customers or a significant number of our smaller customers.**

  Our sales are generally made under open short-term purchase orders or purchase contracts. Customers with purchase orders could reduce their volumes, or cease purchasing our products, with minimal notice. Customers having purchase contracts may elect not to renew those contracts at expiration or the contracts may be renewed on terms less favorable to us. The loss of, or material reduction in orders by, one or more of our larger customers or a significant number of our smaller customers could have a material adverse effect on our business, financial condition and results of operations.

- **Our business is dependent on the price and availability of resins and our ability to pass on resin price increases to our customers.**

  The principal raw materials that we use in our products are polyethylene, polypropylene and polyvinyl chloride resins. Our ability to operate profitably is dependent, in part, on the availability and pricing of these resins. The resins we use are derived from petroleum and natural gas; therefore, prices fluctuate substantially as a result of changes in petroleum and natural gas prices, demand and the capacity of the companies that produce these products to meet market needs. Instability in the world markets for petroleum and natural gas could adversely affect the prices of these raw materials and their availability.

  Our ability to maintain profitability depends, in part, upon our ability to pass through to our customers the full amount of any increase in raw material costs. If resin prices increase and we are not able to fully pass on the increases to our customers, our results of operations and our financial condition will be adversely affected.

- **The loss of a key supplier of raw materials could lead to increased costs and lower profit margins.**

  The loss of a key supplier could force us to purchase raw materials in the open market, which may be at higher prices, until we could secure another source and such higher prices may not allow us to remain competitive. If we are unable to obtain raw materials in sufficient quantities, we may not be able to manufacture our products. Even if we were able to replace one of our raw material suppliers through another supply arrangement, there is no assurance that the terms that we enter into with such alternate supplier will be as favorable to us as the supply arrangements that we currently have or that such replacement could be timely completed. A disruption or termination in the supply of raw materials could result in our inability to meet the demand for our products, which could adversely affect our revenue generation and result in customer dissatisfaction.

- **The ongoing COVID-19 pandemic, or the perception of its effects, has had and could continue to have a material adverse effect on our business and results of operations.**

  Since December 2019, a novel strain of coronavirus, SARS-CoV-2, causing a disease referred to as COVID-19, has spread around the world, including the United States; and, in March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. This pandemic has adversely affected or has the potential to adversely affect, among other things, the economic and financial markets and labor resources of the countries in which we operate; our manufacturing and supply chain operations, research and development efforts, commercial operations and sales force, administrative personnel, third-party service providers, and business partners and customers; and the demand for our marketed products.

  The COVID-19 pandemic has resulted in travel and other restrictions to reduce the spread of the disease, including governmental orders across the globe, which, among other things, direct individuals to shelter at their places of residence, direct businesses and governmental agencies to cease non-essential operations at physical locations, prohibit certain non-essential gatherings, maintain social distancing, and order cessation of non-essential travel. As a result of these developments, we have implemented work-from-home policies for a significant portion of our employees (except those deemed critical, including those working in our manufacturing facilities). The effects of shelter-in-place and social distancing orders, government-imposed quarantines, and work-from-home policies may further negatively impact productivity, disrupt our business, and delay our development timelines beyond the delays we have already experienced and disclosed, the magnitude of which will depend, in part, on the length and severity of the restrictions and other limitations on our ability to conduct our business in the ordinary course. Such restrictions and limitations may also further negatively impact our access to regulatory authorities (which are affected, among other things, by applicable travel restrictions and may be delayed in responding to inquiries, reviewing filings, and conducting inspections); our ability to perform regularly scheduled quality checks and maintenance; and our ability to obtain services from third-party specialty vendors and other providers or to access their expertise as fully and timely as needed. The COVID-19 pandemic may also result in the loss of some of our key personnel, either temporarily or permanently. In addition, our sales and marketing efforts have been negatively impacted and may be further negatively impacted by postponement or cancellation of face-to-face meetings and restrictions on access by nonessential personnel to hospitals or clinics to the extent such measures slow down adoption or further commercialization of our marketed products. The demand for our products may also be adversely impacted by the restrictions and limitations adopted in response to the COVID-19 pandemic, particularly to the extent they affect the patients' ability or willingness to undergo elective surgeries. As a result, some of our inventory may become obsolete and may need to be written off, impacting our operating results. These and similar, and perhaps more severe, disruptions in our operations may materially adversely impact our business, operating results, and financial condition.

  Quarantines, shelter-in-place, social distancing, and similar government orders (or the perception that such orders, shutdowns, or other restrictions on the conduct of business operations could occur) related to COVID-19 or other infectious diseases are impacting personnel at our manufacturing facilities, our suppliers, and other third parties on which we rely, and are also impacting the availability or cost of materials produced by or purchased from such parties, resulting in supply chain strains or disruptions that may become material. Although some materials and services may be obtained from more than one supplier or provider, closures and other restrictions resulting from the COVID-19 pandemic (including any government restrictions or limitations, such as those that may be imposed under the Defense Production Act) could materially disrupt our supply chain or limit our ability to obtain sufficient materials or services required for the development and manufacturing of our products and product candidates as well as our research efforts.

In addition, infections and deaths related to COVID-19 have disrupted and may continue to disrupt the United States' healthcare and healthcare regulatory systems. Such disruptions could divert healthcare resources away from, or materially delay, FDA review and potential approval of our product candidates and new indications for our products. It is unknown how long these disruptions could continue. We will continue to evaluate the adverse impact of the COVID-19 pandemic on an individual trial basis. The disruptions caused by the COVID-19 pandemic may further negatively impact the progress of our research and development programs and delay regulatory review resulting from such disruptions could materially affect the development and study of our product candidates, which would increase our operating expenses and may have a material adverse effect on our operating results.

Although the potential economic impact brought by, and the duration of, the COVID-19 pandemic may be difficult to assess or predict, it recently caused significant disruption of global financial markets and could cause more economic disruption in the future. In addition, a recession or market correction resulting from the spread of COVID-19 could materially affect our business and the value of our common stock.

The global COVID-19 pandemic continues to rapidly evolve. The ultimate impact of this pandemic is highly uncertain and subject to change. We do not yet know the full extent of potential delays or impacts on our business, healthcare systems, or the global economy as a whole. These effects could have a material impact on our operations.

To the extent the COVID-19 pandemic adversely affects our business, prospects, operating results, or financial condition, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

- **Our business is dependent on third-party sterilization for many of our products, and the loss or limitation of access to those facilities could adversely affect our business.**

  In 2019, the FDA, issued a caution concerning a nationwide shortage of medical devices due to issues with contract sterilizers, and reductions in sterilization capacity caused significant delays in medical device sterilization in this country sterilization facilities. If we do not have access to sterilization facilities that have capacity to process our products requiring sterilization, we may experience delays in, or reduction of, sales and deliveries of those products.

- **Political and economic conditions could materially and adversely affect our revenue and results of operations.**

  Our business may be affected by a number of factors that are beyond our control such as general geopolitical economic and business conditions, conditions in the financial markets, and changes in the overall demand for our products. A severe or prolonged economic downturn could adversely affect our customers' financial condition and the levels of business activity of our customers. Uncertainty about current global political or economic conditions could cause businesses to postpone spending in response to tighter credit, negative financial news or declines in income or asset values, which could have a material negative effect on the demand for our products. There could be additional effects on our business from these economic developments including the insolvency of key suppliers or their inability to obtain credit, the inability of our customers to pay for or obtain credit to finance purchases of our products and increased pressure to reduce the prices of our products. Turbulence in the United States and international markets and economies could have a material adverse impact on our business, operating results and financial condition. In addition, if we are unable to successfully anticipate changing economic and political conditions, we may be unable to effectively plan for and respond to those changes, which could materially adversely affect our business and results of operations.

- **Product liability claims could adversely affect our financial condition and results of operations.**

  We may be subject to product liability claims involving claims of personal injury or property damage. Our product liability insurance coverage may not be adequate to cover the cost of defense and the potential award in the event of a claim. A product liability claim, regardless of its merit or outcome, could result in significant legal defense costs. Also, a well-publicized actual or perceived problem with one or more of our products could adversely affect our reputation and reduce the demand for our products.

- **Issues with product quality could have an adverse effect upon our business, subject us to regulatory actions and cause a loss of customer confidence in us or our products.**

  Our success depends upon the quality and reliability of our products. Quality management plays an essential role in determining and meeting customer requirements, preventing defects, improving our products and assuring the safety and efficacy of our products. Our future success depends on our ability to maintain and continuously improve our quality management program. Although we have one quality system that covers the lifecycle of our products, quality and safety issues may occur with respect to any of our products. A quality or safety issue may result in adverse inspection reports, warning letters, product recalls, monetary sanctions, injunctions to halt manufacture and distribution of products, civil or criminal sanctions, costly litigation, refusal of a government to grant approvals and licenses, restrictions on operations or withdrawal of existing approvals and licenses. An inability to address a quality or safety issue in an effective and timely manner may also cause negative publicity or a loss of customer confidence in us or our current or future products, which may result in the loss of sales and difficulty in successfully launching new products. Additionally, we have made and continue to make significant investments in assets, including inventory and property, plant and equipment, which relate to potential new products or modifications to existing products. Product quality or safety issues and costs associated there with may restrict us from being able to realize the expected returns from these investments and may adversely affect our results of operations and our financial condition.

  Unaffiliated third party suppliers provide a number of goods and services to our manufacturing and R&D organizations. Third party suppliers are required to comply with our quality standards. Failure of a third party supplier to provide compliant raw materials or supplies could result in delays, service interruptions or other quality related issues that may negatively impact our business results.

- **Any losses we incur as a result of our exposure to the credit risk of our customers could harm our results of operations.**

  We monitor individual customer payment capability in granting credit arrangements, seek to limit credit to amounts we believe the customers can pay, and maintain reserves we believe are adequate to cover exposure for doubtful accounts. As we have grown our revenue and customer base, our exposure to credit risk has increased. Any material losses as a result of customer defaults could harm, and have an adverse effect on, our business, operating results and financial condition.

- **The success of certain of our products depends upon relationships with healthcare professionals.**

  The research, development, marketing, and sales of many of our new and improved products are dependent upon our maintaining working relationships with healthcare professionals. We rely on these professionals to provide us with considerable knowledge and experience regarding our products. If we are unable to maintain our relationships with these professionals and do not continue to receive their advice and input, the development and commercialization of our products could suffer, which could have a material, adverse impact on our revenues, financial condition, profitability, and cash flows.

- **Our success is measured in part by our ability to develop patentable products, to preserve our trade secrets and operate without infringing or violating the proprietary rights of third parties.**

  Our ability to remain competitive is dependent, in part, upon our ability to protect our intellectual property rights and prevent other companies from using our intellectual property. We seek to protect our intellectual property rights through a combination of patent, trademark, copyright and trade secret laws and confidentiality agreements. However, these measures afford only limited protection and may be challenged, invalidated, or circumvented by third parties. Additionally, these measures may not prevent competitors from duplicating our products or gaining access to our proprietary information and technology. Third parties may copy all or portions of our products or otherwise use our intellectual property without authorization, and we may not be able to prevent the unauthorized disclosure or use of our technical knowledge or trade secrets by consultants, vendors, former employees and current employees, despite the existence of nondisclosure and confidentiality agreements and other contractual restrictions, all of which could have an adverse effect on our business, operations, or financial condition. Others may challenge the validity of any patents issued to us, and we could encounter legal and financial difficulties in enforcing our patent rights against infringers. In addition, there can be no assurance that other technologies cannot or will not be developed or that patents will not be obtained by others which would render our patents less valuable or obsolete. Our patents expire at various times over the next 18 years. Once patents expire, some customers may not continue to purchase from us, opting for competitive copies instead. In such event, our sales and profits could decline substantially. During the terms of our patents, third parties may develop similar or superior technology independently or by designing around our patents. Additionally, if we do not develop and launch new products prior to the expiration of patents or before the demand for our existing products declines, our sales and profits could be adversely affected.

  We have developed technical knowledge which, although non-patentable, we consider to be significant in enabling us to compete. However, the proprietary nature of such knowledge may be difficult to protect. We have entered into agreements with key employees prohibiting them from disclosing any of our trade secrets or other confidential information. In addition, generally these agreements also provide that inventions or discoveries relating to our business by these individuals will be assigned to us and become our sole property. We cannot assure you that the enforceability of these agreements will not be challenged or that our trade secrets will not become known to, or be independently developed by, our competitors

  The medical device industry is characterized by extensive intellectual property litigation, and companies in the medical device industry sometimes use intellectual property litigation to gain a competitive advantage. Intellectual property litigation, regardless of outcome, is often complex and expensive, and the outcome of this litigation is generally difficult to predict. An adverse determination in any such proceeding could subject us to significant liabilities to third parties or require us to seek licenses from third parties or pay royalties that may be substantial. Furthermore, there can be no assurance that necessary licenses would be available to us on satisfactory terms or at all. Accordingly, an adverse determination in a judicial or administrative proceeding or failure to obtain necessary licenses could prevent us from manufacturing or selling certain of our products, which could have a material adverse effect on our business, financial condition and results of operations.

- **International patent protection is uncertain.**

  Patent law outside the United States is uncertain and is currently undergoing review and revision in many countries. Further, the laws of some foreign countries may not protect our intellectual property rights to the same extent as United States laws. We may participate in opposition proceedings to determine the validity of our or our competitors' foreign patents, which could result in substantial costs and diversion of our efforts.

- **New lines of business or new or enhanced products and services may subject us to additional risks.**

  We may implement new lines of business or offer new or enhanced products and services within existing lines of business. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In developing and marketing new lines of business or new or enhanced products and services, we may invest significant time and resources. Initial timetables for the introduction and development of new lines of business and new or enhanced products or services may not be achieved and price and profitability targets may not prove feasible. External factors, such as compliance with regulations, competitive alternatives, and shifting market preferences, may also impact the successful implementation of a new line of business or a new or enhanced product or service. Furthermore, any new line of business or new or enhanced product or service could have a significant impact on the effectiveness of our system of internal control. Failure to successfully manage these risks in the development and implementation of new lines of business or new or enhanced products or services could have a material adverse effect on our business, results of operations and financial condition.

- **Some of our competitors have significantly greater resources than we do, and it may be difficult for us to compete against them.**

  In many of our markets, we compete with numerous other companies that have substantially greater financial resources and engage in substantially more R&D activities than we do. Furthermore, innovations in surgical techniques or medical practices could have the effect of reducing or eliminating market demand for one or more of our products. In addition, the trend of consolidation in the medical device industry and among our customers could result in greater competition and pricing pressure.

  Some of the markets in which we compete are dominated by established manufacturers that have broader product lines, greater distribution capabilities, substantially larger marketing, R&D staffs and facilities than we do. Many of these competitors offer broader product lines within the specific product market and in the general field of medical devices and supplies. Broad product lines give many of our cardiovascular and fluid delivery competitors the ability to negotiate exclusive, long-term medical device supply contracts and, consequently, the ability to offer comprehensive pricing of their competing products. By offering a broader product line in the general field of medical devices and supplies, competitors may also have a significant advantage in marketing competing products to group purchasing organizations. In addition, our competitors may use price reductions to preserve market share in their product markets.

- **Any major disruption or failure of our information technology systems, or our failure to successfully implement new technology effectively, could adversely affect our business and operations.**

  We rely on various information technology systems to manage our operations. Over the last several years, we have been and continue to implement modifications and upgrades to our systems, including making changes to legacy systems, replacing legacy systems with successor systems with new functionality and acquiring new systems with new functionality For example, over the next several years, we plan to continue the process of implementing a new enterprise resource planning system across our company. These activities subject us to inherent costs and risks associated with replacing and upgrading these systems, including impairment of our ability to fulfill customer orders, potential disruption of our internal control structure, substantial capital expenditures, additional administration and operating expenses, retention of sufficiently skilled personnel to implement and operate the new systems, demands on management time, and other risks and costs of delays or difficulties in transitioning to new or upgraded systems or of integrating new or upgraded systems into our current systems. Our system implementations may not result in productivity improvements at a level that outweighs the costs of implementation, or at all. In addition, the difficulties with implementing new or upgraded technology systems may cause disruptions in our business operations and have an adverse effect on our business and operations, if not anticipated and appropriately mitigated.

- **We face cybersecurity risks and may incur increasing costs in an effort to minimize those risks.**

  We utilize systems and websites that allow for the secure storage and transmission of proprietary or confidential information regarding our customers, employees, and others, including personal information. As evidenced by the numerous companies that have suffered serious data security breaches, we may be vulnerable to, and unable to anticipate or detect, data security breaches and data loss, including rapidly evolving and increasingly sophisticated cybersecurity attacks. In addition, data security breaches can also occur as a result of a breach by us or our employees or by persons with whom we have commercial relationships that result in the unauthorized release of personal or confidential information. In addition to our own databases, we use third-party service providers to store, process and transmit confidential or sensitive information on our behalf. Although we contractually require these service providers to implement and use reasonable security measures, we cannot control third parties and cannot guarantee that a data security breach will not occur in the future either at their location or within their systems. A data security breach may expose us to a risk of loss or misuse of this information, and could result in significant costs to us, which may include, among others, fines and penalties, potential liabilities from governmental or third-party investigations, proceedings or litigation and diversion of management attention. We could also experience delays or interruptions in our ability to function in the normal course of business, including delays in the fulfillment of customer orders or disruptions in the manufacture and shipment of products. In addition, actual or anticipated attacks may cause us to incur costs, including costs to deploy additional personnel and protection technologies, train employees, and engage third-party experts and consultants. Any compromise or breach of our security could result in a violation of applicable privacy and other laws, significant legal and financial exposure, and a loss of confidence in our security measures, which could have an adverse effect on our results of operations and our reputation.

- **Our existing credit agreement contains restrictions that may limit our flexibility in operating our business.**

  Our existing credit agreement contains, and any future agreements may contain, covenants that could impose significant operating and financial restrictions on us. Although we currently do not have any borrowings under our existing credit agreement, the covenants in those agreements may limit the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs.

- **We have pledged certain of our assets as collateral under our existing credit agreement. If we borrow funds under that credit agreement and default on the terms of such credit agreement and the holder of our indebtedness accelerates the repayment of such indebtedness, there can be no assurance that we will have sufficient assets to repay our indebtedness.**

  Under our existing credit agreement, we are required to satisfy and maintain specified financial ratios. Our ability to meet those financial ratios can be affected by events beyond our control, and there can be no assurance that we will meet those ratios. A failure to comply with the covenants contained in the agreement could result in an event of default under such agreement, which, if not cured or waived, could have a material adverse effect on our business, financial condition, and profitability. In the event of any default under our existing credit agreement, the holder of our indebtedness thereunder:

  - Will not be required to lend any additional amounts to us;
  - Could elect to declare all indebtedness outstanding, together with accrued and unpaid interest and fees, to be due and payable and terminate all commitments to extend further credit, if applicable; or
  - Could require us to apply all of our available cash to repay such indebtedness.

If we are unable to repay those amounts, the holder of our indebtedness could proceed against the collateral granted to them to secure that indebtedness. If the indebtedness under our existing credit agreement were to be accelerated, there can be no assurance that our assets at that time would be sufficient to repay such indebtedness in full.

- **We may not be able to attract and retain skilled people.**

  Our success depends, in large part, on our ability to attract and retain key people. Competition for the best people in most activities we engage in can be intense, and we may not be able to hire qualified people or to retain them. The unexpected loss of services of one or more of our key personnel could have a material adverse impact on our business because of their skills, knowledge of our market, years of industry experience and the difficulty of promptly finding qualified replacement personnel.

- **A portion of our business relies on distribution agreements and relationships with various distributors and any adverse change in those relationships could result in a loss of revenue and harm that business.**

  We have strategic relationships with, and sell many of our products through, a number of distributors. To the extent that we rely on distributors, our success will depend on the efforts of others over whom we may have little or no control. Some of our distributors also sell our competitors' products, and, if they favor our competitors' products for any reason, they may fail to market our products as effectively or to devote resources necessary to provide effective sales, which would cause our results to suffer. The success of the arrangements with these distributors depends, in part, on the continued adherence to the terms of our agreements with them. Any disruption in these arrangements may adversely affect our financial condition and results of operations. The actions of distributors in foreign countries may adversely affect our ability to market effectively our products in those countries, particularly if a distributor holds the regulatory authorization in such countries and such actions result in the suspension or revocation of such authorization. In such cases, re-establishing market access or regulatory authorization may be difficult, expensive or time consuming. Also, we may be named as a defendant in litigation against our distributors related to sales of our products by them.

- **Severe weather, natural disasters, acts of war or terrorism or other external events could significantly impact our business.**

  We currently conduct all our development, manufacturing and management at three locations. Severe weather, natural disasters, public health crises, including the occurrence of a contagious disease or illness such as a novel coronavirus, acts of war or terrorism and other adverse external events at any one or more of these locations could have a significant impact on our ability to conduct business. We have the ability to transfer the production of certain products from a facility affected by such events, but doing so would be expensive. Our disaster recovery policies and procedures may not be effective and the occurrence of any such event could have a material adverse effect on our business, which, in turn, could have a material adverse effect on our financial condition and results of operations. The insurance we maintain may not be adequate to cover our losses.

- **Our sales and operations are subject to the risks of doing business internationally.**

  A substantial portion of our sales occur outside the United States, and we are increasing our presence in international markets. Sales outside the United States subject us to many risks, such as:

  - economic or political instability, natural disasters, public health crises, including the occurrence of a contagious disease or illness such as a novel coronavirus, war and terrorism that disrupt foreign healthcare payment systems or businesses;
  - the imposition of governmental controls;
    - less favorable intellectual property or other applicable laws;

- protectionist laws and business practices that favor local competitors;
- the inability to obtain any necessary foreign regulatory or pricing approvals of products in a timely manner;
- changes in trade policies, tariffs and tax laws;
- receivables may be more difficult to collect; and
- longer payment cycles.

Our operations and marketing practices are also subject to regulation and scrutiny by the governments of the other countries in which we operate. In addition, the Foreign Corrupt Practices Act, or FCPA, prohibits United States companies and their representatives from offering, promising, authorizing or making payments to foreign officials for the purpose of obtaining or retaining business abroad. In certain countries, the healthcare professionals we regularly interact with may meet the definition of a foreign official for purposes of the FCPA. Additionally, we are subject to other United States laws in our international operations. Failure to comply with domestic or foreign laws could result in various adverse consequences, including possible delay in approval or refusal to approve a product, recalls, seizures, withdrawal of an approved product from the market, and the imposition of civil or criminal sanctions.

