



LeMaitre Q2 2022 Financial Results

July 28, 2022

BURLINGTON, Mass., July 28, 2022 (GLOBE NEWSWIRE) -- LeMaitre (Nasdaq:LMAT), a provider of vascular devices, implants and services, today reported Q2 2022 results, announced a \$0.125/share quarterly dividend and provided guidance.

Q2 2022 Financial Results

- Sales of \$42.1mm, +4% (+8% organic) vs. Q2 2021
- Gross margin of 66.0%
- Op. income reported \$5.8mm, -48%
- Op. income ex. special charge \$8.9mm, -20%
- Earnings per diluted share reported \$0.16, -60%
- Earnings per diluted share ex. special charge \$0.29, -26%
- Cash and investments +\$4.8mm to \$75.7mm

Biologics drove Q2 2022 sales growth: XenoSure (+21%), allografts (+25%) and Artergraft (+11%). Q2 organic sales growth was led by EMEA (+11%) and APAC (+11%), while the Americas grew 6%. The strong dollar reduced sales by \$1.7mm.

The gross margin increased to 66.0% in Q2 2022 (vs. 65.8%). The Company had 203 direct labor employees on staff as of June 30, up 54% year-over-year. The Company closed its St. Etienne factory in Q2 2022, resulting in a \$3.1mm special charge.

Q2 2022 operating margin was 14%; excluding the \$3.1mm special charge the operating margin was 21%. Excluding the special charge, Q2 operating expense growth was 21%, driven by a 26% larger salesforce on June 30 (111 reps) and regulatory expenses.

George LeMaitre, Chairman and CEO, said "Based on better-than-expected Q2 sales, we increased annual guidance to 10% organic growth. We also achieved several milestones: we opened a Seoul office, closed a French factory, filed for Chinese XenoSure cardiac approval and received the Omniflow II CE Mark."

Business Outlook

	Q3 2022 Guidance	Q4 2022 Guidance	2022 Full Year Guidance
Sales	\$39.0mm - \$41.0mm (Mid: \$40.0mm, +4%, +10% Org.)	\$41.2mm - \$43.2mm (Mid: \$42.2mm, +7%, +11% Org.)	\$162.7mm - \$165.3mm (Mid:\$164.0mm, +6%, +10% Org.)
Gross Margin	66.7%	67.5%	66.5%
Op. Income	\$6.8mm - \$8.2mm (Mid: \$7.5mm, -17%)	\$8.5mm - \$9.9mm (Mid: \$9.2mm, +10%)	\$29.5mm - \$31.2mm (Mid \$30.4mm, -17%)
Op. Income Ex-Spec. Charge	-	-	\$32.7mm - \$34.4mm (Mid: \$33.6mm, -8%)
EPS	\$0.24 - \$0.29 (Mid: \$0.27, -10%)	\$0.29 - \$0.35 (Mid: \$0.32, +15%)	\$0.99 - \$1.05 (Mid: \$1.02, -19%)
EPS Ex-Spec. Charge	-	-	\$1.14 - \$1.19 (Mid: \$1.17, -7%)

Quarterly Dividend

On July 26, 2022, the Company's Board of Directors approved a quarterly dividend of \$0.125/share of common stock. The dividend will be paid on September 8, 2022 to shareholders of record on August 25, 2022.

Share Repurchase Program

On February 22, 2022, the Company's Board of Directors authorized the repurchase of up to \$20.0mm of the Company's common stock. The repurchase program may be suspended or discontinued at any time and will conclude on February 22, 2023, unless extended by the Board.

Conference Call Reminder

Management will conduct a conference call at 5:00pm ET today. The conference call will be broadcast live over the Internet. Individuals interested in listening to the webcast can log on to the Company's website at www.lemaitre.com/investor. Access to the live call is available by registering online [here](#). All registrants will receive dial-in information and a PIN allowing them to access the live call. The audio webcast can also be accessed live or via replay through a webcast at <http://www.lemaitre.com/investor>. For individuals unable to join the live conference call, a replay will be available on the Company's website.

A reconciliation of GAAP to non-GAAP results is included in the tables attached to this release.

About LeMaitre

LeMaitre is a provider of devices, implants and services for the treatment of peripheral vascular disease, a condition that affects more than 200 million people worldwide. The Company develops, manufactures and markets disposable and implantable vascular devices to address the needs of its core customer, the vascular surgeon.

LeMaitre is a registered trademark of LeMaitre Vascular, Inc. This press release may include other trademarks and trade names of the Company.

For more information about the Company, please visit <http://www.lemaitre.com>.

