UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2019

Or

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

For the transition period from _____ to _____.

Commission File Number 001-33092

LEMAITRE VASCULAR, INC.

(Exact name of registrant as specified in its charter)

Delaware	**04-2825458**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
63 Second Avenue, Burlington, Massachusetts	**01803**
(Address of principal executive offices)	**(Zip Code)**

(781) 221-2266
(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth Company "in Rule12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule12b-2 of the Exchange Act). Yes ☐ No ☒

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common	LMAT	The Nasdaq Global Market

The registrant had 19,991,347 shares of common stock, $.01 par value per share, outstanding as of October 31, 2019.

LEMAITRE VASCULAR
FORM 10-Q
TABLE OF CONTENTS

Part I. Financial Information

Item 1. Financial Statements

LeMaitre Vascular, Inc.
Consolidated Balance Sheets

	(unaudited) September 30, 2019	December 31, 2018
	(in thousands, except share data)	
Assets		
Current assets:		
Cash and cash equivalents	$ 11,719	$ 26,318
Short-term marketable securities	33,177	21,668
Accounts receivable, net of allowances of $482 at September 30, 2019 and $399 at December 31, 2018	14,878	15,721
Inventory and other deferred costs	36,695	27,388
Prepaid expenses and other current assets	3,226	2,922
Total current assets	99,695	94,017
Property and equipment, net	14,070	14,102
Right-of-use leased assets	6,008	-
Goodwill	32,102	29,868
Other intangibles, net	16,765	13,692
Deferred tax assets	1,164	1,215
Other assets	210	194
Total assets	$ 170,014	$ 153,088
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 1,670	$ 1,732
Accrued expenses	13,390	15,847
Acquisition-related obligations	2,597	2,179
Lease liabilities - short-term	1,666	-
Total current liabilities	19,323	19,758
Lease liabilities - long-term	4,755	-
Deferred tax liabilities	823	484
Other long-term liabilities	2,797	2,611
Total liabilities	27,698	22,853
Stockholders' equity:		
Preferred stock, $0.01 par value; authorized 3,000,000 shares; none outstanding		-
Common stock, $0.01 par value; authorized 37,000,000 shares; issued 21,495,306 shares at September 30, 2019, and 21,110,224 shares at December 31, 2018	215	211
Additional paid-in capital	103,673	98,442
Retained earnings	54,117	45,831
Accumulated other comprehensive loss	(4,894)	(3,900)
Treasury stock, at cost; 1, 515,378 shares at September 30, 2019 and 1,501,511 shares at December 31, 2018	(10,795)	(10,349)
Total stockholders' equity	142,316	130,235
Total liabilities and stockholders' equity	$ 170,014	$ 153,088

See accompanying notes to consolidated financial statements.

LeMaitre Vascular, Inc.
Consolidated Statements of Operations
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	(in thousands, except per share data)		(in thousands, except per share data)	
Net sales	$ 29,100	$ 24,165	$ 87,062	$ 77,179
Cost of sales	8,934	6,910	27,117	22,458
Gross profit	20,166	17,255	59,945	54,721
Sales and marketing	7,429	6,622	22,887	20,504
General and administrative	4,551	3,983	14,026	13,227
Research and development	2,281	2,037	6,777	5,850
Gain on divestiture	-	-	-	(5,876)
Total operating expenses	14,261	12,642	43,690	33,705
Income from operations	5,905	4,613	16,255	21,016
Other income (expense):				
Interest income	193	192	574	452
Foreign currency gain (loss)	(208)	(75)	(338)	(275)
Income before income taxes	5,890	4,730	16,491	21,193
Provision for income taxes	706	416	3,170	4,275
Net income	$ 5,184	$ 4,314	$ 13,321	$ 16,918
Earnings per share of common stock:				
Basic	$ 0.26	$ 0.22	$ 0.68	$ 0.87
Diluted	$ 0.25	$ 0.21	$ 0.66	$ 0.84
Weighted-average shares outstanding:				
Basic	19,871	19,503	19,731	19,369
Diluted	20,378	20,293	20,277	20,258
Cash dividends declared per common share	$ 0.085	$ 0.070	$ 0.255	$ 0.210

See accompanying notes to consolidated financial statements.

LeMaitre Vascular, Inc.
Consolidated Statements of Comprehensive Income
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	(in thousands)		(in thousands)	
Net income	$ 5,184	$ 4,314	$ 13,321	$ 16,918
Other comprehensive income (loss):				
Foreign currency translation adjustment, net	(1,072)	(308)	(1,125)	(1,204)
Unrealized gain (loss) on short-term marketable securities	(4)	33	131	11
Total other comprehensive income (loss)	(1,076)	(275)	(994)	(1,193)
Comprehensive income	$ 4,108	$ 4,039	$ 12,327	$ 15,725

See accompanying notes to consolidated financial statements.

LeMaitre Vascular, Inc.
Consolidated Statements of Stockholders' Equity
(unaudited)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Stockholders' Equity
	Shares	Amount				Shares	Amount	
Balance at December 31, 2018	21,110,224	$ 211	$ 98,442	$ 45,831	$ (3,900)	1,501,511	$ (10,349)	$ 130,235
Net income				3,513				3,513
Other comprehensive income					(192)			(192)
Issuance of common stock for stock options exercised	61,419	1	478					479
Vested restricted stock units	2,026	-	-					-
Stock-based compensation expense			746					746
Repurchase of common stock at cost						926	(21)	(21)
Common stock dividend accrued				(1,672)				(1,672)
Balance at March 31, 2019	21,173,669	212	99,666	47,672	(4,092)	1,502,437	(10,370)	133,088
Net income				4,624				4,624
Other comprehensive income					274			274
Issuance of common stock for stock options exercised	77,032	1	530					531
Vested restricted stock units	171	-	-					-
Stock-based compensation expense			694					694
Repurchase of common stock at cost						1,008	(2)	(2)
Common stock dividend paid				(1,672)				(1,672)
Balance at June 30, 2019	21,250,872	213	100,890	50,624	(3,818)	1,503,445	(10,372)	137,537
Net income				5,184				5,184
Other comprehensive income					(1,076)			(1,076)
Issuance of common stock for stock options exercised	208,821	2	2,128					2,130
Vested restricted stock units	35,613		-					-
Stock-based compensation expense			655					655
Repurchase of common stock at cost						11,933	(423)	(423)
Common stock dividend paid				(1,691)				(1,691)
Balance at September 30, 2019	21,495,306	215	103,673	54,117	(4,894)	1,515,378	(10,795)	142,316

LeMaitre Vascular, Inc.
Consolidated Statements of Stockholders' Equity
(unaudited)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Stockholders' Equity
	Shares	Amount				Shares	Amount	
Balance at December 31, 2017	20,745,041	$ 207	$ 93,127	$ 28,333	$ (2,289)	1,480,101	$ (9,608)	109,770
Net income				3,853				3,853
Other comprehensive income					283			283
Issuance of common stock for stock options exercised	34,826	1	292					293
Stock-based compensation expense			621					621
Repurchase of common stock at cost								-
Common stock dividend accrued				(1,350)				(1,350)
Balance at March 31, 2018	20,779,867	$ 208	$ 94,040	$ 30,836	$ (2,006)	1,480,101	$ (9,608)	$ 113,470
Net income				8,751				8,751
Other comprehensive income					(1,201)			(1,201)
Issuance of common stock for stock options exercised	56,215	-	446					446
Vested restricted stock units	765	-	-					-
Stock-based compensation expense			636					636
Repurchase of common stock at cost						149	(5)	(5)
Common stock dividend accrued				(1,353)				(1,353)
Balance at June 30, 2018	20,836,847	$ 208	$ 95,122	$ 38,234	$ (3,207)	1,480,250	$ (9,613)	$ 120,744
Net income				4,314				4,314
Other comprehensive income					(275)			(275)
Issuance of common stock for stock options exercised	192,487	3	2,068					2,071
Vested restricted stock units	51,131	-	-					-
Stock-based compensation expense			537					537
Repurchase of common stock at cost						18,353	(674)	(674)
Common stock dividend accrued				(1,370)				(1,370)
Balance at September 30, 2018	21,080,465	$ 211	$ 97,727	$ 41,178	$ (3,482)	1,498,603	$ (10,287)	$ 125,347

See accompanying notes to consolidated financial statements.

LeMaitre Vascular, Inc.
Consolidated Statements of Cash Flows
(unaudited)

	For the nine months ended September 30,	
	2019	**2018**
	(in thousands)	
Operating activities		
Net income	$ 13,321	$ 16,918
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,975	3,108
Stock-based compensation	2,095	1,794
Fair value adjustment to contingent consideration obligations	123	(24)
Provision for doubtful accounts	289	209
Provision for inventory write-downs	508	298
Gain on divestitures	-	(5,876)
Foreign currency transaction loss	62	126
Changes in operating assets and liabilities:		
Accounts receivable	268	1,552
Inventory and other deferred costs	(9,576)	(3,061)
Prepaid expenses and other assets	(449)	(1,764)
Accounts payable and other liabilities	(2,031)	(345)
Net cash provided by operating activities	8,585	12,935
Investing activities		
Purchases of property and equipment and other assets	(2,361)	(1,764)
Purchases of short-term marketable securities	(18,378)	(15,948)
Sales of short-term marketable securities	7,000	13,000
Payments related to acquisitions	(6,815)	(11,000)
Proceeds from divestuture	-	7,400
Net cash used in investing activities	(20,554)	(8,312)
Financing activities		
Payments of deferred acquisition consideration	(59)	(1,171)
Proceeds from issuance of common stock	3,138	2,809
Purchase of treasury stock	(446)	(678)
Common stock cash dividend paid	(5,035)	(4,073)
Net cash provided by financing activities	(2,402)	(3,113)
Effect of exchange rate changes on cash and cash equivalents	(228)	(502)
Net increase in cash and cash equivalents	(14,599)	1,008
Cash and cash equivalents at beginning of period	26,318	19,096
Cash and cash equivalents at end of period	$ 11,719	$ 20,104

Supplemental disclosures of cash flow information (see Note 12)

See accompanying notes to consolidated financial statements.

LeMaitre Vascular, Inc.
Notes to Consolidated Financial Statements
September 30, 2019
(unaudited)

1. Organization and Basis for Presentation

Description of Business

Unless the context requires otherwise, references to LeMaitre Vascular, we, our, and us refer to LeMaitre Vascular, Inc. and our subsidiaries. We develop, manufacture, and market medical devices and implants used primarily in the field of vascular surgery. We also derive revenues from the processing and cryopreservation of human tissues for implantation in patients. We operate in a single segment in which our principal product lines include the following: anastomotic clips, angioscopes, biologic vascular grafts, biologic vascular and cardiac patches, carotid shunts, embolectomy catheters, occlusion catheters, powered phlebectomy devices, radiopaque marking tape, remote endarterectomy devices, surgical glue, synthetic vascular grafts and valvulotomes. Our offices are located in Burlington, Massachusetts; Fox River Grove, Illinois; Chandler, Arizona; Vaughan, Canada; Sulzbach, Germany; Milan, Italy; Madrid, Spain; Saint-Etienne, France; Hereford, England; North Melbourne, Australia; Tokyo, Japan; Shanghai, China; and Singapore.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments, consisting only of normal, recurring adjustments considered necessary for a fair presentation of the results of these interim periods have been included. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Our estimates and assumptions, including those related to bad debts, inventories, intangible assets, sales returns and discounts, share-based compensation, and income taxes are updated as appropriate. The results for the nine months ended September 30, 2019 are not necessarily indicative of results to be expected for the entire year. The information contained in these interim financial statements should be read in conjunction with our audited consolidated financial statements as of and for the year ended December 31, 2018, including the notes thereto, included in our Form 10-K filed with the Securities and Exchange Commission (SEC) on March 11, 2019.