- **We may lose revenues, market share and profits due to exchange rate fluctuations related to our international business.**

  Fluctuations in exchange rates may affect the prices that our international customers are willing to pay and may put us at a price disadvantage compared to other competitors. Potentially volatile shifts in exchange rates may negatively affect our financial condition and operations. Because payments from our international customers are received primarily in United States dollars, increases in the value of the United States dollar relative to foreign currencies could make our products less competitive or less affordable, and therefore adversely affect our sales in international markets.

- **We continue to evaluate expansion through acquisitions of, and investments in, other companies or technologies, which may carry significant risks.**

  If we pursue acquisitions of, or investments in, other companies or technologies, we may:

  - Use cash that we may need in the future to operate our business;
  - Incur debt, including on terms that could be unfavorable to us or debt that we might be unable to repay;
  - Structure the transaction in a manner that has unfavorable tax consequences, such as a stock purchase that does not permit a step-up in the tax basis for the assets acquired;
  - Be unable to realize the anticipated benefits, such as increased revenues, cost savings, or synergies from additional sales;
  - Be unable to integrate, upgrade, or replace the purchasing, accounting, financial, sales, billing, employee benefits, payroll, and regulatory compliance functions of an acquisition target;
  - Be unable to secure or retain the services of key employees related to the acquisition;
  - Be unable to succeed in the marketplace with the acquisition; or
  - Assume material unknown liabilities associated with the acquired business.

  Any of the above risks, should they occur, could materially, adversely affect our revenues, financial condition, profitability, and cash flows, including the inability to recover our investment or cause a write down or write off of such investment, associated goodwill, or assets.

- **If we make divestitures, we could encounter difficulties that harm our business.**

  We may sell a business or product line. Any divestiture may result in significant write-offs, which could have a material adverse effect on our business, financial condition or results of operations. Divestitures could also involve additional risks, including difficulties in separation of operations, services and personnel, the diversion of management's attention from other operations and the potential loss of key personnel.

- **If we fail to manage our exposure to market risk and credit risk successfully, our financial condition could be adversely impacted.**

  We have exposure to market risk and credit risk in our investment activities. The fair values of our investments vary from time to time depending on economic and market conditions. Fixed income securities expose us to interest rate risk as well as credit risk. Equity securities expose us to equity price risk. Interest rates are highly sensitive to many factors, including governmental monetary policies and domestic and international economic and political conditions. These and other factors also affect the equity securities owned by us. The outlook of our investment portfolio depends on the future direction of interest rates, fluctuations in the equity securities market and the amount of cash flows available for investment. Our investments may decline in value in future periods, which could have a material adverse effect on our financial condition.

Risks Related to Our Regulatory Environment

We are subject to healthcare fraud and abuse regulations that could result in significant liability, require us to change our business practices and restrict our operations in the future.
We are subject to various federal, state and local laws targeting fraud and abuse in the healthcare industry, including anti-kickback and false claims laws. Violations of these laws are punishable by criminal or civil sanctions, including substantial fines, imprisonment and exclusion from participation in healthcare programs such as Medicare and Medicaid and health programs outside the United States. These laws and regulations are wide ranging and subject to changing interpretations and applications, which could restrict our sales or marketing practices. A violation of these laws could have a material adverse effect on our business, results of operations, financial condition and cash flow.

We will be unable to sell our products if we fail to comply with governmental regulations.
To manufacture our products commercially, we must comply with governmental regulations that govern design controls, quality systems and documentation policies and procedures, including continued compliance with QSR. The FDA and equivalent foreign governmental authorities periodically inspect our manufacturing facilities and the manufacturing facilities of our Original Equipment Manufacturer, or OEM, medical device customers. If we or our OEM medical device customers fail to comply with these manufacturing regulations, including meeting reporting obligations to the FDA, or fail any FDA inspections, marketing or distribution of our products may be prevented or delayed, which would negatively impact our business.

Our products are subject to product recalls even after receiving regulatory clearance or approval, and any such recalls would negatively affect our financial performance and could harm our reputation.
Any of our products may be found to have significant deficiencies or defects in design or manufacture. The FDA and similar governmental authorities in other countries have the authority to require the recall of any such defective products. A government-mandated or voluntary recall could occur as a result of component failures, manufacturing errors or design defects. We do not maintain insurance to cover losses incurred as a result of product recalls. Any product recall would divert managerial and financial resources and negatively affect our financial performance and could harm our reputation with customers and end-users.

We may not receive regulatory approvals for new product candidates or for modifications of existing products or approvals may be delayed.
Regulation by governmental authorities in the United States and foreign countries is a significant factor in the development, manufacture and marketing of our proposed products and in our ongoing research and product development activities. Any failure to receive the regulatory approvals necessary to commercialize our product candidates, or the subsequent withdrawal of any such approvals, would harm our business. Additionally, modification of our existing products may require regulatory approval. The process of obtaining these approvals and the subsequent compliance with federal and state statutes and regulations require spending substantial time and financial resources. If we fail to obtain or maintain, or encounter delays in obtaining or maintaining, regulatory approvals, the marketing of any products we develop or modify, our ability to receive product revenues, and our liquidity and capital resources could be adversely affected.

We sell many of our products to healthcare providers that rely on Medicare, Medicaid and private health insurance plans to reimburse the costs associated with the procedures performed using our products and these third-party payors may deny reimbursement for use of our products.

We are dependent, in part, upon the ability of healthcare providers to obtain satisfactory reimbursement from third-party payors for medical procedures in which our products are used. Third-party payors may deny reimbursement if they determine that a prescribed product has not received appropriate regulatory clearances or approvals, is not used in accordance with cost-effective treatment methods as determined by the payor, or is experimental, unnecessary or inappropriate. Failure by hospitals and other users of our products to obtain reimbursement from third-party payors, or adverse changes in government or private third-party payors' policies toward reimbursement for procedures utilizing our products, could have a material adverse effect on the Company's business, financial condition and results of operations. Major third-party payors for medical services in the United States and other countries continue to try to contain healthcare costs. The introduction of cost containment incentives, combined with closer scrutiny of healthcare expenditures by both private health insurers and employers, has resulted in increased discounts and contractual adjustments to charges for services performed. Further implementation of legislative or administrative reforms to the United States or international reimbursement systems in a manner that significantly reduces reimbursement for procedures using our products or denies coverage for such procedures may result in hospitals or physicians substituting lower cost products or other therapies for our products which, in turn, would have an adverse effect on our business, financial condition and results of operations. Additionally, uncertainty about whether and how changes may be implemented could also have a negative impact on the demand for our products.

Changes in healthcare legislation and policy may have a material adverse effect on our financial condition and results of operations.

A number of legislative initiatives to contain healthcare costs have been and continue to be introduced in the United States. In March 2010, the Affordable Care Act was enacted, which made changes that have impacted and are expected to significantly impact the pharmaceutical and medical device industries. Among other things the Affordable Care Act contains a number of provisions designed to generate the revenues necessary to fund health insurance coverage expansions. The Affordable Care Act also implemented a number of Medicare payment system reforms including a national pilot program on payment bundling to encourage hospitals, physicians and other providers to improve the coordination, quality and efficiency of certain healthcare services through bundled payment models, and appropriated funding for comparative effectiveness research. The expansion in the government's role in the United States healthcare industry may result in decreased profits to us, lower reimbursement by payors for our products, and reduced medical procedure volumes, all of which may have a material adverse impact on our business, financial condition, results of operations, or cash flows. Since its enactment, there have been judicial and Congressional challenges to certain aspects of the Affordable Care Act, as well as efforts by the Trump Administration to modify, repeal or otherwise invalidate all, or certain provisions of, the Affordable Care Act. Following the enactment of the Tax Act, on December 14, 2018 in a case in the United States District Court for the Northern District of Texas, a federal judge ruled that the individual mandate imposed by the Affordable Care Act is unconstitutional and inseverable from the other provisions of the Affordable Care Act and, therefore, the remaining provisions of the Affordable Care Act are invalid. On November 10, 2020 the United States Supreme Court heard arguments on whether the Affordable Care Act is constitutional, in whole or in part, and is expected to rule in that case in early 2021. Assuming entire Affordable Care Act is not ruled to be unconstitutional, the implementation of the Affordable Care Act will remain ongoing and may also increase our regulatory burdens and operating costs. Litigation and legislation related to the Affordable Care Act are likely to continue, with unpredictable and uncertain results. We cannot predict with certainty what affect further changes to the Affordable Care Act would have on our business.

In addition, other legislative changes have been proposed and adopted since the Affordable Care Act was enacted. These changes included aggregate reductions to Medicare payments to providers of up to two percent per fiscal year, which will remain in effect through 2027 unless additional Congressional action is taken. It is unclear what impact new quality and payment programs may have on our business, financial condition, results of operations or cash flows. Individual states in the United States have also become increasingly aggressive in passing legislation and implementing regulations designed to control product pricing, including price or patient reimbursement constraints, and discounts, and require marketing cost disclosure and transparency measures. We believe that additional state and federal health care reform measures will be adopted in the future that could have a material adverse effect on our industry generally and on our customers. Any changes in, or uncertainty with respect to, future reimbursement rates could impact our customers' demand for our products, which in turn could have a material adverse effect on our business, financial condition, results of operations, or cash flows. Further, the federal, state and local governments, Medicare, Medicaid, managed care organizations, and foreign governments have in the past considered, are currently considering, and may in the future consider healthcare policies and proposals intended to curb rising healthcare costs, including those that could significantly affect both private and public reimbursement for healthcare services. Future significant changes in the healthcare systems in the United States or other countries, including changes intended to reduce expenditures along with uncertainty about whether and how changes may be implemented, could have a negative impact on the demand for our products. We are unable to predict with certainty whether other healthcare policies, including policies stemming from legislation or regulations affecting our business, may be proposed or enacted in the future; what effect such policies would have on our business; or the effect ongoing uncertainty about these matters will have on our customers' purchasing decisions.

The enactment of tax reform legislation could materially impact our financial position and results of operations.
Legislation or other changes in tax laws could materially affect our financial position and results of operation. For example, the Tax Act was enacted in the United States on December 22, 2017. Among other changes, the Tax Act reduces the United States corporate statutory tax rate and eliminates, limits or adds certain deductions. The tax and accounting treatment of the changes under the Tax Act are complex, and some of the changes as well as other tax reform legislation may affect both current and future periods. In the ordinary course of our business, there are many transactions and calculations where tax determinations may be uncertain. There can be no assurance that our tax positions will not be challenged by relevant tax authorities or that we would be successful in any such challenge, which could result in additional taxation, penalties and interest payments.

The regulatory environment surrounding information security and privacy is increasingly demanding.
The regulatory environment surrounding information security and privacy is increasingly demanding, with frequent imposition of new and changing requirements. In the United States, various laws and regulations apply to the collection, processing, disclosure and security of certain types of data, including the Electronic Communications Privacy Act, the Computer Fraud and Abuse Act, the Health Insurance Portability and Accountability Act of 1996, the Gramm Leach Bliley Act and state laws relating to privacy and data security. Several foreign countries and governmental bodies, including the European Union, also have laws and regulations dealing with the handling and processing of personal information obtained from their residents, which in certain cases are more restrictive than those in the United States. Laws and regulations in these jurisdictions apply broadly to the collection, use, storage, disclosure and security of various types of data, including data that identifies or may be used to identify an individual, such as names, email addresses and, in some jurisdictions, internet protocol addresses. Such laws and regulations may be modified or subject to new or different interpretations, and new laws and regulations may be enacted in the future. Within the European Union, the General Data Protection Regulation, which became effective in May 2018 and replaced the 1995 European Union Data Protection Directive and superseded applicable European Union member state legislation, imposes significant new requirements on how companies collect, process and transfer personal data, as well as significant fines for noncompliance. Any failure or perceived failure by us to comply with laws, regulations, policies or regulatory guidance relating to privacy or data security may result in governmental investigations and enforcement actions, litigation, fines and penalties or adverse publicity, and could cause our customers to lose trust in us, which could have an adverse effect on our reputation and business.

Risks Related to Our Stock

We may experience fluctuations in our quarterly operating results. We have historically experienced, and may continue to experience, fluctuations in our quarterly operating results. These fluctuations are due to a number of factors, many of which are outside our control and may result in volatility of our stock price. Future operating results will depend on many factors, including:

- demand for our products;
- pricing decisions, and those of our competitors, including decisions to increase or decrease prices;
- regulatory approvals for our products;
- timing and levels of spending for R&D, sales and marketing;
- timing and market acceptance of new product introductions by us or our competitors;
- development or expansion of business infrastructure in new clinical and geographic markets;
- tax rates in the jurisdictions in which we operate;
- shipping delays or interruptions;
- customer credit holds;
- timing and recognition of certain R&D milestones and license fees; and
- ability to control our costs;

Our stock price has been and may continue to be volatile.
Stock price volatility may make it more difficult for our stockholders to sell their common stock when they want to and at prices they find attractive. Our stock price can fluctuate significantly in response to a variety of factors including, among other things:

- actual or anticipated variations in quarterly results of operations;
- recommendations by securities analysts;
- operating and stock price performance of other companies that investors deem comparable to the Company;
- perceptions in the marketplace regarding the Company and our competitors;
- new technology used, or services offered, by competitors;
- trading by funds with high-turnover practices or strategies;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or our competitors;
- failure to integrate acquisitions or realize anticipated benefits from acquisitions;
- our stock repurchase program;
- changes in government regulations; and
- economic or political instability, natural disasters, public health crises, acts or threats of terrorism or military conflicts.

Additionally, our public float is small which can result in large fluctuations in stock price during periods with increased selling or buying activity. General market fluctuations, industry factors and general economic and political conditions and events, such as economic slowdowns or recessions, interest rate changes or credit loss trends, could also cause our stock price to decrease regardless of operating results.

Provisions in our governing documents and Delaware law may discourage or prevent a change of control, which could cause our stock price to decline and prevent attempts by our stockholders to replace or remove our current management.
Our certificate of incorporation and bylaws contain provisions that may discourage, delay or prevent a change in the ownership of the Company or a change in our management. We are also subject to the provisions of Section 203 of the Delaware General Corporation Law, which may prohibit certain business combinations with stockholders owning 15 percent or more of our outstanding common stock. Although a delay or prevention of a change of control transaction or of changes in our Board of Directors could be effective in improving stockholder value, they also carry a risk of causing the market price of our common stock to decline.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

We own three facilities comprising approximately 398,000 square feet, and the 139 acres on which they are situated, in Texas, Alabama and Florida. Administrative, engineering, manufacturing and warehouse operations are conducted at each facility, and our corporate headquarters are located at our Texas facility.

ITEM 3. LEGAL PROCEEDINGS.

We have no pending legal proceedings of the type described in Item 103 of Regulation S-K.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

Information about our Executive Officers

Name	Age	Title
Emile A Battat	82	Chairman of the Board of the Company and Chairman of the Board of Halkey-Roberts Corporation, or Halkey-Roberts, one of our subsidiaries
David A. Battat	51	President and Chief Executive Officer of the Company, President of Halkey-Roberts and Chairman of the Board of all other subsidiaries
Jeffery Strickland	62	Vice President and Chief Financial Officer, Secretary and Treasurer of the Company and Vice President or Secretary-Treasurer of all subsidiaries

Messrs. David Battat and Strickland currently serve as officers of the Company and all subsidiaries. Mr. Emile Battat currently serves as an officer of the Company. The officers of the Company and our subsidiaries are elected annually by the respective Boards of Directors of the Company and our subsidiaries at the first meeting of such Boards of Directors held after the annual meetings of stockholders of such entities. The next meetings of the stockholders of the Company and our subsidiaries are expected to be held in May 2021 and the Boards of Directors of the Company and our subsidiaries are expected to meet promptly thereafter. Accordingly, the terms of office of the current officers of the Company and our subsidiaries are anticipated to expire in May 2021.

There are no arrangements or understandings between any officer and any other person pursuant to which the officer was elected. The only family relationship between any of our executive officers or directors is that Mr. David Battat is the son of Mr. Emile Battat.

There have been no events under any bankruptcy act, no criminal proceedings and no judgments or injunctions material to the evaluation of the ability and integrity of any executive officers during the past ten years.

Brief Account of Business Experience During the Past Five Years

Mr. Emile Battat has been a director of the Company since 1987 and has served as Chairman of the Board of the Company since January 1998. He has served as Chairman of the Board of Halkey-Roberts since October 1998. He served as Chief Executive Officer of the Company and Chairman of the Board or President of all subsidiaries from October 1998 until May 2011.

Mr. David Battat has been President and Chief Executive Officer of the Company and Chairman of the Board of all subsidiaries with the exception of Halkey-Roberts, Atrion Leasing Company, LLC and AlaTenn Pipeline Company, LLC, since May 2011. He has been President of Halkey-Roberts since January 2006. He also serves as President of Atrion Leasing Company, LLC and AlaTenn Pipeline Company, LLC. He served as the Company's President and Chief Operating Officer from May 2007 until May 2011 and from February 2005 until December 2005 he served as Vice President - Business Development and General Counsel at Halkey-Roberts.

Mr. Strickland has served as Vice President and Chief Financial Officer, Secretary and Treasurer of the Company since February 1, 1997 and has served as a Vice President, Secretary or Treasurer of all the Company's subsidiaries since January 1997. Mr. Strickland was employed by the Company or our subsidiaries in various other positions from September 1983 through January 1997.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Our common stock is traded on The Nasdaq Global Select Market (Symbol ATRI). As of February 12, 2021, we had 106 record holders, and approximately 9,725 beneficial owners, of our common stock. We are currently paying quarterly cash dividends on our common stock and expect to continue paying quarterly cash dividends in the future.

During the year ended December 31, 2020, we did not sell any equity securities that were not registered under the Securities Act of 1933.

The table below sets forth information with respect to our purchases of our common stock during each of the three months in the period ended December 31, 2020.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs [1]
10/1/2020 through 10/31/2020	—	—	—	205,031
11/1/2020 through 11/30/2020	3,013	$ 595.34	—	202,018
12/1/2020 through 12/31/2020	—	—	—	202,018
Total	3,013	$ 595.34	—	202,018

(1) On May 21, 2015 our Board of Directors adopted a new stock repurchase program pursuant to which we can repurchase up to 250,000 shares of our common stock from time to time in open market or privately-negotiated transactions. This program has no expiration date but may be terminated by the Board of Directors at any time. As of December 31, 2020, there remained 202,018 shares available for repurchase under this program.

The stock performance graph set forth in our 2020 Annual Report to Stockholders is incorporated by reference herein and is included in Exhibit 13.1 to this Form 10-K. However, the stock performance graph is not to be deemed to be "soliciting material" or to be "filed" with the SEC or subject to the liabilities of Section 18 under the Securities Exchange Act of 1934. In addition, the stock performance graph shall not be deemed incorporated by reference by any statement that incorporates this Form 10-K by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that we specifically incorporate this information by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Overview

We develop and manufacture products primarily for medical applications. We market components to other equipment manufacturers for incorporation in their products and sell finished devices to physicians, hospitals, clinics and other treatment centers. Our medical products primarily serve the fluid delivery, cardiovascular and ophthalmology markets. Our other medical and non-medical products include valves and inflation devices used in marine and aviation safety products. In 2020, approximately 42 percent of our sales were outside the United States.

Our products are used in a wide variety of applications by numerous customers. We encounter competition in all of our markets and compete primarily on the basis of product quality, price, engineering, customer service and delivery time.

Our business strategy is to provide hospitals, physicians and other healthcare providers with the tools they need to improve the lives of the patients they serve. To do so, we provide a broad selection of products in the areas of our expertise. We have diverse product lines serving primarily the fluid delivery, cardiovascular and ophthalmic markets, and this diversity has served us well as we encounter changing market conditions. R&D efforts are focused on improving current products and developing highly-engineered products that meet customer needs and serve niche markets with meaningful sales potential. Proposed new products may be subject to regulatory clearance or approval prior to commercialization and the time period for introducing a new product to the marketplace can be unpredictable. We also focus on controlling costs by investing in modern manufacturing technologies and controlling purchasing processes. We have been successful in consistently generating cash from operations and have used that cash to reduce or eliminate indebtedness, to fund capital expenditures, to make investments, to repurchase stock and to pay dividends.

Our strategic objective is to further enhance our position in our served markets by:

- Focusing on customer needs;
- Expanding existing product lines and developing new products;
- Maintaining a culture of controlling cost; and
- Preserving and fostering a collaborative, entrepreneurial management structure.

For the year ended December 31, 2020, we reported revenues of $147.6 million, operating income of $35.7 million and net income of $32.1 million.

Results of Operations

Our net income was $32.1 million, or $17.49 per basic and $17.44 per diluted share, in 2020 compared to $36.8 million, or $19.82 per basic and $19.73 per diluted share in 2019. Revenues were $147.6 million in 2020 compared with $155.1 million in 2019.

Annual revenues by product lines were as follows (in thousands):

	2020	2019
Fluid Delivery	**$ 75,228**	$ 72,117
Cardiovascular	**48,524**	54,799
Ophthalmology	**4,700**	7,124
Other	**19,139**	21,026
Total	**$ 147,591**	$ 155,066

Consolidated revenues of $147.6 million in 2020 were 5 percent lower than revenues in 2019. The decrease was primarily related to lower volumes in 2020. Healthcare facilities prepared for the COVID-19 pandemic surge and postponed selective surgeries that impacted our products. We anticipate sales will increase in 2021 assuming the pandemic eases and at least the level of elective surgeries performed in the first month of 2021 is maintained. Our cost of goods sold was $81.4 million in 2020 compared with $84.4 million in 2019. Decreased sales volumes and favorable product sales mix partially offset by increased manufacturing overhead expenses were the primary contributors to the decrease in cost of goods sold in 2020 compared to 2019.

Gross profit in 2020 was $66.2 million compared with $70.7 million in 2019. Our gross profit was 45 percent of revenues in 2020 compared with 46 percent of revenues in 2019. The decrease in gross profit percentage in 2020 from 2019 was primarily related to an increase in manufacturing overhead expenses coupled with lower sales volumes, partially offset by a favorable sales mix.

Operating expenses were $30.5 million in 2020 and $30.2 million in 2019. R&D expenses increased $607,000 in 2020 as compared with 2019. Outside services for testing and compensation expense were the main contributors to this increase. R&D expenses consist primarily of salaries and other related expenses of our R&D personnel as well as costs associated with regulatory matters. In 2020, selling expenses decreased $1,293,000 compared with 2019 primarily as a result of travel restrictions and cancelled events and outside services related to the COVID-19 pandemic. Selling expenses consist primarily of salaries, commissions and other related expenses for sales and marketing personnel, marketing, advertising and promotional expenses. General and Administrative, or G&A, expenses increased $1,022,000 in 2020 as compared to 2019 primarily as a result of increased salaries and higher computer hardware and software costs. G&A expenses consist primarily of salaries and other related expenses of administrative, executive and financial personnel and outside professional fees.