Use of Non-GAAP Financial Measures

LeMaitre management believes that in order to better understand the Company's short- and long-term financial trends, investors may wish to consider certain non-GAAP financial measures as a supplement to financial performance measures prepared in accordance with GAAP. Non-GAAP financial measures are not based on a comprehensive set of accounting rules or principles and do not have standardized meanings. These non-GAAP measures result from facts and circumstances that may vary in frequency and/or impact on continuing operations. Non-GAAP measures should be considered in addition to, and not as a substitute for, financial performance measures in accordance with GAAP. In addition to the description provided below, reconciliation of GAAP to non-GAAP results is provided in the financial statement tables included in this press release.

In this press release, the Company has reported non-GAAP sales growth percentages after adjusting for the impact of foreign currency exchange, business development transactions, and/or other events as well as operating income, operating margin, and EPS excluding special charge for Q2 2022 and guidance for operating income and EPS excluding special charge. The Company refers to the calculation of non-GAAP sales growth percentages as "organic." The Company analyzes non-GAAP sales on a constant currency basis, net of acquisitions and other non-recurring events, and the aforementioned non-GAAP profitability measures to better measure the comparability of results between periods. Because changes in foreign currency exchange rates have a non-operating impact on net sales, and acquisitions, divestitures, product discontinuations, and other strategic transactions are episodic in nature and are highly variable to the reported sales results, the Company believes that evaluating growth in sales on a constant currency basis net of such transactions provides an additional and meaningful assessment of sales to management. The Company believes that the presentation of operating income, operating margin and EPS excluding special charge for Q2 2022 and guidance for operating income and EPS excluding special charge provides an alternative and meaningful view of the Company's profitability excluding the impact of the closure of the Company's St. Etienne, France factory, a non-recurring event.

Forward-Looking Statements

The Company's current financial results, as discussed in this release, are preliminary and unaudited, and subject to adjustment. This press release contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Statements in this press release regarding the Company's business that are not historical facts may be "forward-looking statements" that involve risks and uncertainties. Forward-looking statements are based on management's current, preliminary expectations and are subject to risks and uncertainties that could cause actual results to differ from the results expected, including, but not limited to, the status of our global regulatory approvals and compliance with regulatory requirements to market and sell our products both in the U.S. and outside of the U.S.; the duration and severity of the impact of COVID-19 on the global economy, our customers, our suppliers and our company; the risk of significant fluctuations in our quarterly and annual results due to numerous factors; the risk that assumptions about the market for the Company's products and the productivity of the Company's direct sales force and distributors may not be correct; the risk that we may not be able to maintain our recent levels of profitability; the risk that the Company may not realize the anticipated benefits of its strategic activities; risks related to the integration of acquisition targets; the acceleration or deceleration of product growth rates; risks related to product demand and market acceptance of the Company's products and pricing; the risk that a recall of our products could result in significant costs or negative publicity; the risk that the Company is not successful in transitioning to a direct-selling model in new territories and other risks and uncertainties included under the heading "Risk Factors" in our most recent Annual Report on Form 10-K, as updated by our subsequent filings with the SEC, which are all available on the Company's investor relations website at <http://www.lemaitre.com> and on the SEC's website at <http://www.sec.gov>. Undue reliance should not be placed on forward-looking statements, which speak only as of the date they are made. The Company undertakes no obligation to update publicly any forward-looking statements to reflect new information, events, or circumstances after the date they were made, or to reflect the occurrence of unanticipated events.

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LEMAITRE VASCULAR, INC. (NASDAQ: LMAT) CONDENSED CONSOLIDATED BALANCE SHEETS (amounts in thousands)

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 20,788	\$ 13,855
Short-term marketable securities	54,895	56,104
Accounts receivable, net	21,542	19,631
Inventory and other deferred costs	47,192	46,104
Prepaid expenses and other current assets	3,243	4,189

Asset held for sale	826	-
Total current assets	148,486	139,883
Property and equipment, net	15,753	17,059
Right-of-use leased assets	16,290	15,071
Goodwill	65,945	65,945
Other intangibles, net	49,598	52,710
Deferred tax assets	2,369	1,566
Other assets	984	568
Total assets	\$ 299,425	\$ 292,802
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 2,844	\$ 2,340
Accrued expenses	17,009	16,332
Acquisition-related obligations	1,758	1,271
Lease liabilities - short-term	1,794	1,870
Total current liabilities	23,405	21,813
Lease liabilities - long-term	15,420	14,067
Deferred tax liabilities	64	70
Other long-term liabilities	2,503	2,701
Total liabilities	41,392	38,651
Stockholders' equity		
Common stock	235	235
Additional paid-in capital	184,605	181,630
Retained earnings	92,190	88,125
Accumulated other comprehensive loss	(6,444)	(3,435)
Treasury stock	(12,553)	(12,404)
Total stockholders' equity	258,033	254,151
Total liabilities and stockholders' equity	\$ 299,425	\$ 292,802