Consolidation

Our consolidated financial statements include the accounts of LeMaitre Vascular and the accounts of our wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Revenue Recognition

Our revenue is derived primarily from the sale of disposable or implantable devices used during vascular surgery. We sell primarily directly to hospitals and to a lesser extent to distributors, as described below, and, during the periods presented in our consolidated financial statements, entered into consigned inventory arrangements with either hospitals or distributors on a limited basis. With the acquisition of the RestoreFlow allograft business, we also derive revenues from the processing and cryopreservation of human tissues for implantation in patients. These revenues are recognized when services have been provided and the tissue has been shipped to the customer, provided all other revenue recognition criteria discussed in the succeeding paragraph have been met.

We recognize revenue under the provisions of ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of Topic 606 is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard explains that to achieve the core principle, an entity should take the following actions:

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price

Step 5: Recognize revenue when or as the entity satisfies a performance obligation

Revenue is recognized when or as a company satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). In instances in which shipping and handling activities are performed after a customer takes control of the goods (such as when title passes upon shipment from our dock), we have made the policy election allowed under Topic 606 to account for these activities as fulfillment costs and not as performance obligations.

We generally reference customer purchase orders to determine the existence of a contract. Orders that are not accompanied by a purchase order are confirmed with the customer either in writing or verbally. The purchase orders or similar correspondence, once accepted, identify the performance obligations as well as the transaction price, and otherwise outline the rights and obligations of each party. We allocate the transaction price of each contract among the performance obligations in accordance with the pricing of each item specified on the purchase order, which is in turn based on standalone selling prices per our published price lists. In cases where we discount products or provide certain items free of charge, we allocate the discount proportionately to all performance obligations, unless it can be demonstrated that the discount should be allocated entirely to one or more, but not all, of the performance obligations.

We recognize revenue, net of allowances for returns and discounts, fees paid to group purchasing organizations, and any sales and value added taxes required to be invoiced, which we have elected to exclude from the measurement of the transaction price as allowed by the standard, at the time of shipment (taking into consideration contractual shipping terms), or in the case of consigned inventory, when it is consumed. Shipment is the point at which control of the product and title passes to our customers, and at which LeMaitre Vascular has a present right to receive payment for the goods.

Below is a disaggregation of our revenue by major geographic area, which is among the primary categorizations used by management in evaluating financial performance, for the periods indicated (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	($ in thousands)		($ in thousands)	
Americas	$ 17,698	$ 14,941	$ 51,584	$ 46,885
Europe, Middle East and Africa	9,452	7,857	29,479	25,685
Asia/Pacific Rim	1,950	1,366	5,999	4,609
Total	$ 29,100	$ 24,164	$ 87,062	$ 77,179

Except as discussed in Note 7, we do not carry any contract assets or contract liabilities, as there are generally no unbilled amounts due from customers under contracts for which we have partially satisfied performance obligations, or amounts received from customers for which we have not satisfied performance obligations. We satisfy our performance obligations under revenue contracts within a very short time period from receipt of the orders, and payments from customers are typically received within 30 to 60 days of fulfillment of the orders, except in certain geographies such as Spain and Italy where the payment cycle is customarily longer. Accordingly, there is no significant financing component to our revenue contracts. Additionally, we have elected as a policy that incremental costs (such as commissions) incurred to obtain contracts are expensed as incurred, due to the short-term nature of the contracts.

Customers returning products may be entitled to full or partial credit based on the condition and timing of the return. To be accepted, a returned product must be unopened (if sterile), unadulterated, and undamaged, must have at least 18 months remaining prior to its expiration date, or twelve months for our hospital customers in Europe, and generally be returned within 30 days of shipment. These return policies apply to sales to both hospitals and distributors. The amount of products returned to us, either for exchange or credit, has not been material. Nevertheless, we provide for an allowance for future sales returns based on historical returns experience, which requires judgment. Our cost of replacing defective products has not been material and is accounted for at the time of replacement.

Recent Accounting Pronouncements

On January 1, 2019 we adopted the provisions of ASU No. 2016-02, *Leases (Topic 842)*, subsequently amended by ASU 2018-11, *Leases (Topic 842): Targeted Improvements*. Under the new guidance, we are required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. As allowed by the standard, we elected to use the transition option not to apply the new lease standard to comparative periods but instead to recognize a cumulative-effect adjustment to retained earnings as of the date of adoption, January 1, 2019. Upon adoption of this standard, we recognized lease liabilities of $7.0 million and right-of-use assets in the amount of $6.5 million (net of the reversal of a previously recorded deferred rent liability of $0.5 million). There was no cumulative-effect adjustment to retained earnings required. Additional disclosures required under the new standard are included in Note 6 to these financial statements.

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40)*, which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The new standard is effective for us beginning January 1, 2020, with early adoption permitted. The adoption of this standard is not expected to have a material impact on our financial statements.

In August 2018, the FASB issued ASU 2018-13 Fair Value Measurement (Topic 820), which modifies the disclosure requirements for fair value measurements. The new standard is effective for us beginning January 1, 2020, with early adoption permitted. The adoption of this standard is not expected to have a material impact on our financial statements.

In January 2017, the FASB issued ASU 2017-04, which, among other provisions, eliminates "step 2" from the goodwill impairment test. The annual, or interim, goodwill impairment test will be performed by comparing the fair value of a reporting unit with its carrying amount. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. The new standard is effective for us beginning January 1, 2020, with early adoption permitted. The adoption of this standard is not expected to have a material impact on our financial statements.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"), which modifies the measurement of expected credit losses of certain financial instruments, including accounts receivable. The new standard is effective for us beginning January 1, 2020, with early adoption permitted. The adoption of this standard is not expected to have a material impact on our financial statements.

2. Income Tax Expense

As part of the process of preparing our consolidated financial statements we are required to determine our income taxes in each of the jurisdictions in which we operate. This process involves estimating our actual current tax expense together with assessing temporary differences resulting from recognition of items for income tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included within our consolidated balance sheet. We must then assess the likelihood that our deferred tax assets will be recovered from taxable income during the carryback period or in the future; and to the extent we believe that recovery is not more likely than not, we must establish a valuation allowance. To the extent we establish a valuation allowance or increase this allowance in a period, we must reflect this increase as an expense within the tax provision in the statement of operations. We do not provide for income taxes on undistributed earnings of foreign subsidiaries, as our intention is to permanently reinvest these earnings.

We recognize, measure, present and disclose in our financial statements any uncertain tax positions that we have taken, or expect to take on a tax return. We operate in multiple taxing jurisdictions, both within and without the United States, and may be subject to audits from various tax authorities. Management's judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities, liabilities for uncertain tax positions, and any valuation allowance recorded against our net deferred tax assets. We will monitor the realizability of our deferred tax assets and adjust the valuation allowance accordingly.

Our policy is to classify interest and penalties related to unrecognized tax benefits as income tax expense. Our 2019 income tax expense varies from the statutory rate mainly due to the generation of federal and state tax credits, permanent items, different statutory rates from our foreign subsidiaries, and discrete stock option exercises. Our 2018 income tax expense varied from the statutory rate mainly due to federal and state tax credits, permanent items, different statutory rates from our foreign entities, and discrete stock option exercises.

We have reviewed the tax positions taken, or to be taken, in our tax returns for all tax years currently open to examination by a taxing authority. As of September 30, 2019, the gross amount of unrecognized tax benefits exclusive of interest and penalties was $766,000. We remain subject to examination until the statute of limitations expires for each respective tax jurisdiction. The statute of limitations will be open with respect to these tax positions until 2026. A reconciliation of beginning and ending amount of our unrecognized tax benefits is as follows:

	Nine months ended September 30, 2019
	(in thousands)
Unrecognized tax benefits as of December 31, 2018	$ 711
Additions for tax positions of current year	55
Additions for tax positions of prior years	-
Reductions for settlements with taxing authorities	-
Reductions for lapses of the applicable statutes of limitations	-
Unrecognized tax benefits as of September 30, 2019	$ 766

As of September 30, 2019, a summary of the tax years that remain subject to examination in our taxing jurisdictions is as follows:

United States	2016 and forward
Foreign	2012 and forward

3. Inventories and Other Deferred Costs

Inventories and other deferred costs consist of the following:

	September 30, 2019	December 31, 2018
	(in thousands)	
Raw materials	$ 4,916	$ 4,085
Work-in-process	5,037	5,095
Finished products	22,331	16,391
Other deferred costs	4,411	1,817
Total inventory and other deferred costs	$ 36,695	$ 27,388

We had inventory on consignment of $1.8 million and $1.7 million at September 30, 2019 and December 31, 2018, respectively.

Other deferred costs relate to our RestoreFlow allograft offering and include costs incurred for the preservation of human vascular tissues available for shipment, tissues currently in active processing, and tissues held in quarantine pending release to implantable status. By federal law, human tissues cannot be bought or sold. Therefore, the vascular tissues we preserve are not held as inventory, and the costs we incur to procure and process them are instead accumulated and deferred. These costs include fixed and variable overhead costs associated with the cryopreservation process, including primarily direct labor costs, tissue recovery fees, inbound freight charges, indirect materials and facilities costs. General and administrative expenses and selling expenses associated with the provision of these services are expensed as incurred.

4. Acquisitions and Divestitures

Our acquisitions are accounted for using the acquisition method, and the acquired companies' results have been included in the accompanying consolidated financial statements from their respective dates of acquisition. In each case for the acquisitions disclosed below, pro forma information assuming the acquisition had occurred at the beginning of the earliest period presented is not included, as the impact is immaterial.

With the exception of Cardial discussed below, our acquisitions have historically been made at prices above the fair value of the acquired identifiable assets, resulting in goodwill, due to expectations of synergies that will be realized by combining businesses. These synergies include the use of our existing sales channel to expand sales of the acquired businesses' products and services, consolidation of manufacturing facilities, and the leveraging of our existing administrative infrastructure. The fair market valuations associated with these transactions fall within Level 3 of the fair value hierarchy, due to the use of significant unobservable inputs to determine fair value. The fair value measurements were calculated using unobservable inputs, primarily using the income approach, specifically the discounted cash flow method. The amount and timing of future cash flows within our analysis was based on our due diligence models, most recent operational budgets, long range strategic plans and other estimates. Our assumptions associated with these Level 3 valuations are discussed below and in Note 13 to these financial statements.

Tru-Incise Valve Cutter

On July 12, 2019, we entered into an agreement with UreSil, LLC, an Illinois limited liability company, to purchase the remaining assets of their Tru-Incise valve cutter business, including distribution rights in the United States. We also entered into a transition services agreement under which UreSil, LLC will continue to manufacture the acquired products for us for a specified time, until we transition the full manufacturing process to our Burlington, Massachusetts facilities.

The purchase price for the acquired assets, which included inventory, machinery and equipment, intellectual property, and customer and supplier information, was $8.0 million. Of this amount, $6.8 million was paid at closing, with three follow-on payments $0.4 million each due on the first, second and third anniversaries of the closing date. The deferred amounts totaling $1.2 million were recorded at an acquisition-date fair value of $1.1 million using a discount rate of 4.19% to reflect the time value of money between the acquisition date and the payment due dates. There are no contingencies associated with these holdback payments, although they may be reduced for certain post-closing claims.