Our operating income for 2020 was $35.7 million compared with $40.5 million in 2019. Operating income was 24 percent of revenues in 2020 and 26 percent of revenues in 2019. A decrease in 2020 gross profit primarily attributed to a decrease in sales and increased manufacturing overhead costs adversely affected operating income for 2020 as compared to the previous year.

Interest and Dividend income for 2020 was $1.4 million compared with $2.5 million in 2019. The decline in interest and dividend income was largely due to lower interest rates in the 2020 period as compared to the 2019 period.

Other Investment Income was $1.4 million in 2020 compared to $0.2 million in 2019. The improvement from 2019 to 2020 was primarily related to unrealized gains on equity investments as a result of an increase in the market value on the investments.

Income tax expense in 2020 totaled $6.35 million compared with $6.4 million in 2019. The effective tax rates were 16.5 percent in 2020 and 14.8 percent in 2019. The higher effective tax rate in 2020 was primarily related to decreased tax benefits booked for sales outside the United States under the FDII deduction and from lower stock compensation deductions. We expect our effective tax rate for 2021 to be approximately 18.0 percent.

For information on the Company's results of operations for the fiscal year ended December 31, 2018 and a comparison of that information to that for the year ended December 31, 2019, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2019, which was filed with the U.S. Securities and Exchange Commission on February 26, 2020.

Liquidity and Capital Resources

As of December 31, 2020, we had a $75.0 million revolving credit facility with a money-center bank pursuant to which the lender is obligated to make advances until February 28, 2022. On February 12, 2021 this credit facility was amended to, among other things, extend the date for advances to February 28, 2024. The credit facility is secured by substantially all of our inventories, equipment and accounts receivable. Interest under the credit facility is assessed at 30-day, 60-day or 90-day LIBOR, as selected by us, plus 0.875 percent (1.035 percent at December 31, 2020) and is payable monthly. We had no outstanding borrowings under the credit facility at December 31, 2020 or December 31, 2019. Our ability to borrow funds under the credit facility from time to time is contingent on meeting certain covenants in the loan agreement, the most restrictive of which is the ratio of total debt to earnings before interest, income tax, depreciation and amortization. At December 31, 2020, we were in compliance with all of these covenants.

At December 31, 2020, we had a total of $87.9 million in cash and cash equivalents, short-term investments and long-term investments, a decrease of $12.7 million from December 31, 2019. The principal contributor to this decrease was purchases of our stock in the open market totaling $18.8 million in 2020.

Cash flows provided by operations of $39.2 million in 2020 were primarily comprised of net income plus the net effect of non-cash expenses. At December 31, 2020, we had working capital of $98.7 million, including $22.5 million in cash and cash equivalents and $19.3 million in short-term investments. The $22.4 million decrease in working capital during 2020 was primarily related to a decrease in cash and cash equivalents partially offset by an increase in inventory. The increase in inventories was primarily related to inventory build for a new product launch. Working capital items consisted primarily of cash, accounts receivable, short-term investments, inventories and other current assets minus accounts payable and other current liabilities.

Capital expenditures for property, plant and equipment totaled $21.9 million in 2020, compared with $20.4 million in 2019. These expenditures were primarily for machinery and equipment. Purchases of investments totaled $45.8 million in 2020, compared to $83.7 million in 2019. Proceeds from maturities of investments totaled $35.9 million in 2020 and $59.3 million in 2019. We expect 2021 capital expenditures for machinery and equipment to be consistent with total average capital expenditure amounts expended during each of the past two years. In addition, we expect to commence an expansion of one of our facilities in 2021 that is expected to cost $23.0 million over a 15-month period.

We paid cash dividends totaling $12.1 million and $10.8 million during 2020 and 2019, respectively. We expect to fund future dividend payments with cash flows from operations. Treasury stock totaling $18.8 million was purchased during 2020. No treasury stock was purchased in 2019.

Our current contractual obligations are normal due to our line of business and mainly consist of purchase orders for raw materials. These obligations will be funded through funds generated through operations and require no additional funding. We have initiated plans to expand one of our facilities. The expansion will require funds in an amount estimated at $23.0 million. We believe this expansion is required to support our anticipated increases in capacity in the coming years. We believe our cash, cash equivalents, short-term investments and long-term investments, cash flows from operations and available borrowings of up to $75.0 million under our credit facility will be sufficient to fund our cash requirements for at least the foreseeable future. We believe our strong financial position would allow us to access equity or debt financing should that be necessary.

The table below summarizes debt, lease and other contractual obligations outstanding at December 31, 2020:

Contractual Obligations	Payments due by period				
	Total	2021	2022 - 2023	2024-2025	2026 and thereafter
				(in thousands)	
Lease Obligations	$ 251	$ 251	$ -	$ -	$ -
Purchase Obligations	$ 23,841	$ 23,501	$ 340	$ -	$ -
Total	$ 24,092	$ 23,752	$ 340	$ -	$ -

COVID-19 Impact

The COVID-19 pandemic has resulted in travel and other restrictions to reduce the spread of the disease, including governmental orders across the globe, which, among other things, direct individuals to shelter at their places of residence, direct businesses and governmental agencies to cease non-essential operations at physical locations, prohibit certain non-essential gatherings, maintain social distancing, and order cessation of non-essential travel. As a result of these developments, we have implemented work-from-home policies for certain of our employees. In addition, many of our customers implemented and are continuing similar measures in their facilities, which have delayed, and may continue to delay, the timing of some orders and deliveries. The effects of shelter-in-place and social distancing orders, government-imposed quarantines, and work-from-home policies may further negatively impact productivity, disrupt our business, and delay our development timelines beyond the delays we have already experienced and disclosed, the magnitude of which will depend, in part, on the length and severity of the restrictions and other limitations on our ability to conduct our business in the ordinary course. Such restrictions and limitations may also further negatively impact our access to regulatory authorities (which are affected, among other things, by applicable travel restrictions and may be delayed in responding to inquiries, reviewing filings, and conducting inspections); our ability to perform regularly scheduled quality checks and maintenance; and our ability to obtain services from third-party specialty vendors and other providers or to access their expertise as fully and timely as needed. The COVID-19 pandemic may also result in the loss of some of our key personnel, either temporarily or permanently. In addition, our sales and marketing efforts have been negatively impacted and may be further negatively impacted by postponement or cancellation of face-to-face meetings and restrictions on access by non-essential personnel to hospitals or clinics to the extent such measures slow down adoption or further commercialization of our marketed products. The demand for our products may also be adversely impacted by the restrictions and limitations adopted in response to the COVID-19 pandemic, particularly to the extent they affect the patients' ability or willingness to undergo elective surgeries. As a result, some of our inventory may become obsolete and may need to be written off, impacting our operating results. These and similar, and perhaps more severe, disruptions in our operations may materially adversely impact our business, operating results, and financial condition.

The global COVID-19 pandemic continues to rapidly evolve. The ultimate impact of this pandemic is highly uncertain and subject to change. We do not yet know the full extent of potential delays or impacts on our business, healthcare systems, or the global economy as a whole. These effects could have a material impact on our operations.

Off-Balance Sheet Arrangements

We have no off-balance sheet financing arrangements.

Impact of Inflation

We experience the effects of inflation primarily in the prices we pay for labor, materials and services. Over the last three years, we have experienced the effects of moderate inflation in these costs. At times, we have been able to offset a portion of these increased costs by increasing the sales prices of our products. However, competitive pressures have not allowed for full recovery of these cost increases.

New Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which amends the impairment model by requiring entities to use a forward-looking approach based on expected losses rather than incurred losses to estimate credit losses on certain types of financial instruments, including trade receivables. The ASU introduced a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU.

The CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses for loans, held-to-maturity securities and trade and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in prior GAAP, which generally require that a loss be incurred before it is recognized.

On January 1, 2020, we adopted the guidance prospectively with a cumulative adjustment to retained earnings. Atrion has not restated comparative information for 2019 and, therefore, the comparative information for 2019 is reported under the old model and is not comparable to the information presented for 2020.

At adoption, we recognized an incremental allowance for credit losses on our allowance for credit losses related to our held-to-maturity debt securities of approximately $42,000 and our trade accounts receivable of approximately $4,000. Additionally, we recorded an approximately $36,000 decrease in retained earnings associated with the increased estimated credit losses on our trade accounts receivable and investments. The impact on our operating results for 2020 from our adoption of this pronouncement was not material.

From time to time new accounting pronouncements applicable to us are issued by the FASB, or other standards setting bodies, which we will adopt as of the specified effective date. Unless otherwise discussed, we believe the impact of recently issued standards that are not yet effective will not have a material impact on our consolidated financial statements upon adoption.

Significant Accounting Policies

The discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. In the preparation of these financial statements, we make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. We believe the following discussion addresses our most significant accounting policies and estimates, which are those that are most important to the portrayal of our financial condition and results and require management's most difficult, subjective and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Actual results could differ significantly from those estimates under different assumptions and conditions.

From time to time we accrue legal costs associated with certain litigation. In making determinations of likely outcomes of litigation matters, we consider the evaluation of legal counsel knowledgeable about each matter, case law and other case-specific issues. We believe these accruals are adequate to cover the legal fees and expenses associated with litigating these matters. However, the time and cost required to litigate these matters as well as the outcomes of the proceedings may vary significantly from what we have projected.

We maintain an allowance for doubtful accounts to reflect estimated losses resulting from the failure of customers to make required payments. On an ongoing basis, the collectability of accounts receivable is assessed based upon historical collection trends, current economic factors and the assessment of the collectability of specific accounts. We evaluate the collectability of specific accounts and determine when to grant credit to our customers using a combination of factors, including the age of the outstanding balances, evaluation of customers' current and past financial condition, recent payment history, current economic environment, and discussions with our personnel and with the customers directly. Accounts are written off when we determine the receivable will not be collected. If circumstances change, our estimates of the collectability of amounts could be changed by a material amount.

We are required to estimate our provision for income taxes and uncertain tax positions in each of the jurisdictions in which we operate. This process involves estimating our actual current tax exposure, including assessing the risks associated with tax audits, together with assessing temporary differences resulting from the different treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included within the balance sheet. We assess the likelihood that our deferred tax assets will be recovered from future taxable income and, to the extent we believe that recovery is more likely than not, do not establish a valuation allowance. In the event that actual results differ from these estimates, the provision for income taxes could be materially impacted.

We assess the impairment of our long-lived identifiable assets, excluding goodwill which is tested for impairment as explained below, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. This review is based upon projections of anticipated future cash flows. Although we believe that our estimates of future cash flows are reasonable, different assumptions regarding such cash flows or changes in our business plan could materially affect our evaluations. No such changes are anticipated at this time.

We assess goodwill for impairment pursuant to Accounting Standards Codification, or ASC 350, *Intangibles—Goodwill and Other*, which requires that goodwill be assessed on an annual basis, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable, by applying a qualitative assessment on goodwill impairment to determine whether it is necessary to perform the two-step goodwill impairment test.

We assess the total carrying value for each of our investments on a quarterly basis for changes in circumstances or the occurrence of events that suggest our investment may not be recoverable. If an investment is considered impaired, we must determine whether the impairment is other than temporary. If it is determined to be other than temporary, the impairment must be recognized in our financial statements.

Inventories are stated at the lower of cost (first-in, first-out method) or net realizable value. Inventories are carried as standard cost, which approximates actual cost, and includes material, labor and allocated overhead. Standard costs are reviewed at least quarterly by management, or more often in the event circumstances indicate a change in cost has occurred. Adjustments to the cost basis of our inventory are made for excess and obsolete items based on usage, orders and technological obsolescence.

During 2020, 2019 and 2018, none of our significant accounting estimates required material adjustments. We did not note any material events or changes in circumstances indicating that the carrying value of long-lived assets were not recoverable.

Quantitative and Qualitative Disclosures About Market Risks

Foreign Exchange Risk

We are not exposed to material fluctuations in currency exchange rates that would result in realized gains or losses being reflected in the consolidated statements of income because the payments from our international customers are received primarily in United States dollars.

However, fluctuations in exchange rates may affect the prices that our international customers are willing to pay and may put us at a price disadvantage compared to other competitors. Increases in the value of the United States dollar relative to foreign currencies could make our products less competitive or less affordable and therefore adversely affect our sales in international markets.

Market Risk and Credit Risk

Our cash deposits are held in accounts with financial institutions that we believe are creditworthy. Certain of these accounts at times may exceed federally-insured limits. We have not experienced any credit losses in such accounts and do not believe we are exposed to any significant credit risk on these funds.

We have investments in money market funds, bonds and commercial paper. As a result, we are exposed to potential loss from market risks that may occur as a result of changes in interest rates, changes in credit quality of the issuer and otherwise. These securities have a higher degree of, and a greater exposure to, credit or default risk and may be less liquid in times of economic weakness or market disruptions as compared with cash deposits. We have also invested a portion of our available funds in equity securities and mutual funds. The value of these securities fluctuates due to changes in the equity and credit markets along with other factors. In times of economic weakness, the market value and liquidity of these assets may decline and may negatively impact our financial condition.

Forward-looking Statements

Statements in this Management's Discussion and Analysis and elsewhere in this Form 10-K that are forward looking are based upon current expectations, and actual results or future events may differ materially. Therefore, the inclusion of such forward-looking information should not be regarded as a representation by us that our objectives or plans will be achieved. Such statements include, but are not limited to, our R&D program in 2021, our effective tax rate for 2021, our 2021 capital expenditures, the expansion of one of our facilities, funding future dividend payments with cash flows from operations, availability of equity and debt financing, our ability to meet our cash requirements for the foreseeable future, the impact on our consolidated financial statement of recently issued accounting standards when we adopt those standards, and the effect that the COVID-19 pandemic may have on our business and operations, as well as those of many of our key customers, suppliers, and other counterparties. Words such as "expects," "believes," "anticipates," "intends," "should," "plans," and variations of such words and similar expressions are intended to identify such forward-looking statements. Forward-looking statements contained herein involve numerous risks and uncertainties, and there are a number of factors that could cause actual results or future events to differ materially, including, but not limited to, the following: the risk that the COVID-19 pandemic continues to lead to material delays and cancellations of, or reduced demand for, procedures in which our products are utilized; curtailed or delayed capital spending by hospitals and other healthcare providers; disruption to our supply chain; closures of our facilities; delays in training; delays in gathering clinical evidence; diversion of management and other resources to respond to the COVID-19 outbreak; the impact of global and regional economic and credit market conditions on healthcare spending; the risk that the COVID-19 virus continues to disrupt local economies and causes economies in our key markets to enter prolonged recessions; changing economic, market and business conditions; acts of war or terrorism; the effects of governmental regulation; the impact of competition and new technologies; slower-than-anticipated introduction of new products or implementation of marketing strategies; implementation of new manufacturing processes or implementation of new information systems; our ability to protect our intellectual property; changes in the prices of raw materials; changes in product mix; intellectual property and product liability claims and product recalls; the ability to attract and retain qualified personnel; and the loss of, or any material reduction in sales to any significant customers. In addition, assumptions relating to budgeting, marketing, product development and other management decisions are subjective in many respects and thus susceptible to interpretations and periodic review which may cause us to alter our marketing, capital expenditures or other budgets, which in turn may affect our results of operations and financial condition. The forward-looking statements in this Form 10-K are made as of the date hereof, and we do not undertake any obligation, and disclaim any duty, to supplement, update or revise such statements, whether as a result of subsequent events, changed expectations or otherwise, except as required by applicable law.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

See Management's Discussion and Analysis of Financial Condition and Results of Operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Atrion Corporation

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Atrion Corporation (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of income comprehensive income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and schedule included under Item 15(a) (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated February 26, 2021 expressed an unqualified opinion.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2002.

Dallas, Texas
February 26, 2021

ATRION CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
For the year ended December 31, 2020, 2019 and 2018

	2020	2019	2018
	(In thousands, except per share amounts)		
Revenues	**$ 147,591**	$ 155,066	$ 152,448
Cost of Goods Sold	**81,428**	84,378	80,670
Gross Profit	**66,163**	70,688	71,778
Operating Expenses:			
Selling	**7,520**	8,813	8,341
General and administrative	**17,330**	16,308	16,217
Research and development	**5,645**	5,038	5,513
Total operating expense	**30,495**	30,159	30,071
Operating Income	**35,668**	40,529	41,707
Interest and Dividend Income	**1,444**	2,487	1,667
Other Investment Income (Loss)	**1,355**	152	(1,380)
Other Income	**—**	—	42
Income before Provision for Income Taxes	**38,467**	43,168	42,036
Provision for Income Taxes	**(6,352)**	(6,407)	(7,781)
Net Income	**$ 32,115**	$ 36,761	$ 34,255
Net Income Per Basic Share	**$ 17.49**	$ 19.82	$ 18.49
Weighted Average Basic Shares Outstanding	**1,836**	1,855	1,853
Net Income Per Diluted Share	**$ 17.44**	$ 19.73	$ 18.44
Weighted Average Diluted Shares Outstanding	**1,841**	1,863	1,858
Dividends Per Common Share	**$ 6.60**	$ 5.80	$ 5.10

The accompanying notes are an integral part of these consolidated financial statements.

ATRION CORPORATION
CONSOLIDATED BALANCE SHEETS
As of December 31, 2020 and 2019

	2020	2019
	(In thousands)	
Assets:		
Current Assets:		
Cash and cash equivalents	**$ 22,450**	$ 45,048
Short-term investments	**19,258**	23,766
Accounts receivable, net of allowance for doubtful accounts of $41 and $36 in 2020 and 2019, respectively	**16,445**	18,886
Inventories	**50,298**	42,093
Prepaid expenses and other current assets	**3,868**	2,545
Total Current Assets	**112,319**	132,338
Long-term investments	**46,207**	31,772
Property, Plant and Equipment	**218,912**	200,990
Less: accumulated depreciation	**123,977**	116,384
Total Eqiupment	**94,935**	84,606
Other Assets and Deferred Charges:		
Patents and licenses, net of accumulated amortization of $12,419 and $12,301 in 2020 and 2019, respectively	**1,421**	1,539
Goodwill	**9,730**	9,730
Other	**2,278**	2,046
Total Non- Current Assets	**13,429**	13,315
Total Assets	**$ 266,890**	$ 262,031

The accompanying notes are an integral part of these consolidated financial statements.

	2020	2019
	(In thousands)	
Liabilities and Stockholders' Equity:		
Current Liabilities:		
Accounts payable	**$ 6,635**	$ 5,707
Accrued liabilities	**6,565**	5,148
Accrued income and other taxes	**436**	419
Total Current Liabilities	**13,636**	11,274
Line of credit	**—**	—
Other Liabilities and Deferred Credits:		
Deferred income taxes	**10,768**	8,496
Other	**2,044**	4,391
Other Liabilities	**12,812**	12,887
Total Liabilities	**26,448**	24,161
Commitments and Contingencies	**-**	-
Stockholders' Equity:		
Common stock, par value $0.10 per share, authorized 10,000 shares, issued 3,420 shares	**342**	342
Additional paid-in capital	**53,527**	52,043
Retained earnings	**337,700**	317,745
Treasury shares, 1,594 shares in 2020 and 1,565 shares in 2019, at cost	**(151,127)**	(132,260)
Total Stockholders' Equity	**240,442**	237,870
Total Liabilities and Stockholders' Equity	**$ 266,890**	$ 262,031

The accompanying notes are an integral part of these consolidated financial statements.

ATRION CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the year ended December 31, 2020, 2019 and 2018

	2020	2019	2018
		(In thousands)	
Cash Flows From Operating Activities:			
Net income	**$ 32,115**	$ 36,761	$ 34,255
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**11,652**	10,853	9,123
Deferred income taxes	**2,282**	1,809	(625)
Stock-based compensation	**1,731**	1,682	1,659
Net change in unrealized gains and losses on investments	**(1,093)**	(135)	1,399
Net change in accrued interest, premiums, and discounts on investments	**112**	(281)	47
Other	**21**	(6)	(18)
Adjustments to reconcile net income to net cash provided by operating activities	**46,820**	50,683	45,840
Changes in operating assets and liabilities:			
Accounts receivable	**2,438**	(1,872)	62
Inventories	**(8,205)**	(8,521)	(4,218)
Prepaid expenses and other current assets	**(1,323)**	697	(43)
Other non-current assets	**(275)**	(425)	(87)
Accounts payable and accrued liabilities	**2,095**	1,254	725
Accrued income and other taxes	**17**	(200)	(127)
Other non-current liabilities	**(2,347)**	849	1,084
Net cash provided by used in operating activities	**38,970**	42,465	43,236
Cash Flows From Investing Activities:			
Property, plant and equipment additions	**(21,886)**	(20,446)	(17,507)
Purchase of investments	**(45,768)**	(83,721)	(28,472)
Proceeds from sale of investments	**899**	-	-
Proceeds from maturities of investments	**35,923**	59,331	40,898
Net cash provided by used in investing activities	**(30,832)**	(44,836)	(5,081)
Cash Flows From Financing Activities:			
Shares tendered for employees' withholding taxes on stock-based compensation	**(55)**	(579)	(90)
Purchase of treasury stock	**(18,831)**	-	-
Dividends paid	**(12,100)**	(10,755)	(9,448)
Net cash provided by used in financing activities	**(30,986)**	(11,334)	(9,538)
Net change in cash and cash equivalents	**(22,598)**	(13,705)	28,617
Cash and cash equivalents, beginning of year	**45,048**	58,753	30,136
Cash and cash equivalents, end of year	**$ 22,450**	$ 45,048	$ 58,753
Cash paid for:			
Income taxes, net of refunds	**$ 5,565**	$ 4,178	$ 9,858

The accompanying notes are an integral part of these consolidated financial statements.

ATRION CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the year ended December 31, 2020, 2019 and 2018
(In thousands)

	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Shares Outstanding	Amount	Shares	Amount				
Balances, January 31, 2018	1,852	$ 342	1,568	$ (131,663)	$ 48,730	$ (1,215)	$ 268,194	$ 184,388
Net income							34,255	34,255
Reclass from adopting ASU 2016-01						1,215	(1,215)	-
Stock-based compensation transactions	1		(1)	26	1,661			1,687
Shares surrendered in stock transactions				(90)				(90)
Dividends							(9,473)	(9,473)
Balances, December 31, 2018	1,853	$ 342	1,567	$ (131,727)	$ 50,391	$ 0	$ 291,761	$ 210,767
Net income							36,761	36,761
Stock-based compensation transactions	3		(3)	46	1,652			1,698
Shares surrendered in stock transactions	(1)		1	(579)				(579)
Dividends							(10,777)	(10,777)
Balances, December 31, 2019	1,855	$ 342	1,565	$ (132,260)	$ 52,043	$ 0	$ 317,745	$ 237,870
Cumulative change in accounting principle							(36)	(36)
Adjusted Balance at January 1, 2020	1,855	$ 342	1,565	$ (132,260)	$ 52,043	$ 0	$ 317,709	$ 237,834
Net income							32,115	32,115
Stock-based compensation transactions				19	1,484			1,503
Shares surrendered in stock transactions				(55)				(55)
Purchase of treasury stock	(29)		29	(18,831)				(18,831)
Dividends							(12,124)	(12,124)
Balances, December 31, 2020	1,826	$ 342	1,594	$ (151,127)	$ 53,527	$ 0	$ 337,700	$ 240,442

The accompanying notes are an integral part of these consolidated financial statement.