LEMAITRE VASCULAR, INC. (NASDAQ: LMAT)
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(amounts in thousands, except per share amounts)
(unaudited)

	For the three months ended		For the six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net sales	\$ 42,108	\$ 40,670	\$ 81,669	\$ 76,553
Cost of sales	14,298	13,909	27,897	25,993
Gross profit	27,810	26,761	53,772	50,560
Operating expenses:				
Sales and marketing	8,242	6,803	16,092	13,269
General and administrative	7,331	6,200	14,583	12,744
Research and development	3,346	2,652	6,278	5,496
Restructuring	3,107	-	3,107	-
Total operating expenses	22,026	15,655	40,060	31,509
Income from operations	5,784	11,106	13,712	19,051

Other income (expense), net				
Interest income	167	1	275	2
Interest expense	-	(495)	-	(1,072)
Foreign currency gain (loss)	(403)	(157)	(443)	(33)
	<u>5,548</u>	<u>10,455</u>	<u>13,544</u>	<u>17,948</u>
Income before income taxes				
Provision for income taxes	2,033	2,156	3,991	3,720
	<u>2,033</u>	<u>2,156</u>	<u>3,991</u>	<u>3,720</u>
Net income	\$ 3,515	\$ 8,299	\$ 9,553	\$ 14,228
Earnings per share of common stock				
Basic	\$ 0.16	\$ 0.40	\$ 0.44	\$ 0.69
Diluted	\$ 0.16	\$ 0.40	\$ 0.43	\$ 0.68
Weighted - average shares outstanding:				
Basic	21,958	20,611	21,947	20,579
Diluted	<u>22,129</u>	<u>20,959</u>	<u>22,115</u>	<u>20,900</u>
Cash dividends declared per common share	\$ 0.125	\$ 0.110	\$ 0.250	\$ 0.220

LEMAITRE VASCULAR, INC. (NASDAQ: LMAT)

SELECTED NET SALES INFORMATION

(amounts in thousands)

(unaudited)

	For the three months ended				For the six months ended			
	June 30, 2022		June 30, 2021		June 30, 2022		June 30, 2021	
	\$	%	\$	%	\$	%	\$	%
Net Sales by Geography								
Americas	\$ 28,854	69%	\$ 27,329	67%	\$ 55,397	68%	\$ 51,028	67%
Europe, Middle East and Africa	10,749	25%	10,803	27%	21,243	26%	20,665	27%
Asia Pacific	2,505	6%	2,538	6%	5,029	6%	4,860	6%
Total Net Sales	\$ 42,108	100%	\$ 40,670	100%	\$ 81,669	100%	\$ 76,553	100%

LEMAITRE VASCULAR, INC. (NASDAQ: LMAT)

NON-GAAP FINANCIAL MEASURES

(amounts in thousands)

(unaudited)

Reconciliation between GAAP and Non-GAAP sales growth:

For the three months ended June 30, 2022

Net sales as reported	\$ 42,108	
Impact of currency exchange rate fluctuations	<u>1,686</u>	
Adjusted net sales		\$ 43,794

For the three months ended June 30, 2021

Net sales as reported	\$ 40,670	
Adjusted net sales		<u>\$ 40,670</u>

Adjusted net sales increase for the three months ended June 30, 2022	\$ 3,124	8%
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Reconciliation between GAAP and Non-GAAP projected sales growth:

For the three months ending September 30, 2022

Net sales per guidance (midpoint)	\$ 40,045	
Impact of currency exchange rate fluctuations	<u>1,974</u>	
Adjusted projected net sales		\$ 42,019

For the three months ended September 30, 2021

Net sales as reported	\$ 38,368	
Adjusted net sales		<u>\$ 38,368</u>

Adjusted projected net sales increase for the three months ending September 30, 2022 \$ 3,651 10%

Reconciliation between GAAP and Non-GAAP projected sales growth:

For the three months ending December 31, 2022

Net sales per guidance (midpoint)	\$ 42,240	
Impact of currency exchange rate fluctuations	<u>1,692</u>	
Adjusted projected net sales		\$ 43,932