The following table summarizes the preliminary purchase price allocation:

	Allocated Fair Value
	(in thousands)
Inventory	$ 827
Equipment and supplies	70
Intangible assets	4,727
Goodwill	2,314
Purchase price	$ 7,938

The goodwill results from expected synergies of combining the acquired products and customer information to our existing operations, and is deductible for tax purposes over 15 years.

The following table reflects the allocation of purchase consideration to the acquired intangible assets and related estimated useful lives:

	Allocated Fair Value	Weighted Average Useful Life
	(in thousands)	(in years)
Customer relationships	$ 3,865	16.0
Intellectual property	558	7.0
Non-compete agreement	201	5.0
Tradenames	103	7.0
Total intangible assets	$ 4,727	

The weighted-average amortization period of the acquired intangible assets was 14.2 years.

Cardial

On October 22, 2018, through a newly created subsidiary LeMaitre Cardial SAS, we entered into an agreement to acquire the business assets of Cardial, a company located in Saint-Etienne, France. The Cardial business consists of the manufacturing of polyester vascular grafts, valvulotomes, surgical glue and original equipment manufacturing (OEM) services. On the same date, the parties entered into a separate agreement under which LeMaitre Cardial SAS purchased the building and land previously owned by Cardial.

The purchase price for the acquired assets, including the land and building, inventory, machinery and equipment, intellectual property, permits and approvals, data and records, and customer and supplier information, was €2.0 million ($2.3 million). At closing, €1.1 million ($1.3 million) was paid in cash, and €0.5 million ($0.5 million) of liabilities were assumed by LeMaitre Cardial SAS. Another €0.4 million ($0.4 million) is due in two installments, half to be paid twelve months after the closing date, and half eighteen months after the closing date. There are no contingencies associated with these holdback payments, although they may be reduced depending upon the results of a reconciliation of the value of inventory transferred, as outlined in the agreement, or for certain post-closing claims.

The following table summarizes the preliminary purchase price allocation:

	Allocated Fair Value
	(in thousands)
Inventory	€ 2,419
Land and building	750
Equipment and supplies	94
Intangible assets	623
Bargain purchase gain	(1,946)
Purchase price	€ 1,940

The bargain purchase gain was recorded to reflect the excess of the net assets acquired over the purchase price. We recorded deferred taxes on this gain of €0.5 million ($0.6 million), resulting in a net gain of €1.4 million ($1.6 million).

The following table reflects the allocation of purchase consideration to the acquired intangible assets and related estimated useful lives:

	Allocated Fair Value	Weighted Average Useful Life
	(in thousands)	(in years)
Customer relationships	€ 250	16.0
Intellectual property	237	5.0
Non-compete agreement	46	5.0
Tradenames	90	5.0
Total intangible assets	€ 623	

The weighted-average amortization period of the acquired intangible assets was 9.4 years.

Applied Medical Clot Management Business

On September 20, 2018, we entered into an agreement to acquire the assets of the embolectomy catheter business of Applied Medical Resources Corporation (Applied). The acquired business consists of several embolectomy, thrombectomy and irrigation catheter product lines which are sold worldwide (approximately 60% in the U.S. and 40% outside the U.S.). On the same date, we entered into a transition services agreement under which Applied will manufacture and supply us with inventory for a period of twelve months, unless extended by both parties.

The purchase price for the acquired assets, which included inventory, machinery and equipment, intellectual property, permits and approvals, data and records, and customer and supplier information, was $14.2 million. Of this amount, $11 million was paid at closing, with another $2 million due 12 months following the closing date, and the final $1.2 million due 24 months following the closing date. The deferred amounts totaling $3.2 million were recorded at an acquisition-date fair value of $3.0 million using a discount rate of 3.75% to reflect the time value of money between the acquisition date and the payment due dates. There are no contingencies associated with these holdback payments, although they may be reduced for certain post-closing claims.

The following table summarizes the purchase price allocation:

	Allocated Fair Value
	(in thousands)
Inventory	$ 739
Equipment and supplies	416
Intangible assets	6,527
Goodwill	6,361
Purchase price	$ 14,043

The goodwill results from expected synergies of combining the acquired products and customer information to our existing operations, and is deductible for tax purposes over 15 years.

The following table reflects the allocation of purchase consideration to the acquired intangible assets and related estimated useful lives:

	Allocated Fair Value	**Weighted Average Useful Life**
	(in thousands)	(in years)
Customer relationships	$ 4,475	16.0
Intellectual property	1,316	7.0
Non-compete agreement	530	5.0
Tradenames	206	7.0
Total intangible assets	$ 6,527	

The weighted-average amortization period of the acquired intangible assets was 13.0 years.

Reddick Divestiture

On April 5, 2018, we entered into an agreement to sell the inventory, intellectual property and other assets associated exclusively with our Reddick cholangiogram catheter and Reddick-Saye screw product lines for $7.4 million to Specialty Surgical Instrumentation. Concurrent with this divestiture we entered into a transition services agreement under which we will continue to manufacture and supply these products to the buyer for a period of up to two years unless extended by both parties, as well as a balloon supply agreement under which we will supply balloons, a component of the cholangiogram catheters, to the buyer for a period of up to six years unless extended by both parties. We recorded a gain during the quarter ended June 30, 2018 in connection with these agreements of $5.9 million. The following table summarizes the allocation of consideration received:

	Allocated Fair Value
	(in thousands)
Inventory	$ 308
Deferred revenue - transition services agreement	1,081
Goodwill	135
Gain on divestiture	5,876
Consideration received	$ 7,400

Under the terms of the transition services agreement, we agreed to manufacture the Reddick products for the buyer at prices at or in some cases below our cost. We allocated a portion of the consideration received to this agreement to reflect it at fair value and recorded it as deferred revenue. As the products were sold to the buyer, we amortized a portion of the deferred revenue to adjust the gross margin on the sale to fair value on a specific identification basis. This arrangement ended by mutual agreement during the quarter ended September 30, 2019, and all remaining deferred revenue was recognized.

Subsequent Event

On October 11, 2019 we acquired the biologic cardiac and vascular patch business of Admedus Ltd for $15.5 million, of which $14.2 million was paid at closing and $1.3 million is due in two post-closing installments, as well as potential earnout payments of $7.8 million payable based upon performance of the acquired business as well as other milestones. We also entered into a license agreement for the tissue processing technology limited to the acquired CardioCel and VascuCel product lines, and a transition services agreement under which Admedus will continue to manufacture the products for up to three years while we transition manufacturing to Burlington.

5. Goodwill and Other Intangibles

Goodwill consists of the following as of September 30, 2019:

	(in thousands)
Balance at December 31, 2018	$ 29,868
Additions for acquisitions	2,314
Effects of currency exchange	(80)
Balance at September 30, 2019	$ 32,102

Other intangible assets consist of the following:

	September 30, 2019			December 31, 2018		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
	(in thousands)					
Product technology and intellectual property	$ 12,286	$ 6,518	$ 5,768	$ 11,728	$ 5,726	$ 6,002
Trademarks, tradenames and licenses	2,349	1,661	688	2,246	1,561	685
Customer relationships	13,928	4,398	9,530	10,065	3,806	6,259
Other intangible assets	2,342	1,563	779	2,145	1,399	746
Total identifiable intangible assets	$ 30,905	$ 14,140	$ 16,765	$ 26,184	$ 12,492	$ 13,692

These intangible assets are being amortized over their useful lives ranging from 2 to 16 years. The weighted-average amortization period for these intangibles as of September 30, 2019 is 11.0 years. Amortization expense is included in general and administrative expense and was as follows for the periods indicated.

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	(in thousands)		(in thousands)	
Amortization expense	$ 600	$ 380	$ 1,711	$ 1,213

We estimate that amortization expense for the remainder of 2019 and for each of the five succeeding fiscal years will be as follows:

	Year ended December 31,					
	2019	2020	2021	2022	2023	2024
	(in thousands)					
Amortization expense	$ 573	$ 2,233	$ 2,000	$ 1,796	$ 1,722	$ 1,541

6. Leases

We conduct the majority of our operations in leased facilities, all of which are accounted for as operating leases, as they do not meet the criteria for finance leases. Our principal worldwide executive, distribution, and manufacturing operations are located at three adjacent 27,098 square foot, 27,289 square foot and 15,642 square foot leased facilities, as well as a fourth nearby 12,878 square foot leased facility, in Burlington, Massachusetts. Each of our Burlington leases expires in December 2023. In addition, our international operations are headquartered at a 16,470 square foot leased facility located in Sulzbach, Germany, including approximately 3,630 square feet added in 2019, under a lease which expires in August 2023. This lease contains two five-year renewal options. In addition, we have smaller long-term leased sales, marketing and other facilities located in Arizona, Japan, Canada, Australia, Singapore and China, and short-term leases in Italy, Spain and Illinois. Our lease in Canada contains a five-year renewal option exercisable in February 2023. Our leases in Germany and Australia are subject to periodic rent increases based on increases in the consumer price index as measured each September and May, respectively, with such increases applicable to the subsequent twelve months of lease payments. None of our noncancelable lease payments include non-lease components such as maintenance contracts; we generally reimburse the landlord for direct operating costs associated with the leased space. We have no subleases, and there are no residual value guarantees associated with, or restrictive covenants imposed by, any of our leases. There were no assets held under capital leases at September 30, 2019.

On October 29, 2019, our four Burlington, Massachusetts leases were extended through December 2030, under terms substantially similar to the existing leases.

We also lease automobiles under operating leases in the U.S. as well as certain of our international subsidiaries. The terms of these leases are generally three years, with older vehicles replaced by newer vehicles from time to time.

As discussed above under Recent Accounting Pronouncements, on January 1, 2019 we adopted the provisions of ASU No. 2016-02, *Leases (Topic 842)*, subsequently amended by ASU 2018-11, *Leases (Topic 842): Targeted Improvements*. Under the new guidance, we are required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

Our most significant judgment involved in determining the amounts to initially record as lease liabilities and right-of-use assets was the estimation of a discount rate; because we have no debt we have no incremental borrowing rate to reference. We therefore estimated an incremental borrowing rate using quotes from potential lenders as the primary inputs, augmented by other available information. The resulting rate selected was 5.25%. We determined that it was appropriate to apply this single rate to our portfolio of leases worldwide, as the lease terms and conditions are substantially similar, and because we believe our subsidiaries would be unable to obtain borrowings on their own without a commitment of parent company support.