Atrion Corporation
Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies

Atrion Corporation and its subsidiaries ("we," "our," "us," "Atrion" or the "Company") develop and manufacture products primarily for medical applications. We market our products throughout the United States and internationally. Our customers include physicians, hospitals, distributors and other manufacturers. Atrion Corporation's principal subsidiaries through which these operations are conducted are Atrion Medical Products, Inc., Halkey-Roberts Corporation and Quest Medical, Inc.

Principles of Consolidation
The consolidated financial statements include the accounts of Atrion Corporation and its subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. Certain prior-year balances have been reclassified in order to conform to the current year presentation.

Estimates
The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements and the reported amount of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash and Cash Equivalents and Investments
Cash and cash equivalents include cash on hand and cash deposits in the bank as well as money market funds and debt securities with maturities at the time of purchase of 90 days or less. Cash deposits in the bank include amounts in operating accounts, savings accounts and money market accounts.

Our investments consist of corporate and government bonds, commercial paper, mutual funds and equity securities. We classify our investment securities in one of three categories: held-to-maturity, available-for-sale, or trading. Securities that we have the positive intent and ability to hold to maturity are reported at amortized cost and classified as held-to-maturity securities.

We report our available-for-sale and trading securities at fair value with changes in fair value recognized in other investment income (loss) in the Consolidated Statement of Income. Prior to our adoption of ASU 2016-01, *Financial Instruments-Overall, Subtopic 825-10: Recognition and Measurement of Financial Assets and Financial Liabilities (ASU 2016-01)* in January 2018, unrealized gains and losses for our available-for-sale securities were reported in stockholders' equity as accumulated other comprehensive income.

We consider as current assets those investments which will mature in the next 12 months including interest receivable on long-term bonds. The remaining investments are considered non-current assets including our investment in equity securities which we intend to hold longer than 12 months. We periodically evaluate our investments for impairment.

Atrion Corporation
Notes to Consolidated Financial Statements – (continued)

The components of the Company's cash and cash equivalents and our short and long-term investments as of December 31, 2020 and 2019 are as follows (in thousands):

	December 31, 2020	December 31, 2019
Cash and cash equivalents:		
Cash deposits	**$ 16,628**	$ 38,942
Money market funds	**4,822**	3,460
Commercial paper	**1,000**	2,646
Total cash and cash equivalents	**$ 22,450**	$ 45,048
Short-term investments:		
Commercial paper (held-to-maturity)	**$ 5,178**	$ 6,778
Bonds (held-to-maturity)	**14,101**	16,988
Allowance for credit losses	**(21)**	-
Total short-term investments	**$ 19,258**	$ 23,766
Long-term investments:		
Mutual funds (available for sale)	**$ 563**	$ 1,105
Bonds (held-to-maturity)	**41,619**	27,845
Allowance for credit losses	**(52)**	-
Equity securities (available for sale)	**4,077**	2,822
Total long-term investments	**$ 46,207**	$ 31,772
Total cash, cash equivalents and short and long-term investments	**$ 87,915**	$ 100,586

Account Receivables
Accounts receivable are recorded at the original sales price to the customer. We maintain an allowance for doubtful accounts to reflect estimated losses resulting from the failure of customers to make required payments. The allowance for doubtful accounts is updated periodically to reflect our estimate of collectability. Accounts are written off when we determine the receivable will not be collected.

Inventories
Inventories are stated at the lower of cost (including materials, direct labor and applicable overhead) or net realizable value. Cost is determined by using the first-in, first-out method. The following table details the major components of inventory (in thousands):

	December 31,	
	2020	2019
Raw materials	**$ 20,308**	$ 18,157
Work in process	**11,339**	8,525
Finished goods	**18,651**	15,411
Total inventories	**$ 50,298**	$ 42,093

Atrion Corporation
Notes to Consolidated Financial Statements – (continued)

Accounts Payable
We reflect disbursements as trade accounts payable until such time as payments are presented to our bank for payment. At December 31, 2020 and 2019, disbursements totaling approximately $1,434,000 and $1,236,000, respectively, had not been presented for payment to our bank.

Income Taxes
We account for income taxes utilizing Accounting Standards Codification (ASC 740), *Income Taxes*, or ASC 740. ASC 740 requires the asset and liability method for the recording of deferred income taxes, whereby deferred tax assets and liabilities are recognized based on the tax effects of temporary differences between the financial statement and the tax basis of assets and liabilities, as measured at current enacted tax rates. When appropriate, we evaluate the need for a valuation allowance to reduce deferred tax assets.

ASC 740 also requires the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement attributes of income tax positions taken or expected to be taken on a tax return. Under ASC 740, the impact of an uncertain tax position taken or expected to be taken on an income tax return must be recognized in the financial statements at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized in the financial statements unless it is more-likely-than-not of being sustained.

Our uncertain tax positions are recorded within "Other non-current liabilities" in the accompanying consolidated balance sheets. We classify interest expense on underpayments of income taxes and accrued penalties related to unrecognized tax benefits in the income tax provision.

We account for excess tax benefits ("windfalls") and deficiencies ("shortfalls") related to employee stock compensation as required by ASU 2016-09, *Stock Compensation: Improvements to Employee Share-Based Payment Accounting* (ASU 2016-09), within income tax expense. An excess tax benefit is the realized tax benefit related to the amount of deductible compensation cost reported on an employer's tax return for equity instruments in excess of the compensation cost for those instruments recognized for financial reporting purposes.

During the years ended December 31, 2020 and 2019, we made quarterly payments in excess of federal and state income taxes due of approximately $1,525,000 and $4,000, respectively. These amounts were recorded in prepaid expenses and other current assets on our consolidated balance sheets.

Property, Plant and Equipment
Property, plant and equipment is stated at cost and depreciated using the straight-line method over the estimated useful lives of the related assets. Additions and improvements are capitalized, including all material, labor and engineering costs to design, install or improve the asset. Expenditures for repairs and maintenance are charged to expense as incurred. The following table represents a summary of property, plant and equipment at original cost (in thousands):

	December 31,		Useful
	2020	2019	**Lives**
Land	**$ 5,511**	$ 5,511	—
Buildings	**35,114**	34,582	30-40 yrs.
Machinery and equipment	**178,287**	160,897	3-15 yrs.
Total property, plant and equipment	**$ 218,912**	$ 200,990	

Atrion Corporation
Notes to Consolidated Financial Statements – (continued)

Depreciation expense of $11,533,000, $10,733,000 and $9,003,000 was recorded for the years ended December 31, 2020, 2019 and 2018, respectively. Depreciation expense is recorded in either cost of goods sold or operating expenses based on the associated assets' usage.

Patents and Licenses
Costs for patents and licenses acquired are determined at acquisition date. Patents and licenses are amortized over the useful lives of the individual patents and licenses, which are from seven to 20 years. Patents and licenses are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

Goodwill
Goodwill represents the excess of cost over the fair value of tangible and identifiable intangible net assets acquired. Annual impairment testing for goodwill is performed in the fourth quarter of each year using a qualitative assessment on goodwill impairment to determine whether it is more likely than not that the carrying value of our reporting units exceeds their fair value. If necessary, a two-step goodwill impairment analysis is performed. Goodwill is also reviewed whenever events or changes in circumstances indicate a change in value may have occurred. We have identified three reporting units where goodwill was recorded for purposes of testing goodwill impairment annually: (1) Atrion Medical Products, Inc., (2) Halkey-Roberts Corporation and (3) Quest Medical, Inc. The total carrying amount of goodwill in each of the years ended December 31, 2020 and 2019 was $9,730,000. Our evaluation of goodwill during each year resulted in no impairment losses.

Current Accrued Liabilities
The items comprising current accrued liabilities are as follows (in thousands):

	December 31,	
	2020	2019
Accrued payroll and related expenses	**$ 5,656**	$ 4,233
Accrued vacation	**276**	311
Other accrued liabilities	**633**	604
Total accrued liabilities	**$ 6,565**	$ 5,148

Revenues
We recognize revenue when obligations under the terms of a contract with our customer are satisfied. This occurs with the transfer of control of our products to customers when products are shipped. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring products or services. Sales and other taxes we may collect concurrent with revenue-producing activities are excluded from revenue.

We believe that our medical device business will benefit in the long term from an aging world population along with an increase in life expectancy. In the near term however, demand for our products fluctuates based on our customers' requirements which are driven in large part by their customers' or patients' needs for medical care which does not always follow broad economic trends. This affects the nature, amount, timing and uncertainty of our revenue. Also, changes in the value of the United States dollar relative to foreign currencies could make our products more or less affordable and therefore affect our sales in international markets.

Atrion Corporation
Notes to Consolidated Financial Statements – (continued)

A summary of revenues by geographic area, based on shipping destination, for 2020, 2019 and 2018 is as follows (in thousands):

	Year ended December 31,		
	2020	2019	2018
United States	**$ 85,682**	$ 98,496	$ 95,757
Germany	**9,712**	7,996	8,898
Other countries less than 5% of revenues	**52,197**	48,574	47,793
Total	**$ 147,591**	$ 155,066	$ 152,448

A summary of revenues by product line for 2020, 2019 and 2018 is as follows (in thousands):

`

	Year ended December 31,		
	2020	2019	2018
Fluid Delivery	**$ 75,228**	$ 72,117	$ 70,606
Cardiovascular	**48,524**	54,799	50,904
Ophthalmology	**4,700**	7,124	10,473
Other	**19,139**	21,026	20,465
Total	**$ 147,591**	$ 155,066	$ 152,448

More than 99 percent of our total revenue in the periods presented herein is pursuant to shipments initiated by a purchase order. Under the guidance from Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), the purchase order is the contract with the customer. As a result, the vast majority of our revenue is recognized at a single point in time when the performance obligation of the product being shipped is satisfied, rather than recognized over time, and presented as a receivable on the consolidated balance sheets.

Our payment terms vary by the type and location of our customers and the products or services offered. The term between invoicing and when payment is due is 30 days in most cases. For certain products or services and customer types, we require payment before the products or services are delivered to the customer.

We evaluate the collectability of specific accounts and determine when to grant credit to our customers using a combination of factors, including the age of the outstanding balances, evaluation of customers' current and past financial condition, recent payment history, current economic environment, and discussions with our personnel and with the customers directly. We apply these same factors and more when evaluating certain aged receivables for collectability issues and to determine changes necessary to our allowance for doubtful accounts. If circumstances change, our estimates of the collectability of amounts could be changed by a material amount.

We have elected to recognize the cost for shipping as an expense in cost of sales when control over the product has transferred to the customer. Shipping and handling fees charged to customers are reported as revenue.

We do not make any material accruals for product returns and warranty obligations. Our manufactured products come with a standard warranty to be free from defect and, in the event of a defect, may be returned by the customer within a reasonable period of time. Historically, our returns have been unpredictable but very low due to our focus on quality control. A one-year warranty is provided with certain equipment sales but warranty claims and our accruals for these obligations have been minimal.

Atrion Corporation
Notes to Consolidated Financial Statements – (continued)

We expense sales commissions when incurred because the amortization period would be one year or less. These costs are recorded within selling expense.

Atrion has contracts in place with customers for equipment leases, equipment financing, and equipment and other services. These contracts represent less than four percent of our total revenue in all periods presented herein. A portion of these contracts contain multiple performance obligations including embedded leases. For such arrangements, we historically allocated revenue to each performance obligation which is capable of being distinct and accounted for as a separate performance obligation based on relative standalone selling prices. We generally determine standalone selling prices based on observable inputs, primarily the prices charged to customers.

Beginning July 1, 2018, for agreements with an embedded lease component, we adopted the practical expedient in ASU 2018-11 *Leases: Targeted Improvements* (ASU 2018-11) that allows us to treat these agreements as a single performance obligation and recognize revenue under ASC 606 rather than under the lease accounting guidelines, since the predominant component of revenue is the non-lease component.

Our fixed monthly equipment rentals to customers are accounted for as operating leases under ASU 2016-02, *Leases* (ASC 842). Fixed monthly rentals provide for a flat rental fee each month.

A limited number of our contracts have variable consideration including tiered pricing and rebates which we monitor closely for potential constraints on revenue. For these contracts we estimate our position quarterly using the most-likely-outcome method, including customer-provided forecasts and historical buying patterns, and we accrue for any asset or liability these arrangements may create. The effect of accruals for variable consideration on our consolidated financial statements is immaterial.

We do not disclose the value of unsatisfied performance obligations for contracts for which we recognize revenue at the amount which we have the right to invoice. We believe that the complexity added to our disclosures by the inclusion of a large amount of insignificant detail in attempting to disclose information under ASC 606 about immaterial contracts would potentially obscure more useful and important information.

Leases to Customers
The lease assets from our sales type leases are recorded in our accounts receivable in the accompanying consolidated balance sheets, and as of December 31, 2020 and 2019 the balance totaled $315,000 and $398,000 respectively.

Our equipment treated as leases to customers under ASC 842 is included in our Property, Plant and Equipment on our consolidated balance sheets. After our adoption of ASU 2018-11, the cost of the assets and associated depreciation that remain under lease agreements is immaterial. Due to the immaterial amount of revenue from our lessor activity, all other lessor disclosures under ASC 842 have been omitted.

Leased Property and Equipment
As a lessee, we have three leases in total for equipment and facilities used internally, which we account for as operating leases. At December 31, 2020, our right-of-use asset balance was $295,000 and our lease liability at December 31, 2020 for these leases was $272,000. The monthly expense of $27,000 for these operating leases, which are our only lessee arrangements, is immaterial and therefore all other lessee disclosures under ASC 842 have been omitted.

Research and Development Costs
Research and Development, or R&D, costs relating to the development of new products and improvements of existing products are expensed as incurred.

Atrion Corporation
Notes to Consolidated Financial Statements – (continued)

Stock-Based Compensation
We have a stock-based compensation plan covering certain of our officers, directors and key employees. As explained in detail in Note 8, we account for stock-based compensation utilizing the fair value recognition provisions of ASC 718, *Compensation-Stock Compensation,* or ASC 718.

Liability-classified awards.
The Company classifies certain awards that can or will be settled in cash as liability awards. The fair value of a liability-classified award is determined on a quarterly basis beginning at the grant date until final vesting. Changes in the fair value of liability-classified awards are recorded to general and administrative expense over the vesting period of the award.

New Accounting Pronouncements
In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* which amends the impairment model by requiring entities to use a forward-looking approach based on expected losses rather than incurred losses to estimate credit losses on certain types of financial instruments, including trade receivables. The ASU introduced a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU.

The CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses for loans, held-to-maturity securities and trade and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized.

On January 1, 2020, we adopted the guidance prospectively with a cumulative adjustment to retained earnings. Atrion has not restated comparative information for 2019 and, therefore, the comparative information for 2019 is reported under the old model and is not comparable to the information presented for 2020.

At adoption, we recognized an incremental allowance for credit losses on our allowance for credit losses related to our held-to-maturity debt securities of approximately $42,000 and our trade accounts receivable of approximately $4,000. Additionally, we recorded an approximately $36,000 decrease in retained earnings associated with the increased estimated credit losses on our trade accounts receivable and investments. The impact on our operating results for 2020 from our adoption of this pronouncement was not material.

From time to time new accounting pronouncements applicable to us are issued by the FASB, or other standards setting bodies, which we will adopt as of the specified effective date. Unless otherwise discussed, we believe the impact of recently issued standards that are not yet effective will not have a material impact on our consolidated financial statements upon adoption.

Fair Value Measurements
Accounting standards use a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value. These tiers are: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists therefore requiring an entity to develop its own assumptions.

Atrion Corporation
Notes to Consolidated Financial Statements – (continued)

As of December 31, 2020 and 2019, we held investments in commercial paper, bonds, money market funds, mutual funds and equity securities that are required to be measured for disclosure purposes at fair value on a recurring basis. The fair values of these investments and their tier levels are shown in Note 2 below.

Concentration of Credit Risk
Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents, investments and accounts receivable. We have investments in money market funds, bonds and commercial paper. As a result, we are exposed to potential loss from market risks that may occur as a result of changes in interest rates, changes in credit quality of the issuer and otherwise. These securities have a higher degree of, and a greater exposure to, credit or default risk and may be less liquid in times of economic weakness or market disruptions as compared with cash deposits.

For accounts receivable, we perform ongoing credit evaluations of our customers' financial condition and generally do not require collateral. We maintain reserves for possible credit losses. As of December 31, 2020 and 2019, we had allowances for doubtful accounts of approximately $41,000 and $36,000, respectively. The carrying amount of the receivables approximates their fair value. We had two customers which accounted for 12% each of our accounts receivable as of December 31, 2020 and one customer which accounted for 12% of our accounts receivable as of December 31, 2019.

(2) Investments

As of December 31, 2020 and 2019, we held investments in commercial paper, bonds, money market funds, mutual funds and equity securities that are required to be measured for disclosure purposes at fair value on a recurring basis. The commercial paper and bonds are considered held-to-maturity and are recorded at amortized cost in the accompanying consolidated balance sheets. The money market funds, equity securities and mutual funds are recorded at fair value in the accompanying consolidated balance sheets. These investments are considered Level 1 or Level 2 as detailed in the table below. We consider as current assets those investments which will mature in the next 12 months including interest receivable on the long-term bonds. The remaining investments are considered non-current assets including our investment in equity securities we intend to hold longer than 12 months. The fair values of these investments were estimated using recently executed transactions and market price quotations. The amortized cost and fair value of our investments, and the related gross unrealized gains and losses, were as follows as of the dates shown below (in thousands):

	Level	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
As of December 31, 2020:					
Money market funds	**1**	**4,822**	**$ —**	**$ —**	**$ 4,822**
Commercial paper	**2**	**6,178**	**$ —**	**$ —**	**$ 6,178**
Bonds	**2**	**55,720**	**$ 505**	**$ (44)**	**$ 56,181**
Mutual funds	**1**	**599**	**$ —**	**$ (36)**	**$ 563**
Equity investments	**2**	**5,675**	**$ —**	**$ (1,598)**	**$ 4,077**
As of December 31, 2019:					
Money market funds	1	3,460	$ —	$ —	$ 3,460
Commercial paper	2	9,424	$ 2	$ —	$ 9,426
Bonds	2	44,833	$ 138	$ (19)	$ 44,952
Mutual funds	1	1,052	$ 53	$ —	$ 1,105
Equity investments	2	5,675	$ —	$ (2,853)	$ 2,822

The above equity investments represent an investment in one company at December 31, 2020 and is classified as available for sale. The carrying value of our investments is reviewed quarterly for changes in circumstances or the occurrence of events that suggest an investment may not be recoverable. As of December 31, 2020 we had no bond investments in a loss position for more than 12 months.

At December 31, 2020, the length of time until maturity of the bonds we currently own ranged from one to 51 months and the length of time until maturity of the commercial paper ranged from one to nine months.

Topic 326 utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses for held-to-maturity securities at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. Our credit loss calculations for held-to-maturity securities are based upon historical default and recovery rates of bonds rated with the same rating as our portfolio. We also apply an adjustment factor to these credit loss calculations based upon our assessment of the expected impact from current economic conditions on our investments, including the impact of COVID-19. We monitor the credit quality of debt securities classified as held-to-maturity through the use of their respective credit ratings and update them on a quarterly basis with our latest assessment completed on December 31, 2020. During the year 2020, our allowance for credit losses related to short-term and long-term investments increased by $12,000 and $18,000, respectively.

The following table summarizes the amortized cost of our held-to-maturity bonds at December 31, 2020, aggregated by credit quality indicator (in thousands):

	Held-to-Maturity Bonds				
Credit Quality Indicators	**Asset Backed Bonds**	**Fed Govt. Bonds/Notes**	**Municipal Bonds**	**Corporate Bonds**	**Totals**
AAA/AA/A	$ 1,413	$ 3,222	$ 637	$ 32,126	$ 37,398
BBB/BB	-	-	-	18,322	18,322
TOTAL	$ 1,413	$ 3,222	$ 637	$ 50,448	$ 55,720

Atrion Corporation
Notes to Consolidated Financial Statements – (continued)

(3) Patents and Licenses

Purchased patents and licenses paid for the use of other entities' patents are amortized over the useful life of the patent or license. The following tables provide information regarding patents and licenses (dollars in thousands):

	December 31, 2020			December 31, 2019		
	Weighted Average Original Life (years)	Gross Carrying Amount	Accumulated Amortization	Weighted Average Original Life (years)	Gross Carrying Amount	Accumulated Amortization
	15.67	**$ 13,840**	**$ 12,419**	15.67	$ 13,840	$ 12,301

Aggregate amortization expense for patents and licenses was $119,000 for both 2020 and 2019. Estimated future amortization expense for each of the years set forth below ending December 31 is as follows (in thousands):

2021	$ 119
2022	$ 117
2023	$ 113
2024	$ 113
2025	$ 112

(4) Line of Credit

As of December 31, 2020 and 2019, we had a $75.0 million revolving credit facility with a money center bank pursuant to which the lender is obligated to make advances until February 28, 2022. On February 12, 2021 this credit facility was amended to, among other things, extend the date for advances to February 28, 2024. The credit facility is secured by substantially all our inventories, equipment and accounts receivable. Interest under the credit facility is assessed at 30-day, 60-day or 90-day LIBOR, as selected by us, plus 0.875 percent (1.035 percent at December 31, 2020) and is payable monthly. We had no outstanding borrowings under the credit facility at December 31, 2020 or December 31, 2019. Our ability to borrow funds under the credit facility from time to time is contingent on meeting certain covenants in the loan agreement, the most restrictive of which is the ratio of total debt to earnings before interest, income tax, depreciation and amortization. At December 31, 2020, we were in compliance with all of the covenants.