For the three months ended December 31, 2021

Net sales as reported	\$ 39,503	
Adjusted net sales		<u>\$ 39,503</u>

Adjusted projected net sales increase for the three months ending December 31, 2022 \$ 4,429 11%

Reconciliation between GAAP and Non-GAAP projected sales growth:

For the year ending December 31, 2022

Net sales per guidance (midpoint)	\$ 163,954	
Impact of currency exchange rate fluctuations	<u>6,170</u>	
Adjusted projected net sales		\$ 170,124

For the year ended December 31, 2021

Net sales as reported	\$ 154,424	
Adjusted net sales		<u>\$ 154,424</u>

Adjusted projected net sales increase for the year ending December 31, 2022 \$ 15,700 10%

Reconciliation between GAAP and Non-GAAP operating income:

For the three months ended June 30, 2022

Operating income as reported	\$ 5,784	
Impact of special charge	<u>3,107</u>	
Adjusted operating income		\$ 8,891

For the three months ended June 30, 2021

Operating income as reported	\$ 11,106	
Adjusted operating income		<u>\$ 11,106</u>

Adjusted operating income decrease for the three months ended June 30, 2022 \$ (2,215) -20%

Reconciliation between GAAP and Non-GAAP projected operating income:

For the year ending December 31, 2022

Operating income per guidance (midpoint)	\$ 30,374	
Impact of special charge	<u>3,207</u>	
Adjusted projected operating income		\$ 33,581

For the year ended December 31, 2021

Operating income as reported	\$ 36,425	
Adjusted operating income		<u>\$ 36,425</u>

Adjusted projected operating income decrease for the year ending December 31, 2022		\$	(2,844)	-8%
Reconciliation between GAAP and Non-GAAP EPS:				
For the three months ended June 30, 2022				
EPS as reported		\$	0.16	
Impact of special charge			0.13	
Adjusted EPS		\$	0.29	
For the three months ended June 30, 2021				
EPS as reported		\$	0.40	
Adjusted EPS		\$	0.40	
Adjusted EPS decrease for the three months ended June 30, 2022		\$	(0.10)	-26%
Reconciliation between GAAP and Non-GAAP projected EPS:				
For the year ending December 31, 2022				
EPS per guidance (midpoint)		\$	1.02	
Impact of special charge			0.15	
Adjusted EPS		\$	1.17	
For the year ended December 31, 2021				
EPS as reported		\$	1.25	
Adjusted EPS		\$	1.25	
Adjusted projected EPS decrease for the year ending December 31, 2022		\$	(0.08)	-7%
EMEA sales growth reconciliation between GAAP and Non-GAAP:				
For the three months ended June 30, 2022				
Net sales as reported		\$	10,749	
Impact of currency exchange rate fluctuations			1,276	
EMEA adjusted net sales		\$	12,025	
For the three months ended June 30, 2021				
Net sales as reported		\$	10,803	
Adjusted net sales		\$	10,803	
EMEA adjusted net sales increase for the three months ended June 30, 2022		\$	1,222	11%
APAC sales growth reconciliation between GAAP and Non-GAAP:				
For the three months ended June 30, 2022				
Net sales as reported		\$	2,505	
Impact of currency exchange rate fluctuations			313	
APAC adjusted net sales		\$	2,818	
For the three months ended June 30, 2021				
Net sales as reported		\$	2,538	
Adjusted net sales		\$	2,538	
APAC adjusted net sales increase for the three months ended June 30, 2022		\$	280	11%
Americas sales growth reconciliation between GAAP and Non-GAAP:				
For the three months ended June 30, 2022				
Net sales as reported		\$	28,854	
Impact of currency exchange rate fluctuations			98	
Americas adjusted net sales		\$	28,952	

For the three months ended June 30, 2021			
Net sales as reported	\$	27,329	
Adjusted net sales			\$ 27,329
Americas adjusted net sales increase for the three months ended June 30, 2022			
	\$	1,623	6%
Reconciliation between GAAP and Non-GAAP operating margin:			
For the three months ended June 30, 2022			
Operating margin as reported		14%	
Impact of special charge		7%	
Adjusted operating margin			21%
Reconciliation between GAAP and Non-GAAP operating expenses:			
For the three months ended June 30, 2022			
Operating expenses as reported	\$	22,026	
Impact of special charge		(3,107)	
Adjusted operating expenses	\$	18,919	
For the three months ended June 30, 2021			
Operating expenses as reported	\$	15,655	
Adjusted operating income	\$	15,655	
Adjusted operating expense decrease for the three months ended June 30, 2022			
	\$	3,264	21%



Source: LeMaitre Vascular, Inc.