Additional information with respect to our leases is as follows:

	Three months ended September 30, 2019 (in thousands)	Nine months ended September 30, 2019 (in thousands)
Lease cost		
Operating lease cost	$ 486	$ 1,340
Short-term lease cost	71	203
Total lease cost	$ 557	$ 1,543
Other information		
Cash paid for amounts included in the measurement of operating lease liabilities	$ 498	$ 1,457
Right-of-use assets obtained in exchange for new operating leae liabilities	$ 69	$ 879
Weighted average remaining lease term - operating leases (years)		4.2
Weighted average discount rate - operating leases		5.25%

At September 30, 2019, the minimum noncancelable operating lease rental commitments with initial or remaining terms of more than one year are as follows:

Remainder of 2019	$ 533
Year ending December 31,	
2020	1,992
2021	1,854
2022	1,537
2023	1,242
Adjustment to net present value as of September 30, 2019	(737)
Minimum noncancelable lease liability	$ 6,421

7. Accrued Expenses and Other Long-term Liabilities

Accrued expenses consist of the following:

	September 30, 2019	December 31, 2018
	(in thousands)	
Compensation and related taxes	$ 7,086	$ 7,973
Income and other taxes	1,347	2,927
Professional fees	142	43
Deferred revenue	-	552
Other	4,815	4,352
Total	$ 13,390	$ 15,847

As discussed in Note 4 above, deferred revenue related to our divestiture of the Reddick product line and an associated transition services agreement that we entered into at the time of the divestiture, under which we agreed to manufacture and sell product to the buyer at prices at or below our cost. We allocated a portion of the consideration received from the divestiture to this transition services agreement to reflect it at fair value and recorded it as deferred revenue. As the products were sold to the buyer, we amortized a portion of the deferred revenue to adjust the gross margin on the sale to fair value on a specific identification basis. This arrangement was completed during the quarter ended September 30, 2019:

	September 30, 2019
	(in thousands)
Balance at December 31, 2018	$ 552
Revenue recognized upon satisfaction of performance obligations in the period	(552)
Ending balance	$ -

Other long-term liabilities consist of the following:

	September 30, 2019	December 31, 2018
	(in thousands)	
Aquisition-related liabilities	$ 2,089	$ 1,326
Deferred rent	-	530
Income taxes	561	559
Other	147	196
Total	$ 2,797	$ 2,611

8. Segment and Enterprise-Wide Disclosures

Under Accounting Standards Codification Topic 280, *Segment Reporting*, operating segments are defined as components of an enterprise for which separate, discrete financial information is available and evaluated by the chief operating decision-maker in making decisions on how to allocate resources and assess performance. We view our operations and manage our business as one operating segment. No discrete operating information is prepared by us except for sales by product line and by legal entity for local reporting purposes.

Most of our revenues are generated in the United States, Germany, and other European countries as well as in Canada, Japan and China. Substantially all of our assets are located in the United States. Net sales to unaffiliated customers by country were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	(in thousands)		(in thousands)	
United States	$ 16,251	$ 13,937	$ 47,015	$ 43,620
Germany	3,074	3,058	9,346	9,421
Other countries	9,775	7,170	30,701	24,138
Net Sales	$ 29,100	$ 24,165	$ 87,062	$ 77,179

9. Share-based Compensation

Our Third Amended and Restated 2006 Stock Option and Incentive Plan allows for granting of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock units, unrestricted stock awards and deferred stock awards to our officers, employees, directors and consultants. The components of share-based compensation expense were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	(in thousands)		(in thousands)	
Stock option awards	$ 378	$ 331	$ 1,257	$ 1,111
Restricted stock units	277	206	838	683
Total share-based compensation	$ 655	$ 537	$ 2,095	$ 1,794

Stock-based compensation is included in our statements of operations as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	(in thousands)		(in thousands)	
Cost of sales	$ 75	$ 61	$ 233	$ 209
Sales and marketing	155	155	459	429
General and administrative	356	266	1,194	967
Research and development	69	55	209	189
Total stock-based compensation	$ 655	$ 537	$ 2,095	$ 1,794

We did not grant any options during the nine-month periods ended September 30, 2019 or 2018. Awards of restricted stock units during both periods were immaterial.

We issued approximately 385,000 and 329,000 shares of common stock following the exercise or vesting of underlying stock options or restricted stock units during the nine months ended September 30, 2019 and 2018, respectively.

10. Net Income per Share

The computation of basic and diluted net income per share was as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	(in thousands, except per share data)		(in thousands, except per share data)	
Basic:				
Net income available for common stockholders	$ 5,184	$ 4,314	$ 13,321	$ 16,918
Weighted average shares outstanding	19,871	19,503	19,731	19,369
Basic earnings per share	$ 0.26	$ 0.22	$ 0.68	$ 0.87
Diluted:				
Net income available for common stockholders	$ 5,184	$ 4,314	$ 13,321	$ 16,918
Weighted-average shares outstanding	19,871	19,503	19,731	19,369
Common stock equivalents, if dilutive	507	790	546	889
Shares used in computing diluted earnings per common share	20,378	20,293	20,277	20,258
Diluted earnings per share	$ 0.25	$ 0.21	$ 0.66	$ 0.84
Shares excluded in computing diluted earnings per share as those shares would be anti-dilutive	210	212	488	213

11. Stockholders' Equity

Share Repurchase Program

On February 14, 2019, our Board of Directors authorized the repurchase of up to $10.0 million of the Company's common stock through transactions on the open market, in privately negotiated purchases or otherwise. The repurchase program may be suspended or discontinued at any time and will conclude on February 14, 2020, unless extended by the Board. To date we have not made any repurchases under this program.

Dividends

In February 2011, our Board of Directors approved a policy for the payment of quarterly cash dividends on our common stock. Future declarations of quarterly dividends and the establishment of future record and payment dates are subject to approval by our Board of Directors on a quarterly basis. The dividend activity for the periods presented is as follows:

Record Date	Payment Date	Per Share Amount	Dividend Payment
			(in thousands)
Fiscal Year 2019			
March 22, 2019	April 5, 2019	$ 0.085	$ 1,672
May 22, 2019	June 5, 2019	$ 0.085	$ 1,672
August 21, 2019	September 5, 2019	$ 0.085	$ 1,691
Fiscal Year 2018			
March 22, 2018	April 5, 2018	$ 0.070	$ 1,351
May 22, 2018	June 7, 2018	$ 0.070	$ 1,353
August 22, 2018	September 6, 2018	$ 0.070	$ 1,369
November 20, 2018	December 6, 2018	$ 0.070	$ 1,372

On October 21, 2019, our Board of Directors approved a quarterly cash dividend on our common stock of $0.085 per share payable on December 5, 2019, to stockholders of record at the close of business on November 20, 2019, which will total approximately $1.7 million.

12. Supplemental Cash Flow Information

	Nine Months Ended September 30,	
	2019	2018
	(in thousands)	
Cash paid for income taxes, net	$ 4,605	$ 5,086

13. Fair Value Measurements

The fair value accounting guidance requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Level 1 assets being measured at fair value on a recurring basis as of September 30, 2019 included our short-term investment mutual fund account.

We had no Level 2 assets being measured at fair value on a recurring basis as of September 30, 2019.

Several of our assets and liabilities related to prior acquisitions were measured using Level 3 techniques. During 2016, we recorded contingent liabilities associated with our acquisitions of the RestoreFlow allograft and ProCol biologic graft businesses. In the case of the RestoreFlow allograft acquisition, the agreement included the potential for us to pay up to $5.1 million of additional consideration, with $1.1 million contingent on the continued employment by LeMaitre Vascular of certain retained employees, and another $4.0 million contingent on the achievement of specified levels of revenues in the first 12 and 24 months following the acquisition date. This additional consideration was initially valued in total at $1.0 million and was being re-measured each reporting period until the payment requirement ended, with any adjustments reported in income from operations. The first portion related to continued employment by LeMaitre Vascular of retained individuals was paid during 2018. The amounts attributable to achieving specified levels of revenue following the acquisition date were not paid as the associated revenue metrics were not achieved. In the case of ProCol, additional consideration was payable to the former shareholders for a three-year period following the closing, calculated at 10% of ProCol revenues. This additional consideration was initially valued at $0.3 million and was being re-measured each reporting period until the payment requirement ended, with any adjustments reported in income from operations. The following table provides a rollforward of the fair value of these liabilities, as determined by Level 3 unobservable inputs including management's forecast of future revenues for these acquired businesses, as well as, in the case of the RestoreFlow allograft acquisition, management's estimate of the likelihood of continued employment of certain retained employees.

	Nine months ended September 30,	
	2019	2018
	(in thousands)	
Beginning balance	$ 72	$ 1,301
Additions	-	-
Payments	(59)	(1,171)
Change in fair value included in earnings	(13)	(24)
Ending balance	$ -	$ 106

14. Accumulated Other Comprehensive Loss

Changes to our accumulated other comprehensive loss consisted primarily of foreign currency translation for the nine months ended September 30, 2019 and 2018 were as follows:

	Nine months ended September 30,	
	2019	2018
	(in thousands)	
Beginning balance	$ (3,900)	$ (2,289)
Other comprehensive income (loss) before reclassifications	(994)	(1,193)
Amounts reclassified from accumulated other comprehensive loss	-	-
Ending Balance	$ (4,894)	$ (3,482)

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

This Quarterly Report on Form 10-Q contains forward-looking statements (within the meaning of the U.S. Private Securities Litigation Reform Act of 1995) that involve substantial risks and uncertainties. All statements, other than statements of historical facts, included in this report regarding our strategy, future operations, future financial position, future net sales, projected costs, projected expenses, prospects and plans and objectives of management are forward-looking statements. The words "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "will," "would," and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that the expectations underlying any of our forward-looking statements are reasonable, these expectations may prove to be incorrect, and all of these statements are subject to risks and uncertainties. Should one or more of these risks and uncertainties materialize, or should underlying assumptions, projections, or expectations prove incorrect, our actual results, performance, or financial condition may vary materially and adversely from those anticipated, estimated, or expected. These risks and uncertainties include, but are not limited to: the acceleration or deceleration of product growth rates; the risk of significant fluctuations in our quarterly and annual results due to numerous factors; 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; 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; risks related to the integration of acquisition targets; 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.

Forward-looking statements reflect management's analysis as of the date of this quarterly report. Further information on potential risk factors that could affect our business and financial results is detailed in Part II, Item 1A, "Risk Factors" in this Quarterly Report on Form 10-Q and in our other filings with the Securities and Exchange Commission, including under the section headed "Risk Factors" in our most recent Annual Report on Form 10-K. Given these risks, uncertainties and other factors, you should not place undue reliance on these forward-looking statements. The following discussion and analysis should be read in conjunction with our consolidated financial statements and the related notes included in this report and our other SEC filings, including our audited consolidated financial statements and the related notes contained in our Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the SEC on March 11, 2019. We do not assume any obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law. Unless the context indicates otherwise, references to "LeMaitre Vascular," "we," "our," and "us" in this Quarterly Report on Form 10-Q refer to LeMaitre Vascular, Inc. and its subsidiaries.

LeMaitre, AnastoClip, Cardial, CardioCel, Omniflow, ProCol, RestoreFlow, VascuCel and XenoSure are registered trademarks of LeMaitre Vascular or one of its subsidiaries. This Quarterly Report on Form 10-Q also includes the registered and unregistered trademarks of other persons, which are the property of their respective owners.

Overview

We are a medical device company that develops, manufactures, and markets medical devices and implants primarily for the treatment of peripheral vascular disease. We also provide processing and cryopreservation services of human tissue for implantation in patients. Our principal product offerings are sold throughout the world, primarily in North America, Europe and, to a lesser extent, Asia and the Pacific Rim. We estimate that the annual worldwide market for all peripheral vascular devices exceeds $5 billion, within which our core product lines address roughly $900 million. We have grown our business by using a three-pronged strategy: 1) pursuing a focused call point, 2) competing for sales of low-rivalry niche products, and 3) expanding our worldwide direct sales force while acquiring and developing complementary vascular devices. We have used acquisitions as a primary means of accessing the larger peripheral vascular device market, and we expect to continue to pursue this strategy in the future. Additionally, we have continued our efforts to expand our vascular device offerings through research and development. We currently manufacture most of our product lines at our Burlington, Massachusetts headquarters.