(5) Income Taxes

The items comprising Provision for Income Taxes are as follows (in thousands):

	Year ended December 31,		
	2020	2019	2018
Current — Federal	**$ 3,166**	$ 3,508	$ 6,405
— State	**904**	1,090	2,001
	4,070	4,598	8,406
Deferred — Federal	**2,111**	1,660	(626)
— State	**171**	**149**	**1**
	2,282	1,809	(625)
Provision for Income Taxes	**$ 6,352**	$ 6,407	$ 7,781

Temporary differences and carryforwards which have given rise to deferred tax liabilities as of December 31, 2020 and 2019 are as follows (in thousands):

Atrion Corporation
Notes to Consolidated Financial Statements – (continued)

	2020	2019
Deferred tax liabilities (assets):		
Property, plant and equipment	**$ 11,532**	$ 9,697
Patents and goodwill	**1,775**	1,756
Benefit plans	**(1,976)**	(2,131)
Inventories	**(420)**	(350)
Capital loss carryover	**(544)**	(556)
Other	**(179)**	(513)
	10,188	7,903
Plus: Valuation allowance	**580**	593
Total deferred tax liabilities	**$ 10,768**	$ 8,496

Total income tax expense differs from the amount that would be provided by applying the statutory federal income tax rate to pretax earnings as illustrated below (in thousands):

	Year ended December 31,		
	2020	2019	2018
Income tax expense at the statutory federal income tax rate	**$ 8,078**	$ 9,065	$ 8,828
Increase (decrease) resulting from:			
State income taxes	**838**	978	1,572
R&D tax credits	**(1,589)**	(1,470)	(1,212)
Foreign-derived intangible income deduction	**(1,051)**	(1,700)	(1,000)
Excess tax benefit from stock compensation	**(81)**	(412)	(95)
Change in valuation allowance	**(13)**	(16)	-
Uncertain tax positions	**(450)**	(42)	(373)
Other, net	**619**	4	61
Provision for Income Taxes	**$ 6,352**	$ 6,407	$ 7,781

At December 31, 2020, our deferred tax valuation allowance of $580,000 primarily related to a deferred tax asset for a remaining capital loss carryover deduction of $2.6 million which will expire in 2021 if not utilized.

Atrion Corporation
Notes to Consolidated Financial Statements – (continued)

A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits as required by ASC 740 is as follows (in thousands):

Gross unrecognized tax benefits at January 1, 2018	$	865
Increase in tax positions for prior years		25
Increase in tax positions for current years		—
Lapse in statutes of limitation		(397)
Gross unrecognized tax benefits at December 31, 2018	$	493
Increase in tax positions for prior years		19
Increase in tax positions for current year		—
Lapse in statutes of limitation		(62)
Gross unrecognized tax benefits at December 31, 2019	**$**	**450**
Increase in tax positions for prior years		**8**
Increase in tax positions for current year		**—**
Lapse in statutes of limitation		**(458)**
Gross unrecognized tax benefits at December 31, 2020	**$**	**—**

We are subject to United States federal income tax as well as to income tax of multiple state jurisdictions. We have concluded all United States federal income tax matters, as well as all material state and local income tax matters, for years through 2016.

We recognize interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The liability for unrecognized tax benefits included accrued interest of $20,000 and $19,000 at December 31, 2019 and 2018, respectively. Tax expense for the years ended December 31, 2020, 2019 and 2018 included a net interest benefit of $35,000, $16,000 and $18,000, respectively.

(6) Stockholders' Equity

Our Board of Directors has at various times authorized repurchases of our stock in open-market or privately-negotiated transactions at such times and at such prices as management may from time to time determine. On May 21, 2015 our Board of Directors adopted a stock repurchase program authorizing the repurchase of up to 250,000 shares of our common stock in open-market or privately-negotiated transactions. This program has no expiration date but may be terminated by the Board of Directors at any time. As of December 31, 2020, there remained 202,018 for repurchasing under this program. As of December 31, 2019, there remained 231,765 shares available for repurchase under this program. During 2020 we repurchased a total of 29,747 shares of our common stock in the open-market. There were no stock repurchases during 2019 or 2018.

We increased our quarterly cash dividend payments in September of each of the past three years. The quarterly dividend was increased to $1.35 per share in September 2018, to $1.55 per share in September 2019 and to $1.75 per share in September 2020. Holders of our stock units earned non-cash dividend equivalents of $24,000 in 2020, $22,000 in 2019 and $25,000 in 2018.

Atrion Corporation
Notes to Consolidated Financial Statements – (continued)

(7) Income Per Share

The following is the computation of basic and diluted income per share:

	Year ended December 31,		
	2020	2019	2018
	(In thousands, except per share amounts)		
Net Income	**$ 32,115**	$ 36,761	$ 34,255
Weighted average basic shares outstanding	**1,836**	1,855	1,853
Add: Effect of dilutive securities	**5**	8	5
Weighted average diluted shares outstanding	**1,841**	1,863	1,858
Net Income per share			
Basic	**$ 17.49**	$ 19.82	$ 18.49
Diluted	**$ 17.44**	$ 19.73	$ 18.44

As required by ASC 260, *Earnings per Share*, unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents are considered participating securities and, therefore, are included in the computation of basic income per share pursuant to the two-class method.

Incremental shares from stock options and restricted stock units were included in the calculation of weighted average diluted shares outstanding using the treasury stock method. Securities representing six, seven and 501 shares of common stock for the years ended December 31, 2020, 2019 and 2018, respectively, were excluded from the computation of weighted average diluted shares outstanding because their effect would have been anti-dilutive.

(8) Stock-based Compensation

At December 31, 2020, we had one stock-based compensation plan that is described below. We account for our plan under ASC 718, and the disclosures that follow are based on applying ASC 718.

Our Amended and Restated 2006 Equity Incentive Plan, or 2006 Plan, provides for awards to key employees, non-employee directors and consultants of incentive and nonqualified stock options, restricted stock, restricted stock units, deferred stock units, stock appreciation rights, performance shares and other stock-based awards. Under the 2006 Plan, 200,000 shares, in the aggregate, of common stock were reserved for awards. The purchase price of shares issued on the exercise of options were required to be at least equal to the fair market value of such shares on the date of grant. The options granted become exercisable and expire as determined by the Compensation Committee. As of December 31, 2020, no future stock-based awards were permitted under the 2006 Plan.

Atrion Corporation
Notes to Consolidated Financial Statements – (continued)

A summary of stock option transactions for the year ended December 31, 2020, is presented below:

Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Outstanding at December 31, 2019	20,000	$ 501.03	2.3 years
Granted	—	—	
Exercised	—	—	
Outstanding at December 31, 2020	20,000	$ 501.03	1.3 years
Exercisable at December 31, 2020	12,000	$ 501.03	1.3 years

All nonvested options outstanding at December 31, 2020 are expected to vest. None of our grants includes performance-based or market-based vesting conditions. We estimate the fair value of stock options granted using the Black-Scholes option-pricing formula and a single option award approach. Our Black-Scholes valuation uses a volatility factor based on our historical stock trading history, a risk-free interest rate based on the implied yield currently available on U.S. Treasury securities with an equivalent term, and a dividend yield based on our dividend history. Our expected life assumption represents the period that our stock-based awards are expected to be outstanding and was determined based on historical experience of similar awards, giving consideration to the contractual terms of the stock-based awards, vesting schedules and expectations of future employee behavior.

There were no options granted in 2020 and 2019.

The weighted average grant date fair value of the options granted in 2017 was $130.35. The total intrinsic value of options outstanding at December 31, 2020, was $2.8 million. The total intrinsic value of exercisable options at December 31, 2020, was $1.7 million.

There were no restricted stock grants during 2020 and 2019. During 2017, we granted two awards of restricted stock under the 2006 Plan. Under the terms of our restricted stock awards, the restrictions usually lapse over a five-year period. Both awards include restrictions on transfer for a two-year period following vesting. During the vesting period, holders of restricted stock have voting rights and earn dividends, but the shares may not be sold, assigned, transferred, pledged or otherwise encumbered. Nonvested shares are generally forfeited on termination of employment unless otherwise provided in the participant's employment agreement or the termination is in connection with a change in control. We calculated the weighted average fair value per share of the restricted stock awarded in 2017 using the market value of our common stock on the date of the grant with a discount for post-vesting restrictions of 11.2%. We estimated this discount using the Chaffe protective put method. A summary of changes in nonvested restricted stock for the year ended December 31, 2020, is presented below:

Nonvested Shares	Shares	Weighted Average Award Date Fair Value Per Share
Restricted stock at December 31, 2019	3,540	$ 445.47
Granted in 2020	—	—
Vested in 2020	(1,180)	$ 445.47
Restricted stock at December 31, 2020	2,360	$ 445.47

All shares of nonvested restricted stock outstanding at December 31, 2020 are expected to vest. The total fair value of restricted stock vested during 2020, 2019 and 2018 was $762,000, $994,000 and $699,000, respectively.

Atrion Corporation
Notes to Consolidated Financial Statements – (continued)

During 2020, restricted stock units were added to certain employee accounts under the 2006 Plan as dividend equivalents. All of our restricted stock units granted under the 2006 Plan are convertible to shares of stock on a one-for-one basis when the restrictions lapse, which is generally after a five-year period. Nonvested restricted stock units are generally forfeited on termination of employment unless the termination is in connection with a change in control. During the vesting period, holders of restricted stock units earn dividends in the form of additional units. During 2020, one non-employee director elected to receive stock units in lieu of a portion of his cash fees for his services as a member of the Board of Directors.

A summary of changes in stock units for the year ended December 31, 2020, is presented below:

Nonvested Stock Units	Restricted Stock Units	Weighted Average Award Date Fair Value Per Unit	Director's Stock Units	Weighted Average Award Date Fair Value Per Unit
Nonvested at December 31, 2019	3,601	$ 623.19	—	
Added	33	$ 635.04	16	$ 711.75
Forfeited	(40)	$ 766.48	—	
Vested	(479)	$ 388.02	(16)	$ 711.75
Nonvested at December 31, 2020	3,115	$ 657.70	—	

All nonvested restricted stock units set forth above at December 31, 2020 are expected to vest. The total intrinsic value of these outstanding stock units which were not convertible at December 31, 2020, including 503 stock units held for the accounts of non-employee directors, was $2,324,000. The total fair value of directors' stock units that vested during 2020, 2019 and 2018 was $11,000, $7,000 and $6,000, respectively.

In addition to the above, during 2020 we granted 3,865 restricted stock units to three employees outside of the 2006 Plan that will be settled in cash and are treated as liability-classified awards. The grant-date fair value per unit for these awards was $646.90. No grants of this type were made outside the 2006 Plan prior to 2020. These units will vest 20 percent each year over a five-year period beginning in 2021. Changes in the fair value of these awards are recorded to G&A expense over the vesting period of the award. The liability recorded for these units is adjusted to the current market value at the end of each reporting period. At December 31, 2020, none of these units had vested and our recorded liability for these units was $250,000. The intrinsic value of these units at December 31, 2020 was $2,496,000 including accrued amounts for dividend equivalents.

There were no stock awards to nonemployee directors under the 2006 Plan in 2020. The total value of stock awards to nonemployee directors awarded under the 2006 Plan was $240,000 in each of 2019 and 2018. These awards vested immediately at the time of the grants. Compensation related to stock awards, restricted stock and stock units that are treated as equity-classified awards is based on the fair market value of the stock on the date of the award. These fair values are then amortized on a straight-line basis over the requisite service periods of the entire awards, which is generally the vesting period. Compensation related to stock options is based on the fair value of stock options granted using the Black-Scholes option-pricing formula and a single option award approach.

For the years ended December 31, 2020, 2019 and 2018, we recorded stock-based compensation expense as a G&A expense in the amount of $1,731,000, $1,682,000 and $1,659,000, respectively, for all of the above-mentioned stock-based compensation arrangements. The total tax benefit recognized in the income statement from stock-based compensation arrangements for the years ended December 31, 2020, 2019 and 2018 was $444,000, $765,000 and $441,000, respectively. These amounts include excess tax benefits in each year.

Atrion Corporation
Notes to Consolidated Financial Statements – (continued)

Unrecognized compensation cost information for our various stock-based compensation awards is shown below as of December 31, 2020:

	Unrecognized Compensation Cost	Weighted Average Remaining Years in Amortization Period
Stock options	$ 682,000	1.3
Restricted stock	687,000	1.3
Restricted stock units	990,000	2.8
Restricted stock units (to be settled in cash)	2,246,000	4.5
Total	$ 4,605,000	

We have a policy of utilizing treasury shares to satisfy stock option exercises, stock unit conversions and restricted stock awards that are equity-classified awards.

(9) Industry Segment and Geographic Information

We operate in one reportable industry segment: developing and manufacturing products primarily for medical applications and have no foreign operating subsidiaries. We have other product lines which include pressure relief valves and inflation systems, which are sold primarily to the aviation and marine industries. Due to the similarities in product technologies and manufacturing processes, these products are managed as part of our medical products segment. Our revenues from sales to customers outside the United States totaled approximately 42 percent, 36 percent and 37 percent of our net revenues in 2020, 2019 and 2018, respectively. We have no assets located outside the United States.

(10) Employee Retirement and Benefit Plans

We sponsor a defined contribution 401(k) plan for all employees. Each participant may contribute certain amounts of eligible compensation. We make a matching contribution to the plan. Our contributions under this plan were $917,000, $845,000 and $752,000 in 2020, 2019 and 2018, respectively.

The Company has a Nonqualified Deferred Compensation Plan for certain key management or highly-compensated employees. The plan allows for the deferral of salary and bonus compensation until retirement or other specified payment events occur. Employees' deferred compensation amounts are deemed to be invested in certain investment funds, indexes or vehicles selected by our Compensation Committee and designated by each participant and their deferral balances are adjusted for earnings based upon the performance of these deemed investments. Our deferred compensation obligation under the plan was $1,544,000 and $3,266,000 at December 31, 2020 and 2019, respectively. These amounts are reflected in "Other Liabilities and Deferred Credits" in the accompanying consolidated balance sheets.

(11) Commitments and Contingencies

From time to time and in the ordinary course of business, we may be subject to various claims, charges and litigation. In some cases, the claimants may seek damages, as well as other relief, which, if granted, could require significant expenditures. We accrue the estimated costs of settlement or damages when a loss is deemed probable and such costs are estimable, and accrue for legal costs associated with a loss contingency when a loss is probable and such amounts are estimable. Otherwise, these costs are expensed as incurred. If the estimate of a probable loss or defense costs is a range and no amount within the range is more likely, we accrue the minimum amount of the range. As of December 31, 2020, we had no ongoing litigation or arbitration for such matters.

We had a dispute which was favorably settled in the third quarter of 2007. This settlement was amended in December 2008. The amended settlement agreement provides that we may receive annual payments from 2009 through 2024. We have not recorded $2.0 million in potential future payments under this settlement as of December 31, 2020 due to the uncertainty of payment.

We have arrangements with three of our executive officers pursuant to which the termination of their employment under certain circumstances would result in lump sum payments to them. Termination under such circumstances at December 31, 2020, could have resulted in payments aggregating $4.9 million.

At December 31, 2020, the Company had lease obligations totaling $272,000 with certain lessors for equipment and facilities for 2021.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of December 31, 2020. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, were effective as of December 31, 2020. There were no changes in our internal control over financial reporting for the fourth fiscal quarter ended December 31, 2020 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management, including our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended. Our internal control system is designed 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. All internal control systems, no matter how well designed, have inherent limitations. A system of internal control may become inadequate over time because of changes in conditions or deterioration in the degree of compliance with the policies or procedures. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2020 using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in the 2013 *Internal Control-Integrated Framework*. Based on this assessment, our management concluded that, as of December 31, 2020, our internal control over financial reporting was effective.

Grant Thornton LLP, an independent registered public accounting firm, has audited the consolidated financial statements included in this Report and, as part of its audit, has issued the following attestation report on the effectiveness of our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Atrion Corporation

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of Atrion Corporation (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2020, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of and for the year ended December 31, 2020, and our report dated February 26, 2021 expressed an unqualified opinion on those financial statements.

Basis for opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

Dallas, Texas
February 26, 2021

ITEM 9B. OTHER INFORMATION.

There was no information required to be disclosed in a report on Form 8-K during the three months ended December 31, 2020 that was not reported.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Certain information required by Part III is omitted from this Form 10-K and is incorporated herein by reference to our definitive proxy statement for our 2021 annual meeting of stockholders which we intend to file pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, within 120 days after December 31, 2020.

Directors

The information for this item relating to our directors is incorporated by reference from our definitive proxy statement to be filed in connection with our 2021 annual meeting of stockholders.

Executive Officers

The information required by this item relating to executive officers is set forth in Part I of this report.

The information required by Item 405 of Regulation S-K is incorporated by reference from our definitive proxy statement to be filed in connection with our 2021 annual meeting of stockholders.

We have adopted a Code of Business Conduct that applies to all of our directors, officers and employees. The Code of Business Conduct will be provided to any person, without charge, upon request addressed to: Corporate Secretary, Atrion Corporation, One Allentown Parkway, Allen, Texas 75002.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this item is incorporated by reference from our definitive proxy statement to be filed in connection with our 2021 annual meeting of stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information in the sections entitled "Securities Ownership" and "Equity Compensation Plan Information" in our definitive proxy statement to be filed in connection with our 2021 annual meeting of stockholders are incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required by this item is incorporated by reference from our definitive proxy statement to be filed in connection with our 2021 annual meeting of stockholders.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information required by this item is incorporated by reference from our definitive proxy statement to be filed in connection with our 2021 annual meeting of stockholders.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) The following documents are filed as a part of this report on Form 10-K:

1. Financial Statements of the Company:
   Report of Independent Registered Public Accounting Firm
   Consolidated Statements of Income
   Consolidated Balance Sheets
   Consolidated Statements of Cash Flows
   Consolidated Statement of Changes in Stockholders Equity

2. Financial Statement Schedules:

Schedule II – Consolidated Valuation and Qualifying Accounts

	December 31, (Thousands)			
	Balance at Beginning of Period	**Additions Charged to Expense**	**Deductions from Reserve**	**Ending Balance**
Allowance for Doubtful Receivables				
2020	**$ 36**	**$ 22**	**$ (17)**	**$ 41**
2019	$ 21	$ 22	$ (7)	$ 36
2018	$ 28	$ 30	$ (37)	$ 21
Deferred Income Tax Valuation Allowance				
2020	**$ 593**	**$ -**	**$ (13)**	**$ 580**
2019	$ 609	$ -	$ (16)	$ 593
2018	$ 609	$ -	$ -	$ 609

All other financial statement schedules have been omitted since the required information is included in the consolidated financial statements or the notes thereto or is not applicable or required.

3. Exhibits. Reference as made to Item 15(b) of this report on Form 10-K.

Exhibit Index

Exhibit Numbers	Description
3a	Certificate of Incorporation of Atrion Corporation, dated December 30, 1996 (1)
3b	Bylaws of Atrion Corporation (as last amended on March 13, 2018) (2)
4a	Description of Atrion Corporation's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 ±
10a*	Atrion Corporation Short-Term Incentive Compensation Plan (as last amended on March 12, 2018) (3)
10b*	Severance Plan for Chief Financial Officer (4)
10c*	Amended and Restated Employment Agreement for Chairman (5)
10d*	First Amendment to Amended and Restated Employment Agreement for Chairman (6)
10e*	Second Amendment to Amended and Restated Employment Agreement for Chairman (7)
10f*	Third Amendment to Amended and Restated Employment Agreement for Chairman (8)
10g*	Amended and Restated Atrion Corporation 2006 Equity Incentive Plan (as last amended on August 14, 2017) (9)
10h*	Form of Award Agreement for Incentive Stock Option Award under Amended and Restated Atrion Corporation 2006 Equity Incentive Plan (10)
10i*	Form of Award Agreement for Non-Qualified Stock Option Award under Amended and Restated Atrion Corporation 2006 Equity Incentive Plan (11)
10j*	Form of Award Agreement for Common Stock Award under Amended and Restated Atrion Corporation 2006 Equity Incentive Plan (12)
10k*	Form of Award Agreement for Restricted Stock Award under Amended and Restated Atrion Corporation 2006 Equity Incentive Plan (13)
10l*	Form of Award Agreement for Restricted Stock Units Award under Amended and Restated Atrion Corporation 2006 Equity Incentive Plan (14)
10m*	First Amended and Restated Restricted Stock Unit Award Agreement between the Company and Emile A Battat dated as of December 29, 2020 +
10n*	First Amended and Restated Restricted Stock Unit Award Agreement between the Company and David A. Battat dated as of December 29, 2020 +
10o*	First Amended and Restated Restricted Stock Unit Award Agreement between the Company and Jeffery Strickland dated as of December 29, 2020 +
10p*	Non-Employee Directors Stock Purchase Plan (as amended and restated as of December 2, 2008) (15)
10q*	Form of Stock Purchase Election Form – Non-Employee Directors Stock Purchase Plan (16)
10r*	Deferred Compensation Plan for Non-Employee Directors (as amended and restated as of December 2, 2008) (17)
10s*	Form of Deferred Fee Election Form – Deferred Compensation Plan for Non-Employee Directors (18)
10t*	Amended and Restated Change in Control Agreement for President and Chief Executive Officer (19)
10u*	Form of Indemnification Agreement for Directors and Executive Officers (20)
10v	Credit Agreement dated as of February 28, 2017 by and between Atrion Corporation, as Borrower, and Wells Fargo Bank, National Association, as Lender (21)
10w	Guaranty Agreement dated as of February 28, 2017 made by certain Subsidiaries of Atrion Corporation in favor of Wells Fargo Bank, National Association, as Lender (22)
10x	Collateral Agreement dated as of February 28, 2017 among Atrion Corporation, certain Subsidiaries of Atrion Corporation and Wells Fargo Bank, National Association, as lender. (23)
10y*	First Amendment to Credit Agreement by and between Atrion Corporation, as Borrower, and Wells Fargo Bank, National Association, as Lender, dated February 12, 2021+
10z	Nonqualified Deferred Compensation Plan (24)
13.1	Stock Performance Graph ±
21	Subsidiaries of Atrion Corporation as of December 31, 2020 ±
23	Consent of Grant Thornton LLP ±
31.1	Sarbanes-Oxley Act Section 302 Certification of Chief Executive Officer ±
31.2	Sarbanes-Oxley Act Section 302 Certification of Chief Financial Officer ±
32.1	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes – Oxley Act Of 2002 ±
32.2	Certification Pursuant to 18 U.S.C. Section 1350, 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 Extension Definition Linkbase Document
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document

Notes

(1) Incorporated by reference to Appendix B to the Definitive Proxy Statement of the Company filed January 10, 1997.
(2) Incorporated by reference to Exhibit 3.1 to the Form 8-K of Atrion Corporation filed March 19, 2018.
(3) Incorporated by reference to Exhibit 10.1 to Form 10-Q of Atrion Corporation filed May 9, 2018.
(4) Incorporated by reference to Exhibit 10b to Form 10-Q of Atrion Corporation filed May 12, 2000.
(5) Incorporated by reference to Exhibit 10.1 to Form 10-Q of Atrion Corporation filed November 6, 2006.
(6) Incorporated by reference to Exhibit 10.1 to Form 8-K of Atrion Corporation filed May 27, 2011.
(7) Incorporated by reference to Exhibit 10.1 to Form 8-K of Atrion Corporation filed May 25, 2016.
(8) Incorporated by reference to Exhibit 10.1 to Form 8-K of Atrion Corporation filed March 19, 2018.
(9) Incorporated by reference to Exhibit 10.2 to Form 10-Q of Atrion Corporation filed on November 8, 2017.
(10) Incorporated by reference to Exhibit 10.2 to Form 10-Q of Atrion Corporation filed August 4, 2011.
(11) Incorporated by reference to Exhibit 10.3 to Form 10-Q of Atrion Corporation filed August 4, 2011.
(12) Incorporated by reference to Exhibit 10.4 to Form 10-Q of Atrion Corporation filed August 4, 2011.
(13) Incorporated by reference to Exhibit 10.5 to Form 10-Q of Atrion Corporation filed August 4, 2011.
(14) Incorporated by reference to Exhibit 10.6 to Form 10-Q of Atrion Corporation filed August 4, 2011.
(15) Incorporated by reference to Exhibit 10l to Form 10-K of Atrion Corporation filed March 13, 2009.
(16) Incorporated by reference to Exhibit 10.1 to the Form S-8 of Atrion Corporation filed June 27. 2007 (File No. 333-144085).
(17) Incorporated by reference to Exhibit 10n to Form 10-K of Atrion Corporation filed March 13, 2009.
(18) Incorporated by reference to Exhibit 10.1 to the Form S-8 of Atrion Corporation filed June 27. 2007 (File No. 333-144086).
(19) Incorporated by reference to Exhibit 10.1 to Form 10-Q of Atrion Corporation filed October 31, 2014.
(20) Incorporated by reference to Exhibit 10v to Form 10-K of Atrion Corporation filed March 12, 2012.
(21) Incorporated by reference to Exhibit 10.1 to Form 8-K of Atrion Corporation filed March 3, 2017.
(22) Incorporated by reference to Exhibit 10.2 to Form 8-K of Atrion Corporation filed March 3, 2017.
(23) Incorporated by reference to Exhibit 10.3 to Form 8-K of Atrion Corporation filed March 3, 2017.
(24) Incorporated by reference to Exhibit 10.1 to Form 10-Q filed November 8, 2017.
\+ Filed herewith.