Our products and services are used primarily by vascular surgeons who treat peripheral vascular disease through both open surgical methods and endovascular techniques. In contrast to interventional cardiologists and interventional radiologists, neither of whom are certified to perform open surgical procedures, vascular surgeons can perform both open surgical and minimally invasive endovascular procedures, and are therefore uniquely positioned to provide a wider range of treatment options to patients.

Our principal product lines include the following: anastomotic clips, angioscopes, biologic vascular grafts, biologic vascular and cardiac patches, carotid shunts, embolectomy catheters, occlusion catheters, powered phlebectomy devices, radiopaque marking tape, remote endarterectomy devices, surgical glue, synthetic vascular grafts, and valvulotomes. Through our RestoreFlow allografts business, we also provide services related to the processing and cryopreservation of human vascular tissue.

Our biologic offerings include vascular and cardiac patches, vascular grafts, and surgical glue, and in the current quarter represented 34% of worldwide sales. We view the biologic device segment favorably, as we believe it contains differentiated and in some cases growing product segments.

To assist us in evaluating our business strategies, we regularly monitor long-term technology trends in the peripheral vascular device market. Additionally, we consider the information obtained from discussions with the medical community in connection with the demand for our products, including potential new product launches. We also use this information to help determine our competitive position in the peripheral vascular device market and our manufacturing capacity requirements.

Our business opportunities include the following:

- the long-term growth of our direct sales force in North America, Europe, Asia and the Pacific Rim;
- the addition of complementary products through acquisitions;
- the updating of existing products and introduction of new products through research and development;
- the introduction of our products in new territories upon receipt of regulatory approvals or registrations in these territories; and
- the consolidation of, and automation of, product manufacturing at our facilities in our Burlington, Massachusetts corporate headquarters.

We sell our products and services primarily through a direct sales force. As of September 30, 2019, our sales force was comprised of 109 sales representatives in North America, Europe and Asia/Pacific Rim, including three export managers, one in each of the three geographic regions. Our worldwide headquarters is located in Burlington, Massachusetts, and we also have other North American sales offices in Chandler, Arizona and Vaughan, Canada. Our European headquarters is located in Sulzbach, Germany, with other European sales offices in Milan, Italy; Madrid, Spain; and Hereford, England. Our Asia/Pacific Rim headquarters is located in Singapore, and we have Asia/Pacific Rim sales offices in Tokyo, Japan; Shanghai, China; and North Melbourne, Australia. During the current quarter, approximately 94% of our net sales were generated in territories in which we employ direct sales representatives. We also sell our products in other geographies through distributors.

Historically we have experienced success in lower-rivalry niche product segments, for example the markets for valvulotomes and carotid shunts. In both markets, our highly differentiated devices have historically allowed us to increase selling prices while maintaining unit market share. In contrast, more recently, we have faced increased competition in the biologic vascular patch segment, which has inhibited our ability to implement selling price increases. While we believe that these challenging market dynamics can be mitigated by our relationships with vascular surgeons, there can be no assurance that we will be successful in these highly competitive markets.

In recent years we have also experienced success in international markets, such as Europe, where we sell at comparatively lower average selling prices. If we continue to seek sales growth opportunities outside of North America, we may experience downward pressure on our gross margin.

Because we believe that direct-to-hospital sales engender closer customer relationships, and allow for higher selling prices and gross margins, we periodically enter into transactions with our distributors to transition their sales of our medical devices into our direct sales organization:

- In March 2018, we terminated our master distribution agreement with Sinopharm United Medical Device Co., Ltd. (Sinopharm), under which we sold our powered phlebectomy devices for distribution in China. In April 2018, we began selling these products to sub-distributors in China. In June 2019, we agreed to purchase at a discount all of Sinopharm’s remaining inventory of our powered phlebectomy devices in settlement of the suit they filed against us in China.

- During 2018, we entered into definitive agreements with several former Applied Medical and Cardial distributors in Europe and Asia in order to terminate their distribution of our recently-acquired embolectomy catheter, polyester graft and valvulotome products, and we began selling direct-to-hospitals in those geographies. The termination fees totaled approximately $0.1 million.

As of September 30, 2019, we had 109 sales representatives versus 106 at September 30, 2018. This increase has resulted in higher selling expenses.

Our strategy for growing our business includes the acquisition of complementary product lines and companies and occasionally the discontinuance or divestiture of products or activities that are no longer complementary:

- In April 2018, we divested our Reddick cholangiogram catheter and Reddick-Saye screw product lines to Specialty Surgical Instrumentation for $7.4 million.

- In September 2018, we acquired the assets of the embolectomy catheter business from Applied Medical for $14.2 million. We have initiated a project to transfer the manufacturing of the acquired devices to our Burlington facility. We expect this transition to be complete in early 2020.

- In October 2018, we acquired the assets of Cardial, a subsidiary of Becton, Dickinson, located in Saint-Etienne, France, for €2.0 million. Cardial's product lines include polyester vascular grafts, valvulotomes and surgical glue.

- In July 2019, we entered into an agreement with UreSil, LLC to purchase the remaining assets of their Tru-Incise valve cutter business, including distribution rights in the United States, for $8.0 million.

- In October 2019, we entered into an agreement with Admedus Ltd. to purchase the assets of their biologic patch business for $15.5 million.

In addition to relying upon acquisitions for growth, we also rely on internal product development efforts to bring differentiated technology and next-generation products to market:

- In 2017, we launched XenoSure biologic pledgets.

- In 2017, we launched a longer version of our Anastoclip AC intended for use in neurosurgery applications.

- In 2018, we expanded the indications for our Anastoclip GC in the United States to include dura tissue repair.

- In 2019, we launched XenoSure *Plus* aimed at a segment of the market that prefers using a biologic patch that is thicker and stiffer in nature than our standard patch.

- In 2019, we also launched DuraSure, a biologic patch indicated for closing or repairing dural defects during open neurosurgical procedures.

In addition to our sales growth strategies, we have also executed several operational initiatives designed to consolidate and streamline manufacturing within our Burlington, Massachusetts facilities. We expect these plant consolidations will result in improved control over our production capacity as well as reduced costs over the long-term. Our most recent manufacturing transitions included:

- In 2016, we initiated a project to transfer the manufacturing of the ProCol biologic product line to our facility in Burlington. This transfer was completed in 2018.

- In 2017, we expanded the Burlington clean rooms in which many of our biologic offerings are currently produced or processed. The cost of the facility renovation was approximately $3.0 million. We are in the process of further expanding this clean room, which we expect to complete in early 2020 at a cost of approximately $1.1 million, in order to transfer in the manufacture of our Omniflow II ovine biologic graft from our North Melbourne, Australia facility.

- In September 2018, we acquired the embolectomy catheter business assets from Applied Medical. We immediately initiated a project to transfer the manufacturing of these devices to our Burlington facility. We expect this transfer to be complete in early 2020.

Our execution of these business opportunities may affect the comparability of our financial results from period to period and may cause fluctuations from period to period as we incur related process engineering and other charges.

Fluctuations in the rate of exchange between the U.S. dollar and foreign currencies, primarily the Euro, affect our financial results. For the nine months ended September 30, 2019, approximately 46% of our sales took place outside the United States, and in most cases in currencies other than the U.S. dollar. We expect that sales in foreign currencies will represent a significant percentage of our future sales. Selling, marketing, and administrative expenses related to these sales are similarly denominated in foreign currencies, partially mitigating our exposure to exchange rate fluctuations. However, if there is an increase in the rate at which a foreign currency is exchanged for U.S. dollars, it will require more of the foreign currency to equal a specified amount of U.S. dollars than before the rate increase. In such cases we will receive less revenue in U.S. dollars than we did before the exchange rate changed. For the nine months ended September 30, 2019, we estimate that the effects of changes in foreign exchange rates decreased sales by approximately $2.1 million, as compared to rates in effect for the nine months ended September 30, 2018.

Net Sales and Expense Components

The following is a description of the primary components of our net sales and expenses:

Net sales. We derive our net sales from the sale of our products and services, less discounts and returns. Net sales include the shipping and handling fees paid for by our customers. Most of our sales are generated by our direct sales force and are shipped and billed to hospitals or clinics throughout the world. In countries where we do not have a direct sales force, sales are primarily to distributors, who in turn sell to hospitals and clinics. In certain cases our products are held on consignment at a hospital or clinic prior to purchase; in those instances we recognize revenue at the time the product is used in surgery rather than at shipment.

Cost of sales. We manufacture the majority of the products that we sell. Our cost of sales consists primarily of manufacturing personnel, raw materials and components, depreciation of property and equipment, and other allocated manufacturing overhead, as well as freight expense we pay to ship products to customers.

Sales and marketing. Our sales and marketing expense consists primarily of salaries, commissions, stock-based compensation, travel and entertainment, sales meetings, attendance at vascular congresses, training programs, advertising and product promotions, direct mail and other marketing costs.

General and administrative. General and administrative expense consists primarily of executive, finance and human resource salaries, stock based compensation, legal and accounting fees, information technology expense, intangible asset amortization expense and insurance expense.

Research and development. Research and development expense includes costs associated with the design, development, testing, enhancement and regulatory approval of our products, principally salaries, laboratory testing and supply costs. It also includes costs associated with design and execution of clinical studies, regulatory submissions and costs to register, maintain, and defend our intellectual property, and royalty payments associated with licensed and acquired intellectual property.

Other income (expense). Other income (expense) primarily includes interest income and expense, foreign currency gains (losses), and other miscellaneous gains (losses).

Income tax expense. We are subject to federal and state income taxes for earnings generated in the United States, which include operating losses in certain foreign jurisdictions for certain years depending on tax elections made, and foreign taxes on earnings of our wholly-owned foreign subsidiaries. Our consolidated tax expense is affected by the mix of our taxable income (loss) in the United States and foreign subsidiaries, permanent items, discrete items, unrecognized tax benefits, and amortization of goodwill for U.S tax reporting purposes.

Results of Operations

Comparison of the three and nine months ended September 30, 2019 to the three and nine months ended September 30, 2018:

The following tables set forth, for the periods indicated, our net sales by geography, and the change between the specified periods expressed as a percentage increase or decrease:

(unaudited)	Three months ended September 30,			Nine months ended September 30,		
	2019	2018	Percent change	2019	2018	Percent change
	($ in thousands)			($ in thousands)		
Net sales	$ 29,100	$ 24,165	20%	$ 87,062	$ 77,179	13%
Net sales by geography:						
Americas	$ 17,698	$ 14,943	18%	$ 51,584	$ 46,885	10%
Europe, Middle East and Africa	9,452	$ 7,856	20%	29,479	$ 25,685	15%
Asia/Pacific Rim	1,950	1,366	43%	5,999	4,609	30%
Total	$ 29,100	$ 24,165	20%	$ 87,062	$ 77,179	13%

Net sales. Net sales increased $4.9 million or 20% to $29.1 million for the three months ended September 30, 2019, compared to $24.2 million for the three months ended September 30, 2018. The increase was due primarily to higher sales of embolectomy catheters which grew $1.4 million, of which $1.0 million was from our recently-acquired Syntel and Python products. Allograft and valvulotome sales each increased by $0.8 million, and anastomotic clips and OEM sales each increased by $0.5 million. For the nine months ended September 30, 2019, net sales increased $9.9 million, or 13%, to $87.1 million, compared to $77.2 million for the nine months ended September 30, 2018. The nine-month sales increase was comprised primarily of embolectomy catheters of $3.8 million and polyester grafts of $1.3 million, both of which were driven by the recent acquisitions. Sales of allografts were higher by $1.2 million, and valvulotomes by $1.1 million. We estimate that the strengthening U.S. dollar during the nine months ended September 30, 2019 as compared to the nine months ended September 30, 2018 decreased net sales by $2.1 million.

Direct-to-hospital net sales were 94% of our total net sales for the three and nine-month periods ended September 30, 2019 and September 30, 2018.

Net sales by geography. Net sales in the Americas increased $2.8 million or 18% for the three months ended September 30, 2019 as compared to the three months ended September 30, 2018, due primarily to increased sales of embolectomy catheters of $0.8 million, allografts of $0.8 million and carotid shunts and anastomotic clips each with increases of $0.3 million. For the nine months ended September 30, 2019, sales in the Americas increased $4.7 million, or 10%. For the nine-month period, increased sales of embolectomy catheters of $2.4 million, allografts of $1.1 million, valvulotomes of $0.7 million and carotid shunts of $0.7 million were partly offset by decreased sales of powered phlebectomy systems of $0.5 million.

Europe, Middle East and Africa (“EMEA”) net sales increased $1.6 million, or 20% for the three months ended September 30, 2019 as compared to the three months ended September 30, 2018. The increase was primarily driven by higher OEM sales of $0.4 million, embolectomy catheters of $0.3 million, as well as polyester grafts, biologic grafts, biologic patches and valvulotomes, each increasing $0.2 million. For the nine months ended September 30, 2019, sales in EMEA increased $3.8 million or 15%. Increases were primarily driven by higher sales of polyester grafts of $1.1 million, OEM sales of $0.9 million, embolectomy catheters of $0.6 million, and increased sales of valvulotomes and surgical glue of $0.4 million each. We estimate that the weaker Euro during the nine months ended September 30, 2019 decreased our net sales by $1.6 million in EMEA as compared to the nine months ended September 30, 2018.

Asia/Pacific Rim ("APAC") net sales increased $0.6 million, or 43% for the three months ended September 30, 2019 as compared to September 30, 2018. Sales of embolectomy catheters increased $0.3 million and anastomotic clips increased by $0.2 million (the latter in part because of a product return in the 2018 period). For the nine months ended September 30, 2019, sales in APAC increased $1.4 million, or 30%, also driven mainly by higher sales of embolectomy catheters of $0.8 million and anastomotic clips of $0.3 million.

The following table sets forth the change in our gross profit and gross margin for the periods indicated:

(unaudited)	Three months ended September 30,				Nine months ended September 30,			
	2019	2018	Change	Percent change	2019	2018	Change	Percent change
	($ in thousands)				($ in thousands)			
Gross profit	$ 20,166	$ 17,255	$ 2,911	17%	$ 59,945	$ 54,721	$ 5,224	10%
Gross margin	69.3%	71.4%	(2.1%)	*	68.9%	70.9%	(2.0%)	*

*Not applicable

Gross Profit. Gross profit increased $2.9 million to $20.2 million for the three months ended September 30, 2019, while gross margin decreased 210 basis points to 69.3% in the period. For the nine months ended September 30, 2019, gross profit increased by $5.2 million to $59.9 million, while gross margin decreased 200 basis points to 68.9%. In both comparative periods the increase in gross profit was driven by higher sales in the current period. The decrease in gross margin for both comparative periods was primarily driven by the recently-acquired Syntel and Python embolectomy catheters as well as the recently acquired Cardial products, all of which carry a lower gross margin than many of our other product lines. In the first quarter of 2018, we were also still selling our higher gross margin Reddick and Reddick-Saye products, which we divested early in the second quarter of 2018. The impact of these gross margin decreases was partly offset by lower manufacturing costs of certain of our offerings, in particular allografts.

Operating Expenses

The following tables set forth changes in our operating expenses for the periods indicated and the change between the specified periods expressed as a percentage increase or decrease:

(unaudited)	Three months ended September 30,				Nine months ended September 30,			
	2019	2018	$ Change	Percent change	2019	2018	$ Change	Percent change
Sales and marketing	$ 7,429	$ 6,622	$ 807	12%	$ 22,887	$ 20,504	$ 2,383	12%
General and administrative	4,551	3,983	568	14%	14,026	13,227	799	6%
Research and development	2,281	2,037	244	12%	6,777	5,850	927	16%
(Gain) loss on divestitures	-	-	-	*	-	(5,876)	5,876	(100%)
Total	$ 14,261	$ 12,642	$ 1,619	13%	$ 43,690	$ 33,705	$ 9,985	30%

	Three months ended September 30,			Nine months ended September 30,		
	2019 % of Net Sales	2018 % of Net Sales	Change	2019 % of Net Sales	2018 % of Net Sales	Change
Sales and marketing	26%	27%	(1%)	26%	27%	(1%)
General and administrative	16%	16%	0%	16%	17%	(1%)
Research and development	8%	8%	0%	8%	8%	0%
(Gain) loss on divestitures	0%	0%	0%	0%	-8%	8%

* Not a meaningful percentage relationship.

Sales and marketing. For the three months ended September 30, 2019, sales and marketing expense increased 12% to $7.4 million. The increase was driven mainly by higher personnel costs, including salaries, recruiting and travel expenses associated with expanding the sales force. As a percentage of net sales, sales and marketing expense decreased to 26% in the three months ended September 30, 2019 from 27% in the prior period. For the nine months ended September 30, 2019, sales and marketing expense increased 12% to $22.9 million. The increase was driven mainly by higher personnel costs including compensation, travel and training. We also had higher costs due to the implementation of Salesforce customer relationship software. As a percentage of sales, sales and marketing expense decreased to 26% for the nine months ended September 30, 2019 from 27% in the prior period.

General and administrative. For the three months ended September 30, 2019, general and administrative expense increased 14% to $4.6 million as compared to the three months ended September 30, 2018. The increase was primarily due to higher acquisition-related costs of $0.5 million, including amortization of intangible assets as well as higher legal and consulting. As a percentage of sales, general and administrative expense was unchanged at 16%. For the nine months ended September 30, 2019, general and administrative expense increased 6% to $14.0 million. The increase was again driven by higher acquisition-related costs as well as bad debt expense and other costs. As a percentage of sales, general and administrative expense was 16% for the nine months ended September 30, 2019 versus 17% for the nine months ended September 30, 2018.

Research and development. For the three months ended September 30, 2019, research and development expense increased 12% to $2.3 million. For the nine months ended September 30, 2019, research and development expense increased 16% to $6.8 million. In both periods, the increase was primarily related to product development towards new versions of our biologic vascular patches and powered phlebectomy devices, as well as testing related to our biologic product offerings, including the transfer of production of our Omniflow biologic vascular grafts to Burlington. We also had higher regulatory costs associated with compliance with new medical device regulation (MDR) requirements and maintenance of our CE mark certifications in the EU. As a percentage of sales, research and development expense was unchanged at 8% for the three and nine-month periods ended September 30, 2019 and September 30, 2018.

***Income tax expense*.** We recorded a tax provision of $0.7 million on pre-tax income of $5.9 million for the three months ended September 30, 2019, compared to a $0.4 million tax provision on pre-tax income of $4.7 million for the three months ended September 30, 2018. We recorded a tax provision of $3.2 million on pre-tax income of $16.5 million for the nine months ended September 30, 2019, compared to $4.3 million on pre-tax income of $21.2 million for the nine months ended September 30, 2018. Our effective income tax rate was 12.0% and 19.2% for the three and nine month periods ended September 30, 2019, respectively. Our tax expense for the current period is based on an estimated annual effective tax rate of 26.3%, adjusted in the applicable quarterly periods for discrete stock option exercises and other discrete items. Our income tax expense for the current period varies from the statutory rate mainly due to federal and state tax credits, permanent items, different statutory rates from our foreign entities, and a discrete item for stock option exercises.

Our effective income tax rate was 8.8% and 20.2% for the three and nine month periods ended September 30, 2018, respectively. Our 2018 provision was based on the estimated annual effective tax rate of 25.1%, adjusted in the applicable quarterly period for discrete stock option exercises and other discrete items. Our income tax expense for 2018 varied from the statutory rate mainly due to certain permanent items, offset by lower statutory rates from our foreign entities and a discrete item for stock option exercises.

We monitor the mix of profitability by tax jurisdiction and adjust our annual expected rate on a quarterly basis as needed. While it is often difficult to predict the final outcome or timing of the resolution for any particular tax matter, we believe our tax reserves reflect the probable outcome of known contingencies.

We assess the likelihood that our deferred tax assets will be realized through future taxable income and record a valuation allowance to reduce gross deferred tax assets to an amount we believe is more likely than not to be realized. As of September 30, 2019, we have provided a valuation allowance of $1.3 million for deferred tax assets primarily related to Australian net operating loss and capital loss carry forwards and Massachusetts tax credit carry forwards that are not expected to be realized.

Liquidity and Capital Resources

At September 30, 2019, our cash and cash equivalents were $11.7 million as compared to $26.3 million at December 31, 2018. We also had $33.2 million in a short-term managed income mutual fund investment as of September 30, 2019 compared to $21.7 million as of December 31, 2018. Our cash and cash equivalents are highly liquid investments with maturities of 90 days or less at the date of purchase, and consist primarily of operating bank accounts. Our short-term marketable securities consist of a managed income mutual fund investing mainly in short-term investment grade, U.S.-dollar denominated fixed and floating-rate debt. All of our cash held outside of the United States is available for corporate use, with the exception of $3.7 million held by subsidiaries in jurisdictions for which earnings are planned to be permanently reinvested.

On February 14, 2019, our Board of Directors authorized the repurchase of up to $10.0 million of the Company's common stock through transactions on the open market, in privately negotiated purchases or otherwise. The repurchase program may be suspended or discontinued at any time and will conclude on February 14, 2020, unless extended by the Board. To date we have not made any repurchases under this program.

Operating and Capital Expenditure Requirements

We require cash to pay our operating expenses, make capital expenditures, and pay our long-term liabilities. Since our inception, we have funded our operations through public offerings and private placements of equity securities, short-term borrowings, and funds generated from our operations.

We recognized operating income of $16.5 million for the nine months ended September 30, 2019. For the year ended December 31, 2018, we had operating income of $28.2 million. We expect to fund any increased costs and expenditures from our existing cash and cash equivalents, though our future capital requirements depend on numerous factors. These factors include, but are not limited to, the following:

- the revenues generated by sales of our products and services;
- payments associated with potential future quarterly cash dividends to our common stockholders;
- future acquisition-related payments;
- payments associated with income and other taxes;
- the costs associated with expanding our manufacturing, marketing, sales, and distribution efforts;
- the costs associated with our initiatives to sell direct-to-hospital in new countries;
- the costs of obtaining and maintaining FDA and other regulatory clearances of our existing and future products;
- the costs associated with obtaining European MDR clearances of our existing and future products;
- the number, timing, and nature of acquisitions, divestitures and other strategic transactions, and
- potential future share repurchases.

Our cash balances may decrease as we continue to use cash to fund our operations, make acquisitions, make payments under our quarterly dividend program, make share repurchases and make deferred payments related to prior acquisitions. We believe that our cash, cash equivalents, investments and the interest we earn on these balances will be sufficient to meet our anticipated cash requirements for at least the next twelve months. If these sources of cash are insufficient to satisfy our liquidity requirements beyond the next twelve months, we may seek to sell additional equity or debt securities or borrow funds from, or establish a revolving credit facility with a financial institution. The sale of additional equity and debt securities may result in dilution to our stockholders. If we raise additional funds through the issuance of debt securities, such securities could have rights senior to those of our common stock and could contain covenants that would restrict our operations and possibly our ability to pay dividends. We may require additional capital beyond our currently-forecasted amounts. Any such required additional capital may not be available on reasonable terms, if at all.