* Management Contract or Compensatory Plan or Arrangement
** XBRL (Extensible Business Reporting Language) information is furnished and not filed for purposes of Section 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934. In accordance with Rule 406T of Regulation S-T, the XBRL information in Exhibit 101 of this Form 10-K shall not be subject to the liability of Section 18 of the Securities Exchange Act of 1934 and shall not be part of any registration statement or other document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference in such filing.

ITEM 16. FORM 10-K SUMMARY.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Atrion Corporation

By: /s/ David A. Battat
David A. Battat
President and Chief
Executive Officer

Dated: February 26, 2021

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ David A. Battat David A. Battat	President and Chief Executive Officer (Principal Executive Officer)	February 26, 2021
/s/ Jeffery Strickland Jeffery Strickland	Vice President, Chief Financial Officer and Secretary-Treasurer (Principal Financial and Accounting Officer)	February 26, 2021
/s/ Emile A Battat Emile A Battat	Chairman	February 26, 2021
/s/ Hugh J. Morgan, Jr. Hugh J. Morgan, Jr.	Director	February 26, 2021
/s/ John P. Stupp, Jr. John P. Stupp, Jr.	Director	February 26, 2021
/s/ Ronald N. Spaulding Ronald N. Spaulding	Director	February 26, 2021
/s/ Preston G. Athey Preston G. Athey	Director	February 26, 2021

DESCRIPTION OF ATRION CORPORATION'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of December 31, 2020, Atrion Corporation. ("Atrion," the "Company," "we," "us" or "our") had one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): our common stock, $0.10 par value per share ("Common Stock").

Description of Common Stock

The following description of our Common Stock is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our Certificate of Incorporation (the "Certificate of Incorporation"), and our Amended and Restated Bylaws (the "Bylaws"), each of which are incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. We encourage you to read our Certificate of Incorporation, our Bylaws, and the applicable provisions of the Delaware General Corporation Law for additional information.

Authorized Capital Stock

Our authorized capital stock consists of 10,000,000 shares of Common Stock. The outstanding shares of our Common Stock are fully paid and nonassessable.

Voting Rights

The holders of Common Stock are entitled to one vote per share on all matters on which the holders of Common Stock are entitled to vote. Stockholders do not have cumulative voting rights. In addition, the affirmative vote of holders of 67% of the voting power of all of the then outstanding voting stock is required to take certain actions, including amending certain provisions of our Certificate of Incorporation and Bylaws, such as the provisions relating to stockholder action, number of directors, limitation of liability, and the amendments of certain provisions of our Certificate of Incorporation and our Bylaws.

Dividend Rights

The holders of outstanding shares of Common Stock are entitled to receive ratably any dividends out of assets legally available therefor as our Board of Directors may from time to time determine.

Liquidation Rights

In the event of a liquidation, dissolution, or winding-up of the Company, holders of Common Stock are entitled to share equally and ratably in the assets of the Company, if any.

Rights and Preferences

Holders of our Common Stock have no preemptive, conversion, subscription, or other rights, and there are no redemption or sinking fund provisions applicable to our Common Stock.

Listing

Our Common Stock is listed and traded on the Nasdaq Global Select Market under the symbol "ATRI."

Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Amended and Restated Bylaws

Some provisions of Delaware law and our Certificate of Incorporation and our Bylaws contain provisions that could make the following transactions more difficult: acquisition of us by means of a tender offer; acquisition of us by means of a proxy contest or otherwise; or removal of our incumbent officers and directors. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions that might result in a premium over the market price for our shares.

These provisions, summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our Board of Directors. We believe that the benefits of increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because negotiation of these proposals, could result in an improvement of their terms.

Delaware Anti-Takeover Statute

We are subject to Section 203 of the Delaware General Corporation Law. In general, Section 203 provides that a Delaware corporation with a class of voting stock listed on a national securities exchange or held of record by more than 2,000 stockholders may not engage in various business combination transactions with any interested stockholder for a period of three years following the time that such stockholder became an interested stockholder unless:

- the board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder prior to the time that stockholder became an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced (excluding, for purposes of determining the voting stock outstanding, but not the outstanding voting stock owned by the interested stockholder, shares owned (i) by persons who are directors and also officers and (ii) by certain employee stock plans); or
- at or subsequent to such time the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders by the affirmative vote of at least 662⁄3% of the outstanding voting stock which is not owned by the interested stockholder.

In general, a "business combination" is broadly defined to include (i) any merger or consolidation of the corporation or any of its direct or indirect majority-owned subsidiaries with the interested stockholder; (ii) any sale, lease or other disposition (except proportionally as a stockholder of the corporation) to or with the interested stockholder of assets of the corporation or of any direct or indirect majority-owned subsidiary of the corporation, which assets have a market value equal to 10% or more of either the aggregate market of all of the assets of the corporation determined on a consolidated basis or the aggregate market value of all the outstanding stock of the corporation; (iii) subject to certain exceptions,

any transaction which results in the issuance or transfer by the corporation or by any of its direct or indirect majority-owned subsidiaries of any stock of the corporation or of such subsidiary to the interested stockholder; (iv) subject to certain exceptions, any transaction involving the corporation or any of its direct or indirect majority-owned subsidiaries which has the effect of increasing the proportionate share of the stock of any class or series of the corporation or of any such subsidiary which is owned by the interested stockholder; and (v) subject to certain exceptions, any receipt by the interested stockholder of the benefit, directly or indirectly (except proportionately as a stockholder of such corporation), of any loans, advances or other financial benefits provided by or through the corporation or any direct or indirect majority-owned subsidiary. In general, an "interested stockholder" is any person (other than the corporation and any direct or indirect majority-owned subsidiary of the corporation) that (i) is the owner of 15% or more of the outstanding voting stock of the corporation or (ii) is an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within the 3-year period immediately prior to the date of determination, and the affiliates and associates of such person.

The Delaware General Corporation Law permits a corporation to "opt out" of, or choose not to be governed by, the restrictions in Section 203 by expressly stating so in its original certificate of incorporation (or in a subsequent amendment to its certificate of incorporation or bylaws approved by its stockholders). However, neither our Certificate of Incorporation nor our Bylaws contains a provision electing to opt out of Section 203.

Special Stockholder Meetings

Our Certificate of Incorporation provides that a special meeting of stockholders may be called only by a majority of our Board of Directors.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our Bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the Board of Directors. These procedures provide that notice of stockholder proposals must be timely given in writing to our corporate secretary prior to a meeting at which the action is to be taken. Generally, to be timely, notice must be received at our principal executive office not less than 120 days nor more than 150 days prior to the first anniversary date of the annual meeting the preceding year. As a result, our Bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed. These provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of the Company.

No Cumulative Voting

The Delaware General Corporation Law provides that stockholders are entitled to the right to cumulate votes in the election of directors if authorized in a corporation's certificate of incorporation. Our Certificate of Incorporation does not authorize cumulative voting.

Classified Board of Directors

Our Board of Directors is divided into three classes. The directors in each class serve for a three-year term, one class being elected each year by the stockholders. The stockholders may only remove directors for cause and with the vote of a majority of the total voting power of the issued and outstanding Common Stock entitled to vote in the election of directors. This system of electing and removing directors may discourage a third party from making a tender offer or otherwise attempting to obtain control of the Company, because it generally makes it more difficult for stockholders to replace a majority of the Company's directors.

Board Composition

Our Certificate of Incorporation also provides that the authorized number of directors may be changed only by resolution of the Board of Directors. Furthermore, any vacancy on our Board of directors, however occurring, including a vacancy resulting from an increase in the size of our Board, may only be filled by the affirmative vote of a majority of our directors then in office, even if less than a quorum, unless our Board of Directors determines by resolution that such vacancy or newly created directorship shall be filled by the stockholders. The limitations on the number of directors and treatment of vacancies have the effect of making it more difficult for stockholders to change the composition of our Board of Directors.

No Stockholder Action by Written Consent

Our Certificate of Incorporation provides that all stockholder actions are required to be taken by a vote of the stockholders at an annual or special meeting and that stockholders may not take any action by written consent in lieu of a meeting. This limit may lengthen the amount of time required to take stockholder actions and would prevent the amendment of our Bylaws or removal of directors by our stockholders without holding a meeting of stockholders.

Transfer Agent

The transfer agent and registrar for our Common Stock is American Stock Transfer & Trust Company, LLC.

FIRST AMENDED AND RESTATED RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS FIRST AMENDED AND RESTATED RESTRICTED STOCK UNIT AWARD AGREEMENT (the "Agreement") is made and entered into as of December 29, 2020, by and between **ATRION CORPORATION**, a Delaware corporation (the "Company"), and **EMILE A BATTAT** ("Battat").

W I T N E S S E T H:

WHEREAS, pursuant to the Amended and Restated Atrion Corporation 2006 Equity Incentive Plan (the "Plan"), the Compensation Committee of the Board of Directors of Atrion Corporation granted an Award (as defined in the Plan) of Restricted Stock Units ("RSUs") to Battat as of July 1, 2020; and

WHEREAS, the Company and Battat entered into an Award Agreement dated as of July 1, 2020 (the "Original Agreement") setting forth the terms and conditions of such Award; and

WHEREAS, Plan provides that RSUs are to be settled in common stock of the Company, and the Company and Battat have agreed that such Award is to be settled in cash rather than in common stock of the Company and should be deemed to be made separate and apart from, and not pursuant to, the Plan.

NOW, THEREFORE, for and in consideration of the premises, the mutual promises and covenants herein contained, and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

1. AWARD OF RESTRICTED STOCK UNITS. Effective as of the date set forth in Exhibit A attached hereto (the "Date of Grant"), the Company granted to Battat an Award in the form of Restricted Stock Units ("RSUs") entitling Battat to receive from the Company upon lapse of restrictions and vesting, without payment, one share of Common Stock (a "Share") for each RSU set forth on said Exhibit A, and the Company and Battat entered into the Original Agreement. The parties hereby agree that (i) the RSUs shall be deemed to have been granted separate and apart from, and not pursuant to, the Plan and (ii) the Award and the RSUs shall be governed by the terms of this Agreement.

2. EFFECT OF PLAN. Although the RSUs are deemed to be granted separate and apart from, and not pursuant to, the Plan, capitalized term used herein and not otherwise defined shall have the meanings ascribed thereto in the Plan and are incorporated herein by reference. Battat hereby agrees that all decisions and determinations of the Board of Directors of the Corporation with respect to the matters set forth herein shall be final and binding on Battat, his beneficiaries, and any other person having or claiming an interest in the RSUs.

3. RESTRICTIONS. The restrictions under this Award shall lapse and the RSUs shall vest on the Vesting Dates set forth in Exhibit A or, if earlier, on a Change in Control. The RSUs as to which the restrictions shall not have lapsed and which are not vested shall be forfeited upon Battat's Termination of Employment; provided, however, that if Battat's Termination of Employment is because of Battat's death, "retirement" (as defined below), Permanent Disability, termination of employment by the Company without "just cause" (as defined in, and in accordance with the provisions of, Battat's Amended and Restated Employment Agreement with the Company, as amended) or by Battat for "good reason" (as defined in, and in accordance with the provisions of, Battat's Amended and Restated Employment Agreement with the Company, as amended), then, notwithstanding the foregoing, the restrictions as to all such RSUs shall lapse, and all of such RSUs shall become one hundred percent (100%) vested on the date of Termination of Employment. The RSUs may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated until such restrictions lapse and the RSUs vest, except as otherwise provided in Paragraph 7 below. For purposes of this Agreement, the term "retirement" shall mean the voluntary termination of employment by Battat, provided that in connection with such termination Battat represents and warrants to the Company that he intends to not be actively engaged in the workforce after such termination.

4. RIGHTS PRIOR TO VESTING. On January 1, 2021, Battat shall be credited with dividend equivalents in the form of RSUs equal to the aggregate amount of dividends paid during the period beginning on the Date of Grant and ending on December 31, 2020 on the number of outstanding shares of Common Stock that equals the number of RSUs credited to Battat on each date such dividends were paid divided by the closing market price for the Common Stock on such dividend payment dates. On each Vesting Date set forth on Exhibit A, Battat shall be credited with dividend equivalents in the form of cash equal to the aggregate amount of dividends paid during the period beginning on the immediately preceding Vesting Date and ending on such Vesting Date on the number of outstanding shares of Common Stock that equals the number of RSUs credited to Battat on each date such dividends were paid; provided, however, that with respect to the first Vesting Date set forth on Exhibit A the period shall begin on January 1, 2021 and shall end on such first Vesting Date. The RSUs and cash credited to Battat as a result of dividends paid by the Company with respect to the Common Stock shall be subject to the restrictions and forfeiture provisions set forth in Paragraph 3 above. The RSUs and cash credited as dividend equivalents as a result of dividends paid by the Company with respect to the Common Stock shall be delivered or paid to Battat in accordance with Paragraph 5 below.

5. SETTLEMENT OF RSUs. Vested RSUs shall be settled by a cash payment for each such RSU in an amount equal to the Fair Market Value of a share of Common Stock on the day immediately preceding the Vesting Date set forth in Exhibit A, such payment to be made as soon as administratively practicable following the vesting of the applicable RSUs and, in any event, no later than March 15th of the calendar year following the year in which the applicable RSUs vest. Each such payment shall be accompanied by a payment of the cash accrued as dividend equivalents with respect to the RSUs then vested.

6. SECURITIES LAW RESTRICTIONS. Acceptance of this Agreement shall be deemed to constitute Battat's acknowledgement that the RSUs shall be subject to such restrictions and conditions on any resale and on any other disposition as the Company shall deem necessary under any applicable laws or regulations or in light of any stock exchange requirements.

7. TRANSFER. Battat may transfer the RSUs to family members or one or more trusts or other entities for the benefit of or owned by family members, consistent with applicable securities laws; provided that Battat receives no consideration for the transfer of such RSUs and the transferred RSUs shall continue to be subject to the same terms, conditions, and restrictions as were applicable to such Award immediately before the transfer and such RSUs shall vest according to the same terms as applied to Battat. The RSUs may also be assigned or transferred by will or the laws of descent and distribution.

8. NO RIGHT TO CONTINUED EMPLOYMENT. Neither the Plan nor this Agreement shall give Battat the right to continued employment by the Company or shall adversely affect the right of the Company to terminate Battat's employment with or without cause at any time.

9. TAX WITHHOLDING.

(a) Regardless of any action the Company or any Subsidiary employing Battat takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other applicable taxes ("Tax Items") in connection with the Award, Battat hereby acknowledges and agrees that the ultimate liability for all Tax Items legally due by Battat is and remains the responsibility of Battat. Further, if Battat has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable or tax withholding event, as applicable, Battat acknowledges that the Company or any Subsidiary employing the Battat may be required to withhold or account for Tax Items in more than one jurisdiction.

(b) Battat acknowledges and agrees that the Company and any Subsidiary employing Battat: (i) make no representations or undertakings regarding the treatment of any Tax Items in connection with any aspect of the Award, including, but not limited to, the award or vesting of the RSUs, the delivery of the Shares upon vesting and conversion or the

subsequent sale of Shares acquired upon vesting and conversion; and (ii) does not commit to structure the terms of the Award or any aspect of the Award to reduce or eliminate Battat's liability for Tax Items.

(c) Prior to vesting and conversion of the RSUs, Battat must pay or make adequate arrangements satisfactory to the Company or any Subsidiary employing Battat to satisfy all withholding obligations for Tax Items of the Company or any Subsidiary employing Battat arising from vesting and conversion of the RSUs. In this regard, in lieu of all or any part of a cash payment, Battat may elect to satisfy all or part of the withholding obligations for Tax Items by delivering shares of Common Stock owned by Battat, duly endorsed for transfer, to the Company with a Fair Market Value equal to the amount of the withholding obligations to be satisfied in such manner. The Company or any Subsidiary employing Battat will remit the total amount paid or withheld for Tax Items to the appropriate tax authorities.

10. SECTION 409A. This Agreement is intended to 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 representation that the payments and benefits provided hereunder 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 Battat on account of non-compliance with Section 409A of the Code.

11. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, applied without giving effect to any conflict-of-law principles. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

12. BINDING EFFECT. This Agreement shall be binding upon and shall inure to the benefit of each of the parties hereto and their respective executors, administrators, personal representatives, legal representatives, heirs, and successors in interest.

13. COUNTERPART EXECUTION. This Agreement may be executed in counterparts, each of which shall be deemed an original, but together which shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including .pdf), or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

[Signatures appear on the following page.]

IN WITNESS WHEREOF, the Company and Battat have executed and delivered this Agreement as of the day and year first written above.

ATRION CORPORATION

By: /s/ David A. Battat
Name: David A. Battat
Title: President & CEO

/s/ Emile A Battat
Emile A Battat

EXHIBIT A
TO
AWARD AGREEMENT

1. Date of Grant: July 1, 2020

2. Number of Restricted Stock Units: 1,545.84*

3. Form of Settlement: Cash

4. Vesting Schedule:

Percentage of Grant	Vesting Dates**
20%	July 1, 2021
20%	July 1, 2022
20%	July 1, 2023
20%	July 1, 2024
20%	July 1, 2025

* Subject to adjustment as provided in Paragraph 4 of the Agreement.

** Subject to the provisions of Paragraph 3 of the Agreement.

EXHIBIT 10n

FIRST AMENDED AND RESTATED RESTRICTED

STOCK UNIT AWARD AGREEMENT

THIS FIRST AMENDED AND RESTATED RESTRICTED STOCK UNIT AWARD AGREEMENT (the "Agreement") is made and entered into as of December 29, 2020, by and between **ATRION CORPORATION**, a Delaware corporation (the "Company"), and **DAVID A. BATTAT** ("Battat").

W I T N E S S E T H:

WHEREAS, pursuant to the Amended and Restated Atrion Corporation 2006 Equity Incentive Plan (the "Plan"), the Compensation Committee of the Board of Directors of Atrion Corporation granted an Award (as defined in the Plan) of Restricted Stock Units ("RSUs") to Battat as of July 1, 2020; and

WHEREAS, the Company and Battat entered into an Award Agreement dated as of July 1, 2020 (the "Original Agreement") setting forth the terms and conditions of such Award; and

WHEREAS, Plan provides that RSUs are to be settled in common stock of the Company, and the Company and Battat have agreed that such Award is to be settled in cash rather than in common stock of the Company and should be deemed to be made separate and apart from, and not pursuant to, the Plan.

NOW, THEREFORE, for and in consideration of the premises, the mutual promises and covenants herein contained, and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

1. AWARD OF RESTRICTED STOCK UNITS. Effective as of the date set forth in Exhibit A attached hereto (the "Date of Grant"), the Company granted to Battat an Award in the form of Restricted Stock Units ("RSUs") entitling Battat to receive from the Company upon lapse of restrictions and vesting, without payment, one share of Common Stock (a "Share") for each RSU set forth on said Exhibit A, and the Company and Battat entered into the Original Agreement. The parties hereby agree that (i) the RSUs shall be deemed to have been granted separate and apart from, and not pursuant to, the Plan and (ii) the Award and the RSUs shall be governed by the terms of this Agreement.

2. EFFECT OF PLAN. Although the RSUs are deemed to be granted separate and apart from, and not pursuant to, the Plan, capitalized term used herein and not otherwise defined shall have the meanings ascribed thereto in the Plan and are incorporated herein by reference. Battat hereby agrees that all decisions and determinations of the Board of Directors of the Corporation with respect to the matters set forth herein shall be final and binding on Battat, his beneficiaries, and any other person having or claiming an interest in the RSUs.

3. RESTRICTIONS. The restrictions under this Award shall lapse and the RSUs shall vest on the Vesting Dates set forth in Exhibit A or, if earlier, on a Change in Control. The RSUs as to which the restrictions shall not have lapsed and which are not vested shall be forfeited upon Battat's Termination of Employment; provided, however, that if Battat's Termination of Employment is because of Battat's death, "retirement" (as defined below), Permanent Disability, termination of employment by the Company without "Just Cause" (as defined in, and in accordance with the provisions of, Battat's Amended and Restated Change in Control Agreement with the Company) or by Battat for "Good Reason" (as defined in, and in accordance with the provisions of, Battat's Amended and Restated Change in Control Agreement with the Company), then, notwithstanding the foregoing, the restrictions as to all such RSUs shall lapse, and all of such RSUs shall become one hundred percent (100%) vested on the date of Termination of Employment. The RSUs may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated until such restrictions lapse and the RSUs vest, except as otherwise provided in Paragraph 7 below. For purposes of this Agreement, the term "retirement" shall mean the voluntary termination of employment by Battat, provided that in connection with such termination Battat represents and warrants to the Company that he intends to not be actively engaged in the workforce after such termination.

4. RIGHTS PRIOR TO VESTING. On January 1, 2021, Battat shall be credited with dividend equivalents in the form of RSUs equal to the aggregate amount of dividends paid during the period beginning on the Date of Grant and ending on December 31, 2020 on the number of outstanding shares of Common Stock that equals the number of RSUs credited to Battat on each date such dividends were paid divided by the closing market price for the Common Stock on such dividend payment dates. On each Vesting Date set forth on Exhibit A, Battat shall be credited with dividend equivalents in the form of cash equal to the aggregate amount of dividends paid during the period beginning on the immediately preceding Vesting Date and ending on such Vesting Date on the number of outstanding shares of Common Stock that equals the number of RSUs credited to Battat on each date such dividends were paid; provided, however, that with respect to the first Vesting Date set forth on Exhibit A the period shall begin on January 1, 2021 and shall end on such first Vesting Date. The RSUs and cash credited to Battat as a result of dividends paid by the Company with respect to the Common Stock shall be subject to the restrictions and forfeiture provisions set forth in Paragraph 3 above. The RSUs and cash credited as dividend equivalents as a result of dividends paid by the Company with respect to the Common Stock shall be delivered or paid to Battat in accordance with Paragraph 5 below.

5. SETTLEMENT OF RSUs. Vested RSUs shall be settled by a cash payment for each such RSU in an amount equal to the Fair Market Value of a share of Common Stock on the day immediately preceding the Vesting Date set forth in Exhibit A, such payment to be made as soon as administratively practicable following the vesting of the applicable RSUs and, in any event, no later than March 15th of the calendar year following the year in which the applicable RSUs vest. Each such payment shall be accompanied by a payment of the cash accrued as dividend equivalents with respect to the RSUs then vested.

6. SECURITIES LAW RESTRICTIONS. Acceptance of this Agreement shall be deemed to constitute Battat's acknowledgement that the RSUs shall be subject to such restrictions and conditions on any resale and on any other disposition as the Company shall deem necessary under any applicable laws or regulations or in light of any stock exchange requirements.

7. TRANSFER. Battat may transfer the RSUs to family members or one or more trusts or other entities for the benefit of or owned by family members, consistent with applicable securities laws; provided that Battat receives no consideration for the transfer of such RSUs and the transferred RSUs shall continue to be subject to the same terms, conditions, and restrictions as were applicable to such Award immediately before the transfer and such RSUs shall vest according to the same terms as applied to Battat. The RSUs may also be assigned or transferred by will or the laws of descent and distribution.

8. NO RIGHT TO CONTINUED EMPLOYMENT. Neither the Plan nor this Agreement shall give Battat the right to continued employment by the Company or shall adversely affect the right of the Company to terminate Battat's employment with or without cause at any time.

9. TAX WITHHOLDING.

(a) Regardless of any action the Company or any Subsidiary employing Battat takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other applicable taxes ("Tax Items") in connection with the Award, Battat hereby acknowledges and agrees that the ultimate liability for all Tax Items legally due by Battat is and remains the responsibility of Battat. Further, if Battat has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable or tax withholding event, as applicable, Battat acknowledges that the Company or any Subsidiary employing the Battat may be required to withhold or account for Tax Items in more than one jurisdiction.

(b) Battat acknowledges and agrees that the Company and any Subsidiary employing Battat: (i) make no representations or undertakings regarding the treatment of any Tax Items in connection with any aspect of the Award, including, but not limited to, the award or vesting of the RSUs, the delivery of the Shares upon vesting and conversion or the subsequent sale of Shares acquired upon vesting and conversion; and (ii) does not commit to structure the terms of the Award or any aspect of the Award to reduce or eliminate Battat's liability for Tax Items.

(c) Prior to vesting and conversion of the RSUs, Battat must pay or make adequate arrangements satisfactory to the Company or any Subsidiary employing Battat to satisfy all withholding obligations for Tax Items of the Company or any Subsidiary employing Battat arising from vesting and conversion of the RSUs. In this regard, in lieu of all or any part of a cash payment, Battat may elect to satisfy all or part of the withholding obligations for Tax Items by delivering shares of Common Stock owned by Battat, duly endorsed for transfer, to the Company with a Fair Market Value equal to the amount of the withholding obligations to be satisfied in such manner. The Company or any Subsidiary employing Battat will remit the total amount paid or withheld for Tax Items to the appropriate tax authorities.

10. SECTION 409A. This Agreement is intended to 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 representation that the payments and benefits provided hereunder 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 Battat on account of non-compliance with Section 409A of the Code.

11. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, applied without giving effect to any conflict-of-law principles. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

12. BINDING EFFECT. This Agreement shall be binding upon and shall inure to the benefit of each of the parties hereto and their respective executors, administrators, personal representatives, legal representatives, heirs, and successors in interest.

13. COUNTERPART EXECUTION. This Agreement may be executed in counterparts, each of which shall be deemed an original, but together which shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including .pdf), or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

[Signatures appear on the following page.]

IN WITNESS WHEREOF, the Company and Battat have executed and delivered this Agreement as of the day and year first written above.

ATRION CORPORATION

By: /s/ Emile A Battat
Name: Emile A Battat
Title: Chairman

/s/ David A. BATTAT
David A. Battat

EXHIBIT A
TO
AWARD AGREEMENT

1. Date of Grant: July 1, 2020

2. Number of Restricted Stock Units: 1,545.84*

3. Form of Settlement: Cash

4. Vesting Schedule:

Percentage of Grant	Vesting Dates**
20%	July 1, 2021
20%	July 1, 2022
20%	July 1, 2023
20%	July 1, 2024
20%	July 1, 2025

* Subject to adjustment as provided in Paragraph 4 of the Agreement.

** Subject to the provisions of Paragraph 3 of the Agreement.

FIRST AMENDED AND RESTATED RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS FIRST AMENDED AND RESTATED RESTRICTED STOCK UNIT AWARD AGREEMENT (the "Agreement") is made and entered into as of December 29, 2020, by and between **ATRION CORPORATION**, a Delaware corporation (the "Company"), and **JEFFERY STRICKLAND** ("Strickland").

W I T N E S S E T H:

WHEREAS, pursuant to the Amended and Restated Atrion Corporation 2006 Equity Incentive Plan (the "Plan"), the Compensation Committee of the Board of Directors of Atrion Corporation granted an Award (as defined in the Plan) of Restricted Stock Units ("RSUs") to Strickland as of July 1, 2020; and

WHEREAS, the Company and Strickland entered into an Award Agreement dated as of July 1, 2020 (the "Original Agreement") setting forth the terms and conditions of such Award; and

WHEREAS, Plan provides that RSUs are to be settled in common stock of the Company, and the Company and Strickland have agreed that such Award is to be settled in cash rather than in common stock of the Company and should be deemed to be made separate and apart from, and not pursuant to, the Plan.

NOW, THEREFORE, for and in consideration of the premises, the mutual promises and covenants herein contained, and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

1. AWARD OF RESTRICTED STOCK UNITS. Effective as of the date set forth in Exhibit A attached hereto (the "Date of Grant"), the Company granted to Strickland an Award in the form of Restricted Stock Units ("RSUs") entitling Strickland to receive from the Company upon lapse of restrictions and vesting, without payment, one share of Common Stock (a "Share") for each RSU set forth on said Exhibit A, and the Company and Strickland entered into the Original Agreement. The parties hereby agree that (i) the RSUs shall be deemed to have been granted separate and apart from, and not pursuant to, the Plan and (ii) the Award and the RSUs shall be governed by the terms of this Agreement.

2. EFFECT OF PLAN. Although the RSUs are deemed to be granted separate and apart from, and not pursuant to, the Plan, capitalized term used herein and not otherwise defined shall have the meanings ascribed thereto in the Plan and are incorporated herein by reference. Strickland hereby agrees that all decisions and determinations of the Board of Directors of the Corporation with respect to the matters set forth herein shall be final and binding on Strickland, his beneficiaries, and any other person having or claiming an interest in the RSUs.

3. RESTRICTIONS. The restrictions under this Award shall lapse and the RSUs shall vest on the Vesting Dates set forth in Exhibit A or, if earlier, on a Change in Control. The RSUs as to which the restrictions shall not have lapsed and which are not vested shall be forfeited upon Strickland's Termination of Employment; provided, however, that if Strickland's Termination of Employment is because of Strickland's death, "retirement" (as defined below), Permanent Disability, termination of employment by the Company without Cause (as defined below) or by Strickland for Good Reason (as defined below), then, notwithstanding the foregoing, the restrictions as to all such RSUs shall lapse, and all of such RSUs shall become one hundred percent (100%) vested on the date of Termination of Employment. The RSUs may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated until such restrictions lapse and the RSUs vest, except as otherwise provided in Paragraph 7 below. For purposes of this Agreement, the term "retirement" shall mean the voluntary termination of employment by Strickland, provided that in connection with such termination Strickland represents and warrants to the Company that he intends to not be actively engaged in the workforce after such termination.; the term "Cause" shall mean (i) an act of dishonesty by Strickland resulting in gain or personal enrichment of Strickland or (ii) failure by Strickland to substantially perform his duties with the Company (other than any such failure resulting from Strickland's incapacity due to a Disability); and the term "Good Reason" shall mean (i) a reduction by the Company in Strickland's annual base salary from the annual base salary in effect for Strickland on the date of this Agreement or (ii) the relocation of Strickland's principal office to a location outside of the Dallas, Texas metropolitan area unless such relocation is effected as a result of a request for such relocation by Strickland or a request for such relocation that is made by the Company and agreed to by the Executive.

4. RIGHTS PRIOR TO VESTING. On January 1, 2021, Strickland shall be credited with dividend equivalents in the form of RSUs equal to the aggregate amount of dividends paid during the period beginning on the Date of Grant and ending on December 31, 2020 on the number of outstanding shares of Common Stock that equals the number of RSUs credited to Strickland on each date such dividends were paid divided by the closing market price for the Common Stock on such dividend payment dates. On each Vesting Date set forth on Exhibit A, Strickland shall be credited with dividend equivalents in the form of cash equal to the aggregate amount of dividends paid during the period beginning on the immediately preceding Vesting Date and ending on such Vesting Date on the number of outstanding shares of Common Stock that equals the number of RSUs credited to Strickland on each date such dividends were paid; provided, however, that with respect to the first Vesting Date set forth on Exhibit A the period shall begin on January 1, 2021 and shall end on such first Vesting Date. The RSUs and cash credited to Strickland as a result of dividends paid by the Company with respect to the Common Stock shall be subject to the restrictions and forfeiture provisions set forth in Paragraph 3 above. The RSUs and cash credited as dividend equivalents as a result of dividends paid by the Company with respect to the Common Stock shall be delivered or paid to Strickland in accordance with Paragraph 5 below.

5. SETTLEMENT OF RSUs. Vested RSUs shall be settled by a cash payment for each such RSU in an amount equal to the Fair Market Value of a share of Common Stock on the day immediately preceding the Vesting Date set forth in Exhibit A, such payment to be made as soon as administratively practicable following the vesting of the applicable RSUs and, in any event, no later than March 15th of the calendar year following the year in which the applicable RSUs vest. Each such payment shall be accompanied by a payment of the cash accrued as dividend equivalents with respect to the RSUs then vested.

6. SECURITIES LAW RESTRICTIONS. Acceptance of this Agreement shall be deemed to constitute Strickland's acknowledgement that the RSUs shall be subject to such restrictions and conditions on any resale and on any other disposition as the Company shall deem necessary under any applicable laws or regulations or in light of any stock exchange requirements.

7. TRANSFER. Strickland may transfer the RSUs to family members or one or more trusts or other entities for the benefit of or owned by family members, consistent with applicable securities laws; provided that Strickland receives no consideration for the transfer of such RSUs and the transferred RSUs shall continue to be subject to the same terms, conditions, and restrictions as were applicable to such Award immediately before the transfer and such RSUs shall vest according to the same terms as applied to Strickland. The RSUs may also be assigned or transferred by will or the laws of descent and distribution.

8. NO RIGHT TO CONTINUED EMPLOYMENT. Neither the Plan nor this Agreement shall give Strickland the right to continued employment by the Company or shall adversely affect the right of the Company to terminate Strickland's employment with or without cause at any time.

9. TAX WITHHOLDING.

(a) Regardless of any action the Company or any Subsidiary employing Strickland takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other applicable taxes ("Tax Items") in connection with the Award, Strickland hereby acknowledges and agrees that the ultimate liability for all Tax Items legally due by Strickland is and remains the responsibility of Strickland. Further, if Strickland has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant

taxable or tax withholding event, as applicable, Strickland acknowledges that the Company or any Subsidiary employing the Strickland may be required to withhold or account for Tax Items in more than one jurisdiction.

(b) Strickland acknowledges and agrees that the Company and any Subsidiary employing Strickland: (i) make no representations or undertakings regarding the treatment of any Tax Items in connection with any aspect of the Award, including, but not limited to, the award or vesting of the RSUs, the delivery of the Shares upon vesting and conversion or the subsequent sale of Shares acquired upon vesting and conversion; and (ii) does not commit to structure the terms of the Award or any aspect of the Award to reduce or eliminate Strickland's liability for Tax Items.

(c) Prior to vesting and conversion of the RSUs, Strickland must pay or make adequate arrangements satisfactory to the Company or any Subsidiary employing Strickland to satisfy all withholding obligations for Tax Items of the Company or any Subsidiary employing Strickland arising from vesting and conversion of the RSUs. In this regard, in lieu of all or any part of a cash payment, Strickland may elect to satisfy all or part of the withholding obligations for Tax Items by delivering shares of Common Stock owned by Strickland, duly endorsed for transfer, to the Company with a Fair Market Value equal to the amount of the withholding obligations to be satisfied in such manner. The Company or any Subsidiary employing Strickland will remit the total amount paid or withheld for Tax Items to the appropriate tax authorities.

10. SECTION 409A. This Agreement is intended to 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 representation that the payments and benefits provided hereunder 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 Strickland on account of non-compliance with Section 409A of the Code.

11. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, applied without giving effect to any conflict-of-law principles. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

12. BINDING EFFECT. This Agreement shall be binding upon and shall inure to the benefit of each of the parties hereto and their respective executors, administrators, personal representatives, legal representatives, heirs, and successors in interest.

13. COUNTERPART EXECUTION. This Agreement may be executed in counterparts, each of which shall be deemed an original, but together which shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including .pdf), or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

[Signatures appear on the following page.]

IN WITNESS WHEREOF, the Company and Strickland have executed and delivered this Agreement as of the day and year first written above.

ATRION CORPORATION

By: /s/ David A. Battat
Name: David A. Battat
Title: President & CEO

/s/ Jeffery Strickland
Jeffery Strickland

EXHIBIT A
TO
AWARD AGREEMENT

1. Date of Grant: July 1, 2020

2. Number of Restricted Stock Units: 772.92*

3. Form of Settlement: Cash

4. Vesting Schedule:

Percentage of Grant	Vesting Dates**
20%	July 1, 2021
20%	July 1, 2022
20%	July 1, 2023
20%	July 1, 2024
20%	July 1, 2025

* Subject to adjustment as provided in Paragraph 4 of the Agreement.

** Subject to the provisions of Paragraph 3 of the Agreement.

FIRST AMENDMENT TO CREDIT AGREEMENT

FIRST AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), dated as of February 12, among ATRION CORPORATION, a Delaware corporation (the "Borrower"), the Subsidiary Guarantors (as defined in the Credit Agreement referred to below) party hereto and WELLS FARGO BANK, NATIONAL ASSOCIATION, as lender (the "Lender"). Unless otherwise indicated, all capitalized terms used herein and not otherwise defined herein shall have the respective meanings provided such terms in the Credit Agreement referred to below.

W I T N E S S E T H:

WHEREAS, the Borrower and the Lender have entered into that certain Credit Agreement, dated as of February 28, 2017 (as amended or modified prior to the date hereof, the "Existing Credit Agreement"; the Existing Credit Agreement, as amended by this Amendment, the "Credit Agreement");

WHEREAS, the Borrower has requested, and subject to the terms and conditions set forth herein, the Lender has agreed, to amend the Existing Credit Agreement as more specifically set forth herein;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Amendments to Existing Credit Agreement. Effective as of the Amendment Effective Date (as defined below) and subject to the terms and conditions set forth herein and in reliance upon representations and warranties set forth herein, the Existing Credit Agreement is hereby amended as follows:

(a) Section 1.1 of the Existing Credit Agreement is amended to add the following defined terms is appropriate alphabetical order:

"Beneficial Ownership Certification" means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 CFR § 1010.230.

"Electronic Record" has the meaning assigned to that term in, and shall be interpreted in accordance with, 15 U.S.C. 7006.

"Electronic Signature" has the meaning assigned to that term in, and shall be interpreted in accordance with, 15 U.S.C. 7006.

"First Amendment Effective Date" means February 12, 2021.

(b) The definition of "Applicable Margin" set forth in Section 1.1 of the Existing Credit Agreement is amended to (i) amend and restate the table set forth therein in its entirety with the table set forth below, (ii) replace the reference to "Closing Date" with "First Amendment Effective Date" and (iii) replace the reference to "Level 4" in subclause (b) of the proviso thereof with "Level 3":

Pricing Level	Consolidated Total Leverage Ratio	Commitment Fee	LIBOR Rate and LIBOR Market Index Rate	Base Rate
1	Less than 1.50 to 1.00	0.05%	1.00%	0.00%
2	Greater than or equal to 1.50 to 1.00, but less than 2.00 to 1.00	0.10%	1.25%	0.25%
3	Greater than or equal to 2.00 to 1.00, but less than 2.50 to 1.00	0.15%	1.50%	0.50%
4	Greater than or equal to 2.50 to 1.00	0.20%	1.75%	0.75%

(c) The definition of "Capital Lease Obligations" set forth in Section 1.1 of the Existing Credit Agreement is amended to add the words "or finance leases" after the words "capital leases".

(d) The definition of "Investment" set forth in Section 1.1 of the Existing Credit Agreement is amended to add the words ", by division or otherwise" after the words "in one transaction or a series of transactions".

(e) The definition of "LIBOR Rate" is amended to amend and restate the last sentence thereof in its entirety as follows:

"Notwithstanding the foregoing, (x) in no event shall the LIBOR Rate (including any Benchmark Replacement (as defined in Section 3.5(d)) with respect thereto) be less than 0% and (y) unless otherwise specified in any amendment to this Agreement entered into in accordance with Section 3.5, in the event that a Benchmark Replacement with respect to the LIBOR Rate is implemented then all references herein to the LIBOR Rate shall be deemed references to such Benchmark Replacement."

(f) The definition of "Revolving Credit Maturity Date" set forth in Section 1.1 of the Existing Credit Agreement is amended to replace the reference to "February 28, 2022" with "February 28, 2024".

(g) The definition of "Sanctioned Country" is amended and restated in its entirety as follows:

"Sanctioned Country" means at any time, a country, region or territory which is itself (or whose government is) the subject or target of any Sanctions (including, as of the First Amendment Effective Date, Cuba, Iran, North Korea, Syria and the Crimea Region).

(h) Section 1.3 of the Existing Credit Agreement is amended to add the following proviso at the end of clause (b) thereof:

"; provided, further that all obligations of any Person that are or would have been treated as operating leases for purposes of GAAP prior to the effectiveness of FASB ASC 842 shall continue to be accounted for as operating leases for purposes of all financial definitions and calculations for purpose of this Agreement (whether or not such operating lease obligations were in effect on such date) notwithstanding the fact that such obligations are required in accordance with FASB ASC 842 (on a prospective or retroactive basis or otherwise) to be treated as Capital Lease Obligations in the financial statements"

(i) Article I of the Existing Credit Agreement is amended to add the following new Section 1.9 and Section 1.10 (and to include a reference to each such new Section in the table of contents):

SECTION 1.9 Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any

comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

SECTION 1.10 Rates; LIBOR Notification. The interest rate on LIBOR Rate Loans, LIBOR Market Index Rate Loans and Base Rate Loans (when determined by reference to clause (c) of the definition of Base Rate) is determined by reference to the LIBOR Rate, which is derived from the London interbank offered rate. The London interbank offered rate is intended to represent the rate at which contributing banks may obtain short-term borrowings from each other in the London interbank market. In July 2017, the U.K. Financial Conduct Authority announced that, after the end of 2021, it would no longer persuade or compel contributing banks to make rate submissions to the ICE Benchmark Administration (together with any successor to the ICE Benchmark Administrator, the "IBA") for purposes of the IBA setting the London interbank offered rate. As a result, it is possible that commencing in 2022, the London interbank offered rate may no longer be available or may no longer be deemed an appropriate reference rate upon which to determine the interest rate on LIBOR Rate Loans and LIBOR Market Index Rate Loans. In light of this eventuality, public and private sector industry initiatives are currently underway to identify new or alternative reference rates to be used in place of the London interbank offered rate. In the event that the London interbank offered rate is no longer available or in certain other circumstances set forth in Section 3.5, such Section 3.5 provides a mechanism for determining an alternative rate of interest. The Lender will notify the Borrower in advance, pursuant to Section 3.5, of any change to the reference rate upon which the interest rate on LIBOR Rate Loans, LIBOR Market Index Rate Loans and Base Rate Loans (when determined by reference to clause (c) of the definition of Base Rate) is based. However, the Lender does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to the London interbank offered rate or other rates in the definition of the "LIBOR Rate" or with respect to any alternative or successor rate thereto, or replacement rate thereof, including whether the composition or characteristics of any such alternative, successor or replacement reference rate, as it may or may not be adjusted pursuant to Section 3.5, will be similar to, or produce the same value or economic equivalence of, the LIBOR Rate or have the same volume or liquidity as did the London interbank offered rate prior to its discontinuance or unavailability.

(j) Article III of the Existing Credit Agreement is amended to add the following new Section 3.5 (and to include a reference to such new Section in the table of contents):

SECTION 3.5 Benchmark Replacement Setting.

(a) Benchmark Replacement.

(i) Notwithstanding anything to the contrary herein or in any other Loan Document (and any Hedge Agreement shall be deemed not to be a "Loan Document" for purposes of this Section 3.5), if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (a)(1) or (a)(2) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (y) if a Benchmark Replacement is determined in accordance with clause (a)(3) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting on the date agreed to by the Lender and the Borrower.