Dividends

In February 2011, our Board of Directors approved a policy for the payment of quarterly cash dividends on our common stock. Future declarations of quarterly dividends and the establishment of future record and payment dates are subject to approval by our Board of Directors on a quarterly basis. The dividend activity for the periods presented is as follows:

Record Date	Payment Date	Per Share Amount	Dividend Payment
			(in thousands)
Fiscal Year 2019			
March 22, 2019	April 5, 2019	$ 0.085	$ 1,672
May 22, 2019	June 5, 2019	$ 0.085	$ 1,672
August 21, 2019	September 5, 2019	$ 0.085	$ 1,691
Fiscal Year 2018			
March 22, 2018	April 5, 2018	$ 0.070	$ 1,351
May 22, 2018	June 7, 2018	$ 0.070	$ 1,353
August 22, 2018	September 6, 2018	$ 0.070	$ 1,369
November 20, 2018	December 6, 2018	$ 0.070	$ 1,372

On October 21, 2019, our Board of Directors approved a quarterly cash dividend on our common stock of $0.085 per share payable on December 5, 2019, to stockholders of record at the close of business November 20, 2019, which will total approximately $1.7 million.

Cash Flows

	Nine months ended September 30,		
	(in thousands)		
	2019	2018	Net Change
Cash and cash equivalents	$ 11,719	$ 20,104	$ (8,385)
Cash flows provided by (used in):			
Operating activities	$ 8,585	$ 12,935	$ (4,350)
Investing activities	(20,554)	(8,312)	(12,242)
Financing activities	(2,402)	(3,113)	711

Net cash provided by operating activities. Net cash provided by operating activities was $8.6 million for the nine months ended September 30, 2019, consisting of $13.3 million in net income, adjustments for non-cash or non-operating items of $7.1 million (including primarily depreciation and amortization of $4.0 million, stock-based compensation of $2.1 million, and provisions for inventory write-offs and doubtful accounts of $0.5 million and $0.3 million, respectively) and also a net use of working capital of $11.8 million. The net cash used for working capital was driven by an increase in inventory and other deferred costs of $9.6 million, a decrease in accounts payable and other liabilities of $2.0 million and an increase in prepaid and other current assets of $0.4 million. These cash uses were offset by a decrease in accounts receivable of $0.3 million.

Net cash provided by operating activities was $12.9 million for the nine months ended September 30, 2018, consisting of $16.9 million in net income, adjustments for non-cash or non-operating items of $0.4 million (including depreciation and amortization of $3.1 million, stock-based compensation of $1.8 million, provisions for inventory write-offs and doubtful accounts of $0.5 million and a gain on divestiture of $5.9 million) and also a net use of working capital of $3.7 million. The net cash used for working capital was driven by an increase in inventory and other deferred costs of $3.1 million, an increase in prepaid expenses and other assets of $1.8 million, and a decrease in accounts payable and accrued expenses of $0.3 million, all offset by a decrease in accounts receivable of $1.5 million.

Net cash used in investing activities. Net cash used in investing activities was $20.6 million for the nine months ended September 30, 2019, including net purchases and redemptions of marketable securities of $11.4 million, a payment for the acquisition of the Tru-incise valve cutter business in the United States of $6.8 million, and expenditures on property and equipment of $2.4 million.

Net cash used in investing activities was $8.3 million for the nine months ended September 30, 2018. This was primarily driven by an acquisition in the quarter for which we paid $11.0 million, net purchases and sales of marketable securities of $2.9 million and expenditures on equipment and technology of $1.8 million, which were partially offset by proceeds from a business divestiture of $7.4 million.

Net cash used in financing activities. Net cash used financing activities was $2.4 million for the nine months ended September 30, 2019, consisting primarily of dividend payments of $5.0 million and deferred payments for acquisitions of less than $0.1 million, offset in part by proceeds from stock option exercises of $2.7 million net of shares repurchased to cover employee payroll taxes.

Net cash used in financing activities was $3.1 million for the nine months ended September 30, 2018, primarily driven by cash dividends paid of $4.1 million and payments related to prior acquisitions of $1.2 million. These were partially offset by proceeds from stock option exercises of $2.1 million net of shares repurchased to cover payroll taxes of $0.7 million.

Contractual obligations. Our principal contractual obligations consist of operating leases and inventory purchase commitments, and have not changed significantly since December 31, 2018 as reported in our Annual Report on Form 10-K. As referenced below under Critical Accounting Policies and Estimates, our operating lease contractual obligations are now recorded as liabilities on our balance sheet.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of September 30, 2019. We do not currently have, nor have we ever had, any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. In addition, we do not engage in trading activities involving non-exchange traded contracts. As a result, we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in these relationships.

Critical Accounting Policies and Estimates

We have adopted various accounting policies to prepare our consolidated financial statements in accordance with U.S. generally accepted accounting principles, or U.S. GAAP. Our most significant accounting policies are described in Note 1 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018. With the exception of the adoption, effective January 1, 2019, of Accounting Standards Update No. 2016-02, *Leases (Topic 842),* subsequently amended by ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, discussed in Note 1 to this Quarterly Report on Form 10-Q, there have been no material changes in our critical accounting policies during the nine months ended September 30, 2019. The preparation of our consolidated financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. Our estimates and assumptions, including those related to sales returns and discounts, share-based compensation, inventories, intangible assets, bad debts, and income taxes are reviewed on an ongoing basis and updated as appropriate. Actual results may differ from those estimates.

Recent Accounting Pronouncements

A summary of recent accounting pronouncements that may impact our financial statements upon adoption in future periods can be found in Note 1 to our financial statements included under Part 1, Item 1 of this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

In the ordinary course of conducting business, we are exposed to certain risks associated with potential changes in market conditions. These market risks include changes in currency exchange rates and interest rates which could affect operating results, financial position and cash flows. We manage our exposure to these market risks through our regular operating and financing activities and, if considered appropriate, we may enter into derivative financial instruments such as forward currency exchange contracts, although we have not done so in 2019 or in recent years. There have been no material changes in our quantitative and qualitative market risks since the disclosure in our Annual Report on Form 10-K for the year ended December 31, 2018.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation and supervision of our Chief Executive Officer and Chief Financial Officer, is responsible for our disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified under SEC rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our principal executive officer and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. We design our disclosure controls and procedures to ensure, at reasonable assurance levels, that such information is timely recorded, processed, summarized and reported, and then accumulated and communicated appropriately.

Based on an evaluation of our disclosure controls and procedures as of September 30, 2019 our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at reasonable assurance levels.

Changes in Internal Control

There have been no changes in our internal control over financial reporting for the nine months ended September 30, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations of Internal Controls

Notwithstanding the foregoing, our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any system will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Part II. Other Information

Item 1. Legal Proceedings

In the ordinary course of business, we are from time to time involved in lawsuits, claims, investigations, proceedings, and threats of litigation relating to employment, product liability, commercial arrangements, contracts, intellectual property and other matters. While the outcome of these proceedings and claims cannot be predicted with certainty, there are no matters, as of October 31, 2019, that management believes would have a material adverse effect on our financial position, results of operations or cash flows.

Item 1A. Risk Factors

In addition to the information set forth in this report, you should consider the risks and uncertainties discussed in "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2018, which could materially affect our business, financial condition, or future results. The risk factors below supplement and update the risk factors and information discussed in our Annual Report on Form 10-K for the year ended December 31, 2018.

Our dependence on sole- and limited-source suppliers could hinder our ability to deliver our products and services to our customers on a timely basis or at all and could harm our results of operations.

We rely on sole- and limited-source suppliers for some of our important product components and certain products. For example, our TRIVEX system and associated disposables, as well as components of our EndoRE remote endarterectomy product line, are manufactured for us by third-party suppliers. Additionally, we rely on a sole-source supplier for the ovine material used for our Omniflow II biosynthetic vascular graft.

With respect to our RestoreFlow allografts, we rely on tissue procurement organizations to provide donated tissue to us for processing and cryopreservation. While we have relationships with multiple tissue procurement organizations, we cannot be sure that the supply of suitable human tissue will be available to us at the levels we need, in which case our allografts revenues could be adversely affected.

When we acquire a product line, we often enter into an agreement with the seller of the product line for a period of one to three years for the supply of acquired product until we can transition product manufacture to our facilities. Those arrangements are always sole source supply arrangements with a supplier that has determined to divest the product it is manufacturing. As a result, the supplier may not allocate sufficient resources to the manufacture of our product in favor of dedicating resources to its remaining business. Additionally, there is significant supply risk if the supplier does not have the financial means to continue to supply product. For example, in the case of our acquisition of the CardioCel and VascuCel biologic patches, Admedus Ltd and its affiliates have agreed to continue to supply those products to us for up to three years. For the year ended December 31, 2018, Admedus Ltd reported revenue from continuing operations of AU$25.6 million and a loss before income tax from continuing operations of AU$24.7 million, and for the six months ended June 30, 2019, Admedus Ltd reported revenue from continuing operations of AU$10.7 million and a loss before income tax from continuing operations of AU$11.9 million. If Admedus fails to meet its obligations under the supply agreement on a timely basis or at all, then we may experience interruptions in our supply of the acquired products or we may not receive a future supply of the acquired products until we establish manufacturing in our own facilities. If we do not have sufficient supply of an acquired product, this could lead to loss of sales, customer dissatisfaction and damage to our reputation, and our financial condition or results of operations could be harmed.

There are relatively few, or in some cases no, alternative, validated sources of supply for these materials and products. We do not always have supply agreements in place with suppliers, instead placing orders on an as-needed basis. At any time, these suppliers could discontinue or become incapable of the manufacture or supply of these materials or products on acceptable terms or otherwise. We do not ordinarily carry a significant inventory of these materials and products. Identifying and qualifying additional or replacement suppliers, if required, may not be accomplished quickly or at all and could involve significant additional costs. Any supply interruption from our suppliers or failure to obtain replacement suppliers would interrupt our ability to manufacture our products and result in production delays and increased costs, and may limit our ability to deliver products to our customers. This could lead to loss of sales and customers, and our financial condition or results of operations could be harmed.

CardioCel is sold to a different call point from that of most of our product lines, and we may not be successful in selling to that call point.

Historically, the majority of sales of CardioCel have been to pediatric cardiac surgeons, a call point that is different from our main call point focus. We market and sell our products primarily to vascular surgeons, and the majority of our marketing efforts and sales relate to products used in open vascular surgery. As a result, our sales representatives make sales calls predominantly to vascular surgeons and to a lesser extent, cardiac and neuro surgeons. Our success in selling CardioCel will depend, in part, on our sales representatives devoting a portion of their time to making sales calls to, and establishing relationships with, pediatric cardiac surgeons. If they do not undertake these activities or are unsuccessful in doing so, then this could lead to the loss of sales and customers of CardioCel, and our financial condition or results of operations could be harmed. Most of our product lines are used in vascular procedures and as a result, our sales representatives can cross-sell a significant portion of our product portfolio to vascular surgeons. Cross-selling opportunities to pediatric cardiac surgeons will be limited. Additionally, if our sales representatives spend less time focused on sales of our other product lines to vascular surgeons, the sales of those products could decrease, and our financial condition or results of operations could be harmed.