(ii) Notwithstanding anything to the contrary herein or in any other Loan Document, if a Term SOFR Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then the applicable Benchmark Replacement will replace the then-current Benchmark for all purposes hereunder or under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings, without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document; provided that this clause (ii) shall not be effective unless the Lender has delivered to the Borrower a Term SOFR Notice. For the avoidance of doubt, the Lender shall not be required to deliver a Term SOFR Notice after a Term SOFR Transition Event and may elect or not elect to do so in its sole discretion.

(b) Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, the Lender will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of the Borrower or any other Credit Party.

(c) Notices; Standards for Decisions and Determinations. The Lender will promptly notify the Borrower of (i) any occurrence of a Benchmark Transition Event or a Term SOFR Transition Event, as applicable, and its related Benchmark Replacement Date, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes, (iv) the removal or reinstatement of any tenor of a Benchmark pursuant to Section 3.5(d) below and (v) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Lender pursuant to this Section 3.5, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its sole discretion and without consent from the Borrower or any other party hereto, except, in each case, as expressly required pursuant to this Section 3.5.

(d) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including Term SOFR or USD LIBOR) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Lender in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is or will be no longer representative, then the Lender may modify the definition of "Interest Period" for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the Lender may modify the definition of "Interest Period" for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(e) Benchmark Unavailability Period. Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke

any request for a borrowing of, conversion to or continuation of LIBOR Rate Loans or LIBOR Market Index Rate Loans to be made, converted or continued during such Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to Base Rate Loans. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of the Base Rate.

(f) Certain Defined Terms. As used in this Section 3.5:

"Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (x) if the then-current Benchmark is a term rate, any tenor for such Benchmark or (y) otherwise, any payment period for interest calculated with reference to such Benchmark, as applicable, that is or may be used for determining the length of an Interest Period pursuant to this Agreement as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to Section 3.5(d).

"Benchmark" means, initially, USD LIBOR; provided that if a Benchmark Transition Event, a Term SOFR Transition Event, or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred with respect to USD LIBOR or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 3.5(a).

"Benchmark Replacement" means, for any Available Tenor,

(a) with respect to any Benchmark Transition Event or Early Opt-in Election, the first alternative set forth in the order below that can be determined by the Lender for the applicable Benchmark Replacement Date:

(1) the sum of: (A) Term SOFR and (B) the related Benchmark Replacement Adjustment; provided, that, if the Borrower has provided a notification to the Lender in writing on or prior to such Benchmark Replacement Date that the Borrower has a Hedge Agreement in place with respect to any of the Loans as of the date of such notice (which such notification the Lender shall be entitled to rely upon and shall have no duty or obligation to ascertain the correctness or completeness of), then the Lender, in its sole discretion, may decide not to determine the Benchmark Replacement pursuant to this clause (a)(1) for such Benchmark Transition Event or Early Opt-in Election, as applicable;

(2) the sum of: (A) Daily Simple SOFR and (B) the related Benchmark Replacement Adjustment;

(3) the sum of: (A) the alternate benchmark rate that has been selected by the Lender and the Borrower as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for U.S. dollar-denominated syndicated or bilateral credit facilities at such time and (B) the related Benchmark Replacement Adjustment; or

(b) with respect to any Term SOFR Transition Event, the sum of (i) Term SOFR and (ii) the related Benchmark Replacement Adjustment;

provided that, (i) in the case of clause (a)(1), if the Lender decides that Term SOFR is not administratively feasible for the Lender, then Term SOFR will be deemed unable to be determined for purposes of this definition and (ii) in the case of clause (a)(1) or clause (b) of this definition, the applicable Unadjusted Benchmark Replacement is displayed on a screen or other information service that publishes such rate from time to time as selected by the Lender in its reasonable discretion. If the Benchmark Replacement as determined pursuant to clause (a)(1), (a)(2) or (a)(3) or clause (b) of this definition would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

"Benchmark Replacement Adjustment" means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Interest Period and Available Tenor for any setting of such Unadjusted Benchmark Replacement:

(1) for purposes of clauses (a)(1) and (a)(2) of the definition of "Benchmark Replacement," the first alternative set forth in the order below that can be determined by the Lender:

(a) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that has been selected or recommended by the Relevant Governmental Body for the replacement of such Available Tenor of such Benchmark with the applicable Unadjusted Benchmark Replacement;

(b) the spread adjustment (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that would apply to the fallback rate for a derivative transaction referencing the ISDA Definitions to be effective upon an index cessation event with respect to such Available Tenor of such Benchmark;

(2) for purposes of clause (a)(3) of the definition of "Benchmark Replacement," the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Lender and the Borrower giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Available Tenor of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Available Tenor of such Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated or bilateral credit facilities; and

(3) for purposes of clause (b) of the definition of "Benchmark Replacement," the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that has been selected or recommended by the Relevant Governmental Body for the replacement of such Available Tenor of USD LIBOR with a SOFR-based rate;

provided that, (x) in the case of clause (1) above, such adjustment is displayed on a screen or other information service that publishes such Benchmark Replacement Adjustment from time to time as selected by the Lender in its reasonable discretion and (y) if the then-current Benchmark is a term rate, more than one tenor of such Benchmark is available as of the applicable Benchmark Replacement Date and the applicable Unadjusted Benchmark Replacement that will replace such Benchmark in accordance with Section 3.5(a) will not be a term rate, the Available Tenor of such Benchmark for purposes of this definition of "Benchmark Replacement Adjustment" shall be deemed to be, with respect to each Unadjusted Benchmark Replacement having a payment period for interest calculated with reference thereto, the Available Tenor that has approximately the same length (disregarding business day adjustments) as such payment period.

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Base Rate," the definition of "Business Day," the definition of "Interest Period," timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions and other technical, administrative or operational matters) that the Lender decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Lender in a manner substantially consistent with market practice (or, if the Lender decides that adoption of any portion of such market practice is not administratively feasible or if the Lender determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Lender decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

"Benchmark Replacement Date" means the earliest to occur of the following events with respect to the then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof);

(2) in the case of clause (3) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein;

(3) in the case of a Term SOFR Transition Event, the date that is thirty (30) days after the Lender has provided the Term SOFR Notice to the Borrower pursuant to Section 3.5(a)(ii); or

(4) in the case of an Early Opt-in Election, the date agreed to in writing by the Lender and the Borrower.

For the avoidance of doubt, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(2) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer representative.

For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Unavailability Period" means the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (1) or (2) of that definition has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 3.5 and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 3.5.

"Corresponding Tenor" with respect to any Available Tenor means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

"Daily Simple SOFR" means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Lender in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining "Daily Simple SOFR" for bilateral business loans; provided that if the Lender decides that any such convention is not administratively feasible for the Lender, then the Lender may establish another convention in its reasonable discretion.

"Early Opt-in Election" means, if the then-current Benchmark is USD LIBOR, the occurrence of the joint election in writing by the Lender and the Borrower to trigger a fallback from USD LIBOR.

"Floor" means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to USD LIBOR.

"ISDA Definitions" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time by the International Swaps and Derivatives Association, Inc. or such successor thereto.

"Reference Time" with respect to any setting of the then-current Benchmark means (a) if such Benchmark is USD LIBOR, 11:00 a.m. (London time) on the day that

is two (2) London banking days preceding the date of such setting, and (b) if such Benchmark is not USD LIBOR, the time determined by the Lender in its reasonable discretion.

"Relevant Governmental Body" means the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto.

"SOFR" means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the SOFR Administrator's Website on the immediately succeeding Business Day.

"SOFR Administrator" means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

"SOFR Administrator's Website" means the website of the Federal Reserve Bank of New York, currently at http://www.newyorkfed.org, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

"Term SOFR" means, for the applicable Corresponding Tenor as of the applicable Reference Time, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

"Term SOFR Notice" means a notification by the Lender to the Borrower of the occurrence of a Term SOFR Transition Event.

"Term SOFR Transition Event" means the determination by the Lender that (a) Term SOFR has been recommended for use by the Relevant Governmental Body, (b) the administration of Term SOFR is administratively feasible for the Lender and (c) a Benchmark Transition Event or an Early Opt-in Election, as applicable, has previously occurred resulting in the replacement of the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 3.5 with a Benchmark Replacement the Unadjusted Benchmark Replacement component of which is not Term SOFR.

"Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

"USD LIBOR" means the London interbank offered rate for Dollars.

(k) Section 5.14 of the Existing Credit Agreement is amended to replace the reference to "December 31, 2015" with "December 31, 2019".

(l) Section 6.9 of the Existing Credit Agreement is amended to add the following new sentence at the end of such Section:

"The Borrower will notify the Lender that previously received a Beneficial Ownership Certification (or a certification that the Borrower qualifies for an express exclusion to the "legal entity customer" definition under the Beneficial Ownership Regulation) of any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified therein (or, if applicable, the Borrower ceasing to fall within an express exclusion to the definition of "legal entity customer" under the Beneficial Ownership Regulation) and promptly upon the reasonable request of the Lender, provide the Lender any information or documentation requested by it for purposes of complying with the Beneficial Ownership Regulation."

(m) Section 6.12 of the Existing Credit Agreement is amended to add the phrase "(including by division)" after the phrase "creation or acquisition of any Domestic Subsidiary" in clause (a) thereof.

(n) Section 7.1(i) of the Existing Credit Agreement is amended to replace the reference to "Lenders" with "Lender".

(o) Section 7.4 of the Existing Credit Agreement is amended to add the phrase "(including by division)" after the phrase "enter into any similar combination with" in the first paragraph thereof.

(p) Section 9.15 of the Existing Credit Agreement is amended and restated in its entirety as follows:

SECTION 9.15 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. Except as provided in Section 4.1, this Agreement shall become effective when it shall have been executed by the Lender and when the Lender shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. The words "execute," "execution," "signed," "signature," "delivery" and words of like import in or related to this Agreement, any other Loan Document or any document, amendment, approval, consent, waiver, modification, information, notice, certificate, report, statement, disclosure, or authorization to be signed or delivered in connection with this Agreement or any other Loan Document or the transactions contemplated hereby shall be deemed to include Electronic Signatures or execution in the form of an Electronic Record, and contract formations on electronic platforms approved by the Lender, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, or any other similar state laws based on the Uniform Electronic Transactions Act. Each party hereto agrees that any Electronic Signature or execution in the form of an Electronic Record shall be valid and binding on itself and each of the other parties hereto to the same extent as a manual, original signature. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the parties of a manually signed paper which has been converted into electronic form (such as scanned into PDF format), or an electronically signed paper converted into another format, for transmission, delivery and/or retention. Notwithstanding anything contained herein to the contrary, the Lender is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by the Lender pursuant to procedures approved by it; provided that without limiting the foregoing, (a) to the extent the Lender has agreed to accept such Electronic Signature from any party hereto, the Lender and the other parties hereto shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of the executing party without further verification and (b) upon the request of the Lender, any Electronic Signature shall be promptly followed by an original manually executed counterpart thereof. Without limiting the generality of the foregoing, each party hereto hereby (i) agrees that, for all purposes, including without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation between the Lender and any of the Credit Parties, electronic images of this Agreement or any other Loan Document (in each case, including with respect to any signature pages thereto) shall have the same legal effect, validity and enforceability as any paper original, and (ii) waives any argument, defense or right to contest the validity or enforceability of the Loan Documents based solely on the lack of paper original copies of any Loan Documents, including with respect to any signature pages thereto. THIS AGREEMENT AND ALL THE OTHER

LOAN DOCUMENTS CONSTITUTE A WRITTEN LOAN AGREEMENT WHICH REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES RELATING TO THIS AGREEMENT AND THE INDEBTEDNESS EVIDENCED HEREBY.

(q) Article IX of the Existing Credit Agreement is amended to add the following new Section 9.20 (and to include a reference to such new Section in the table of contents):

SECTION 9.20 Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Hedge Agreements or any other agreement or instrument that is a QFC (such support, "QFC Credit Support" and, each such QFC, a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the FDIC under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 12.24, the following terms have the following meanings:

"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Covered Entity" means any of the following:

(i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

Section 2. Conditions to Effectiveness. This Amendment shall become effective on the date when the following conditions shall have been satisfied or waived (such date, the "Amendment Effective Date"):

(a) The Lender's receipt of the following, each of which shall be originals or facsimiles (followed promptly by originals) unless otherwise specified, each properly executed by a Responsible Officer of the signing Credit Party, each in form and substance reasonably satisfactory to the Lender and its legal counsel:

(i) this Amendment, duly executed by the Borrower, the Subsidiary Guarantors existing as of the Amendment Effective Date and the Lender;

(ii) a certificate from a Responsible Officer of the Borrower to the effect that (i) all representations and warranties of the Credit Parties contained in this Agreement and the other Loan Documents are true, correct and complete, (ii) after giving effect to the Closing Date, no Default or Event of Default has occurred and is continuing, (iii) after giving effect to the Closing Date, each Credit Party and each Subsidiary thereof is each Solvent and (iv) since December 31, 2019, no event has occurred or condition arisen, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect; and

(iii) a certificate of a Responsible Officer of each Credit Party certifying that attached thereto is a true, correct and complete copy of resolutions duly adopted by the board of directors (or other governing body) of such Credit Party authorizing and approving the transactions contemplated hereunder and the execution, delivery and performance of this Agreement and the other Loan Documents to which it is a party.

(b) Payment to the Lender of a renewal fee equal to 7.0 basis points times the aggregate Revolving Credit Commitment on the Amendment Effective Date.

Section 3. Representations and Warranties. To induce the Lender to enter into this Amendment, each Credit Party represents and warrants to the Lender on and as of the Amendment Effective Date that, in each case:

(a) all of the representations and warranties set forth in the Loan Documents are true and correct in all material respects on and as of the Amendment Effective Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date; provided that any representation and warranty that is qualified as to "materiality," "Material Adverse Effect" or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective dates;

(b) no Default or Event of Default exists and is continuing;

(c) it has the right, power and authority and has taken all necessary corporate and other action to authorize the execution, delivery and performance of this Amendment and each other document executed in connection herewith to which it is a party in accordance with their respective terms and the transactions contemplated hereby; and

(d) this Amendment and each other document executed in connection herewith has been duly executed and delivered by the duly authorized officers of each Credit Party,

and each such document constitutes the legal, valid and binding obligation of each such Credit Party, enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar state or federal debtor relief laws from time to time in effect which affect the enforcement of creditors' rights in general and the availability of equitable remedies.

Section 4. Reference to and Effect on the Credit Agreement and the Loan Documents. Except as expressly provided herein, the Existing Credit Agreement and the other Loan Documents shall remain unmodified and in full force and effect. This Amendment shall not be deemed (a) to be a waiver of, or consent to, or a modification or amendment of, any other term or condition of the Existing Credit Agreement or any other Loan Document other than as expressly set forth herein, (b) to prejudice any right or rights which the Lender may now have or may have in the future under or in connection with the Existing Credit Agreement or the other Loan Documents or any of the instruments or agreements referred to therein, as the same may be amended, restated, supplemented or modified from time to time, or (c) to be a commitment or any other undertaking or expression of any willingness to engage in any further discussion with the Borrower, any of its Subsidiaries or any other Person with respect to any other waiver, amendment, modification or any other change to the Existing Credit Agreement or the Loan Documents or any rights or remedies arising in favor of the Lender under or with respect to any such documents. References in the Credit Agreement to "this Agreement" (and indirect references such as "hereunder", "hereby", "herein", "hereof" or other words of like import) and in any Loan Document to the "Credit Agreement" shall be deemed to be references to the Credit Agreement.

Section 5. Further Assurances. Each Credit Party agrees to, to the extent required by the Loan Documents, make, execute and deliver all such additional and further acts, things, deeds, instruments and documents as the Lender may reasonably require for the purposes of implementing or effectuating the provisions of this Amendment and the other Loan Documents.

Section 6. Acknowledgement and Reaffirmation. ***Each Credit Party (a) consents to this*** Amendment ***and agrees that the transactions contemplated by*** this Amendment shall not limit or diminish the obligations of such Person under, or release such Person from any obligations under, any of the Loan Documents to which it is a party (as amended pursuant to this Amendment), (b) confirms and reaffirms its obligations under each of the Loan Documents to which it is a party (as amended pursuant to this Amendment) and (c) agrees that each of the Loan Documents to which it is a party (as amended pursuant to this Amendment) remains in full force and effect and is hereby ratified and confirmed.

Section 7. Costs and Expenses. The Borrower hereby reconfirms its obligations pursuant to Section 9.3 of the Credit Agreement to pay and reimburse the Lender in accordance with the terms thereof.

Section 8. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of Texas.

Section 9. Counterparts. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which counterparts when executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. Delivery by facsimile or electronic transmission of an executed counterpart of a signature page to this Amendment shall be effective as delivery of an original executed counterpart of this Amendment.

Section 10. Entire Agreement. This Amendment is the entire agreement, and supersedes any prior agreements and contemporaneous oral agreements, of the parties concerning its subject matter. This Amendment is a Loan Document and is subject to the terms and conditions of the Credit Agreement.

Section 11. Successors and Assigns. This Amendment shall be binding on and inure to the benefit of the parties hereto and their successors and permitted assigns.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Amendment as of the date first above written.

ATRION CORPORATION, as Borrower

By: /s/ Jeffery Strickland
Name: Jeffery Strickland
Title: Vice President

ATRION MEDICAL PRODUCTS, INC., as Guarantor

By: /s/ Jeffery Strickland
Name: Jeffery Strickland
Title: Vice President

HALKEY-ROBERTS CORPORATION, as Guarantor

By: /s/ Jeffery Strickland
Name: Jeffery Strickland
Title: Vice President

QUEST MEDICAL, INC., as Guarantor

By: /s/ Jeffery Strickland
Name: Jeffery Strickland
Title: Vice President

ALATENN PIPELINE COMPANY, LLC, as Guarantor

By: /s/ Jeffery Strickland
Name: Jeffery Strickland

Title: Vice President

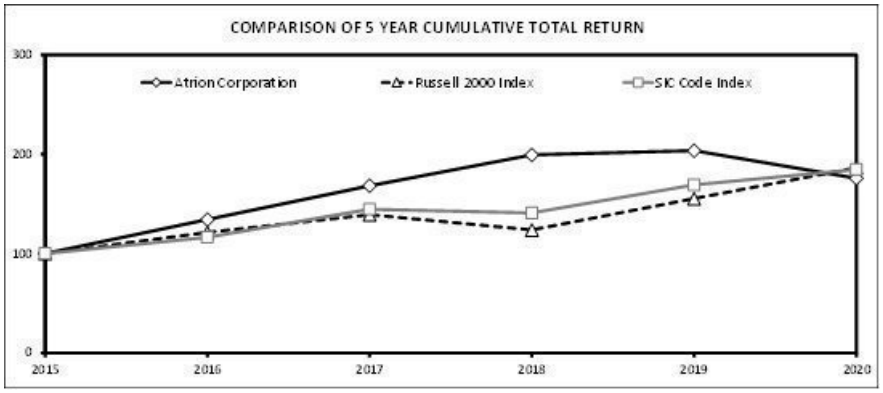
ATRION LEASING COMPANY, LLC, as Guarantor

By: /s/ Jeffery Strickland
Name: Jeffery Strickland
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Lender

By: /s/ Jason Ford
Name: Jason Ford
Title: Senior Vice President

EXHIBIT 13.1



Company/Index	2015	2016	2017	2018	2019	2020
Atrion Corporation	$ 100.00	$ 134.26	$ 168.21	$ 199.25	$ 203.54	$ 175.78
Russell 2000 Index	$ 100.00	$ 121.31	$ 139.08	$ 123.76	$ 155.35	$ 186.36
SIC Code Index	$ 100.00	$ 116.43	$ 144.67	$ 140.90	$ 169.11	$ 184.59

The graph set forth above compares the total cumulative return for the five-year period ended December 31, 2020 on the Company's common stock, the Russell 2000 Index and SIC Code 3841 Index--Surgical and Medical Instruments (compiled by Zacks Investment Research, Inc.), assuming $100 was invested on December 31, 2015 in our common stock, the Russell 2000 Index and the SIC Code Index and dividends were reinvested.

EXHIBIT 21

Subsidiaries of Atrion Corporation
As of December 31, 2020

Subsidiary	State of Incorporation	Ownership
Atrion Medical Products, Inc.	Delaware	100%
Halkey-Roberts Corporation	Delaware	100%
Quest Medical, Inc.	Texas	100%
AlaTenn Pipeline Company LLC	Alabama	100%
Atrion Leasing Company LLC	Alabama	100%

EXHIBIT 23

Consent of Independent Registered Public Accounting Firm

We have issued our reports dated February 26, 2021, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of Atrion Corporation on Form 10-K for the year ended December 31, 2020. We consent to the incorporation by reference of said reports in the Registration Statements of Atrion Corporation on Forms S-8 (File No. 333-142917, effective May 14, 2007, File No. 333-144085, effective June 27, 2007, File No. 333-144086, effective June 27, 2007, and File No. 333-172767, effective March 11, 2011).

/s/ GRANT THORNTON LLP

Dallas, Texas

February 26, 2021

EXHIBIT 31.1

Chief Executive Officer Certification

I, David A. Battat, certify that:

1. I have reviewed this annual report of Atrion Corporation;

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 annual 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 we 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; and

   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 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: February 26, 2021

/s/ David A. Battat
David A. Battat
President and Chief Executive Officer

EXHIBIT 31.2

Chief Financial Officer Certification

I, Jeffery Strickland, certify that:

1. I have reviewed this annual report of Atrion Corporation;

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 annual 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 we 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; and

   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 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: February 26, 2021

/s/ Jeffery Strickland
Jeffery Strickland
Vice President and Chief 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

Pursuant to 18 U.S.C. section 1350, the undersigned officer of Atrion Corporation (the "Company"), hereby certifies, to such officer's knowledge, that the Company's Annual Report on Form 10-K for the year ended December 31, 2020 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 26, 2021

By: /s/ David A. Battat
David A. Battat
President and Chief Executive Officer

The foregoing certification is made solely for purpose of 18 U.S.C. section 1350 and not for any other purpose.

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

Pursuant to 18 U.S.C. section 1350, the undersigned officer of Atrion Corporation (the "Company"), hereby certifies, to such officer's knowledge, that the Company's Annual Report on Form 10-K for the year ended December 31, 2020 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 26, 2021

By: /s/ Jeffery Strickland
Jeffery Strickland
Vice President and Chief Financial Officer

The foregoing certification is made solely for purpose of 18 U.S.C. section 1350 and not for any other purpose.