If we do not comply with foreign regulatory requirements to market our products outside the United States, our business will be harmed.

Sales of medical devices outside the United States are subject to international regulatory requirements that vary from country to country. These requirements and the amount of time required for approval may differ from our experiences with the FDA in the United States. In some cases, we rely on our international distributors to obtain premarket approvals, complete product registrations, comply with clinical trial requirements, and complete those steps that are customarily taken in the applicable jurisdictions to comply with governmental and quasi-governmental regulation. In the future, we expect to continue to rely on distributors in this manner in those countries where we continue to market and sell our products through them. Failure to satisfy these foreign regulations would impact our ability to sell our products in these countries and could cause our business to suffer. There can be no assurance that we will be able to obtain or maintain the required regulatory approvals in these countries.

Our products are regulated in the European Union (EU) under the European Medical Devices Directive (93/42/EC as amended by 2007/47/EC) (MDD). In order to market our medical devices in the EU, we are required to obtain CE mark certifications, which denote conformity to the essential requirements of the MDD, and manufacturers of higher-risk devices generally must use a “Notified Body”—an appointed independent third party to assess conformity. We have received CE mark certifications to sell nearly all of our products, though currently there is a lapse in our CE mark certifications for most of our products due to one of our Notified Bodies abandoning all services related to the MDD. On June 13, 2019, the Notified Body that issued the majority of our CE mark certifications, Lloyd's Register Quality Assurance or LRQA, notified its clients that it would cease providing all Notified Body services relating to the MDD to all clients, including us, as of September 12, 2019, which date was subsequently extended to September 30, 2019. As a result, all LRQA-issued CE mark certifications, unless earlier transferred to a new Notified Body, would lapse as of such date. Prior to receipt of such notice, we had begun transitioning our CE mark certifications to a new Notified Body, TUV SUD. However, TUV SUD was unable to complete all work necessary to reissue our CE mark certifications by September 30, 2019. Under the MDD, only product placed on the European market at our European subsidiary prior to September 30, 2019 is eligible for sale to EU countries. As a result, prior to September 30, 2019, we manufactured and shipped inventory in amounts that for most products we believe would be sufficient to supply our EU customers while we await reissuance of the CE mark certifications by TUV SUD. We expect reissuance of the CE mark certifications by the end of 2019 for the majority of our products, and until such time, we expect to continue selling product from our inventory reserves already placed on the market in the EU prior to September 30, 2019. However, we do not expect reissuance of our CE mark certifications for four of our products, Anastoclip AC closure systems, Anastoclip GC closure systems, Flexcel carotid shunts and LifeSpan ePTFE vascular grafts, until Q4 2020. These products comprised approximately 5% of our sales in the EU for the nine months ended September 30, 2019. We expect that the inventory of such products held by our European subsidiary will only be sufficient to supply our customers for approximately nine months from the date hereof, based on historical sales, and as a result, we may go into backorder for some of the catalog numbers of these four products until the CE mark certifications for such products are reissued. If the reissuance of our CE marks for any of our products is materially delayed or withheld, our revenues could be impacted and our business could be harmed.

In April 2017, the EU adopted new regulations for medical devices (MDR), which replace the MDD and apply after a three year transition period. Our products will be subject to the MDR, which require all of our products, regardless of classification, to obtain a new CE mark in accordance with the new, more stringent standards under the MDR. As a condition to CE mark approval, clinical evidence from clinical investigations will be required for Class III and implantable devices. As our Notified Bodies start to transition from MDD to MDR, they have begun to impose more rigorous requirements on us in order to obtain approval to renew the CE marks on certain of our products. For example, we have been informed by BSI, our Notified Body for the product lines manufactured in our Saint-Etienne, France facility, that they require more clinical data for three of the four product lines for the continuance of the CE mark certifications and the upcoming MDR certifications for such devices. If we fail to obtain sufficient clinical data for these products, our current CE marks may be suspended or not issued in a timely manner or at all, and future sales of those products could be adversely impacted. Additionally, if we fail to obtain new CE marks on these products or our other products under the MDR in a timely manner, or at all, future sales of our products in the EU could be adversely impacted.

Separately, BSI has informed us that we must reapply for CE mark certifications for all four devices manufactured in our Saint-Etienne, France facility using the corporate name of our subsidiary that manufactures those devices. During the pendency of the reapplication process, which could take up to five months, our CE mark certifications for such products will lapse. The inventory of such products held by our European subsidiary will only be sufficient to supply our customers for approximately seven months from the date hereof, based on historical sales. If the reissuance of our CE marks for those products is materially delayed or withheld, our revenues could be impacted and our business could be harmed.

There can be no assurance that we will be able to obtain or maintain CE marks for our existing products, and obtaining CE marks may involve a significant amount of time and expense, stringent clinical and preclinical testing, or modification of our products and could result in limitations being placed on the use of our products in order to obtain approval. If we fail to obtain new CE marks on our products in a timely manner, or at all, future sales of our products could be adversely impacted.

Maintaining a CE mark is contingent upon our continued compliance with applicable European medical device requirements, including limitations on advertising and promotion of medical devices and requirements governing the handling of adverse events. As discussed above, there can be no assurance that we will be successful in maintaining the CE mark for any of our current products. In particular, adverse event reporting requirements in the EU mandate that we report incidents which led or could have led to death or serious deterioration in health. Under certain circumstances, we could be required to or could voluntarily initiate a recall or removal of our product from the market in order to address product deficiencies or malfunctions. Any recall of our products may harm our reputation with customers and divert managerial and financial resources.

Failure to receive or maintain approval would prohibit us from selling these products in member countries of the EU, and would require significant delays in obtaining individual country approvals. If we do not receive or maintain these approvals, our business could be harmed.

Our manufacturing facilities are subject to periodic inspection by numerous regulatory authorities, including governmental agencies and Notified Bodies, and we must demonstrate compliance with their applicable medical devices regulations. Our most recent inspections were as follows:

Facility	Agency	Jurisdiction	Date
Burlington	U.S. FDA	United States	August 2017
Canada	Health Canada	Canada	August 2017
Australia	Therapeutic Goods Administration (TGA)	Australia	September 2017
Australia	Brazil (ANVISA)	Brazil	October 2017
Fox River Grove	AATB	Worldwide	January 2018
Fox River Grove	U.S. FDA	United States	January 2018
Burlington	Notified Body (LRQA)	Europe	January 2018
Australia	Notified Body (TUV Rheinland)	Europe	January 2018
Burlington	Notified Body (LRQA)	United States Medical Device Single Audit Program	October 2018
Burlington	Notified Body (LRQA)	Europe	November 2018
Australia	Notified Body (TUV Rheinland)	Europe	November 2018
Australia	Therapeutic Goods Administration (TGA)	Australia	December 2018
Burlington	Notified Body (LRQA)	Europe	December 2018
Burlington	Korean FDA	Korea	January 2019
Tokyo	Tokyo Metropolitan Government	Japan	February 2019
Australia	Notified Body (TUV Rheinland)	Europe	June 2019
Saint-Etienne	Notified Body (BSI)	Europe	October 2019

Any failure by us to comply with regulatory requirements in this regard may entail our taking corrective action, such as modification of our policies and procedures. In addition, we may be required to cease all or part of our operations for some period of time until we can demonstrate that appropriate steps have been taken. There can be no assurance that we will be found in compliance with such standards in future audits.

We also pursue registrations in other jurisdictions in which we sell our devices directly, such as Japan and China. In 2015, the China Food and Drug Administration significantly increased the application fees for product registrations and imposed additional requirements for obtaining product approval, which includes requirements for conducting clinical trials to support the registration application process on newly introduced products in China. As a result, we may not seek registration for certain products where the cost is not justified. Any delay in product registrations could have a negative impact on our results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

Period	Total Number of Shares (or Units) Purchased (1)	Average Price Paid Per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Program	(or Approximate Dollar Value) of Shares (or Units) that may yet be Purchased under the Plans or Program
July 1, 2019 through July 31, 2019	12,859	$ 32.87	N/A	N/A
August 1, 2019 through August 31, 2019	-	-	N/A	N/A
September 1, 2019 through September 30, 2019	-	-	N/A	N/A
Total	12,859	$ 32.87	N/A	N/A

(1) For the three months ended September 30, 2019, we repurchased 12,859 shares of our common stock to satisfy employees' obligations with respect to minimum statutory withholding taxes in connection with the vesting of restricted stock units.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
31.1	Certification of Chief Executive Officer, as required by Rule 13a-14(a) or Rule 15 d-14(a).				X
31.2	Certification of Chief Financial Officer, as required by Rule 13a-14(a) or Rule 15d-14(a).				X
32.1	Certification by the Chief Executive Officer, as required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350).*				X
32.2	Certification by the Chief Financial Officer, as required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350).*				X
101.INS	XBRL Instance Document.				X
101.SCH	XBRL Taxonomy Extension Schema Document.				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.				X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.				X

* The certifications attached as Exhibit 32.1 and Exhibit 32.2 that accompany this Quarterly Report on Form 10-Q, are not deemed filed with the SEC and are not to be incorporated by reference into any filing of LeMaitre Vascular, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on November 8, 2019.

LEMAITRE VASCULAR, INC.

/s/ George W. LeMaitre
George W. LeMaitre
Chairman and Chief Executive Officer

/s/ Joseph P. Pellegrino, Jr.
Joseph P. Pellegrino, Jr.
Chief Financial Officer and Director

EXHIBIT 31.1

CERTIFICATION

I, George W. LeMaitre, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of LeMaitre Vascular, Inc.;

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

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

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

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

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

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

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

5. The registrant's other certifying officer(s) 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 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.

/s/ George W. LeMaitre
George W. LeMaitre
Chairman and Chief Executive Officer
(Principal Executive Officer)

Date: November 8, 2019

EXHIBIT 31.2

CERTIFICATION

I, Joseph P. Pellegrino, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of LeMaitre Vascular, Inc.;

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

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

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

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

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

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

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

5. The registrant's other certifying officer(s) 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 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.

/s/ Joseph P. Pellegrino, Jr.
Joseph P. Pellegrino, Jr.
Chief Financial Officer and Director
(Principal Accounting and Financial Officer)

Date: November 8, 2019

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 the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "*Exchange Act*"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), George W. LeMaitre, Chairman and Chief Executive Officer of LeMaitre Vascular, Inc. (the "*Company*"), certifies to the best of his knowledge that:

(1) The Company's Quarterly Report on Form 10-Q for the period ended September 30, 2019 (the "*Report*") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

This certification is being provided pursuant to 18 U.S.C. § 1350 and is not deemed to be a part of the Report, nor is it to deemed to be "filed" for any purpose whatsoever.

/s/ George W. LeMaitre
George W. LeMaitre
Chairman and Chief Executive Officer
(Principal Executive Officer)
November 8, 2019

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 the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "*Exchange Act*"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350)**,** Joseph P. Pellegrino, Jr., Chief Financial Officer of LeMaitre Vascular, Inc. (the *"Company"*), certifies to the best of his knowledge that:

(1) The Company's Quarterly Report on Form 10-Q for the period ended September 30, 2019 (the "*Report*") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

This certification is being provided pursuant to 18 U.S.C. § 1350 and is not deemed to be a part of the Report, nor is it to deemed to be "filed" for any purpose whatsoever.

/s/ Joseph P. Pellegrino, Jr.
Joseph P. Pellegrino, Jr.
Chief Financial Officer and Director
(Principal Accounting and Financial Officer)
November 8, 2019