

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, 2024

Or

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

For the transition period from _____ to _____.

Commission File Number 001-33092

LEMAITRE VASCULAR, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

04-2825458

(I.R.S. Employer
Identification No.)

63 Second Avenue, Burlington, Massachusetts
(Address of principal executive offices)

01803
(Zip Code)

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

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 stock, \$0.01 par value per share	LMAT	The Nasdaq Global Market

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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 Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

As of November 5, 2024, the registrant had 22,484,021 shares of common stock, par value \$.01 per share, outstanding.

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Part I. Financial Information

Item 1. Financial Statements

LeMaitre Vascular, Inc.

Consolidated Balance Sheets

	(unaudited)	September 30, 2024	December 31, 2023
	(in thousands, except share data)		
Assets			
Current assets:			
Cash and cash equivalents	\$ 21,001	\$ 24,269	
Short-term marketable securities	102,888	80,805	
Accounts receivable, net of allowances of \$ 1,309 at September 30, 2024 and \$ 941 at December 31, 2023	32,269	25,064	
Inventory and other deferred costs	65,021	58,080	
Prepaid expenses and other current assets	5,937	6,380	
Total current assets	227,116	194,598	
Property and equipment, net	23,924	21,754	
Right-of-use leased assets	17,195	18,027	
Goodwill	65,945	65,945	
Other intangibles, net	37,303	41,711	
Deferred tax assets	1,310	1,003	
Other assets	4,232	3,740	
Total assets	\$ 377,025	\$ 346,778	
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	\$ 1,651	\$ 3,734	
Accrued expenses	23,493	23,650	
Acquisition-related obligations	1,476	24	
Lease liabilities - short-term	2,723	2,471	
Total current liabilities	29,343	29,879	
Lease liabilities - long-term	15,603	16,624	
Deferred tax liabilities	109	107	
Other long-term liabilities	896	2,268	
Total liabilities	45,951	48,878	
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 24,073,835 shares at September 30, 2024, and 23,911,760 shares at December 31, 2023	241	239	
Additional paid-in capital	210,748	200,755	
Retained earnings	137,506	115,430	
Accumulated other comprehensive loss	(3,156)	(4,625)	
Treasury stock, at cost; 1,590,478 shares at September 30, 2024 and 1,584,512 shares at December 31, 2023	(14,265)	(13,899)	
Total stockholders' equity	331,074	297,900	
Total liabilities and stockholders' equity	\$ 377,025	\$ 346,778	

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,	
	2024	2023	2024	2023
	(in thousands, except per share data)	(in thousands, except per share data)		
Net sales	\$ 54,819	\$ 47,411	\$ 164,146	\$ 144,601
Cost of sales	17,641	16,596	51,835	50,817
Gross profit	37,178	30,815	112,311	93,784
Sales and marketing	11,441	9,673	34,111	30,786
General and administrative	8,933	7,738	26,766	23,392
Research and development	3,656	4,224	12,032	12,615
Restructuring	-	-	-	485
Total operating expenses	24,030	21,635	72,909	67,278
Income from operations	13,148	9,180	39,402	26,506
Other income (expense):				
Interest income	1,201	835	3,339	2,085
Foreign currency gain (loss)	202	(189)	113	(429)
Income before income taxes	14,551	9,826	42,854	28,162
Provision for income taxes	3,410	2,324	10,000	6,522
Net income	\$ 11,141	\$ 7,502	\$ 32,854	\$ 21,640
Earnings per share of common stock:				
Basic	\$ 0.50	\$ 0.34	\$ 1.46	\$ 0.97
Diluted	\$ 0.49	\$ 0.33	\$ 1.45	\$ 0.97
Weighted-average shares outstanding:				
Basic	22,476	22,263	22,433	22,196
Diluted	22,836	22,481	22,723	22,411
Cash dividends declared per common share	\$ 0.16	\$ 0.14	\$ 0.48	\$ 0.42

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,	
	2024	2023	2024	2023
	(in thousands)		(in thousands)	
Net income	\$ 11,141	\$ 7,502	\$ 32,854	\$ 21,640
Other comprehensive income (loss):				
Foreign currency translation adjustment, net	1,076	(833)	696	(492)
Unrealized gain (loss) on short-term marketable securities	862	(50)	773	(182)
Total other comprehensive income (loss)	1,938	(883)	1,469	(674)
Comprehensive income	\$ 13,079	\$ 6,619	\$ 34,323	\$ 20,966

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, 2023	23,911,760	\$ 239	\$ 200,755	\$ 115,430	\$ (4,625)	1,584,512	\$ (13,899)	\$ 297,900
Net income				9,887				9,887
Other comprehensive income (loss)					(933)			(933)
Issuance of common stock for stock options exercised	107,930	1		3,985				3,986
Vested restricted stock units	9,547	-						-
Vested performance-based restricted stock units	7,063	-						-
Repurchase of common stock for net settlement of equity awards						5,850	(358)	(358)
Stock-based compensation expense			1,610					1,610
Common stock dividend paid				(3,589)				(3,589)
Balance at March 31, 2024	24,036,300	240	206,350	121,728	(5,558)	1,590,362	(14,257)	308,503
Net income				11,826				11,826
Other comprehensive income (loss)					464			464
Issuance of common stock for stock options exercised	22,700	-		730				730
Vested restricted stock units	223	-						-
Vested performance-based restricted stock units	77	-						-
Repurchase of common stock for net settlement of equity awards						95	(7)	(7)
Stock-based compensation expense			1,609					1,609
Common stock dividend paid				(3,593)				(3,593)
Balance at June 30, 2024	24,059,300	\$ 240	\$ 208,689	\$ 129,961	\$ (5,094)	1,590,457	\$ (14,264)	\$ 319,532
Net income				11,141				11,141
Other comprehensive income (loss)					1,938			1,938
Issuance of common stock for stock options exercised	14,477	1		449				450
Vested restricted stock units	58	-						-
Vested performance-based restricted stock units	-	-						-
Repurchase of common stock for net settlement of equity awards						21	(1)	(1)
Stock-based compensation expense			1,610					1,610
Common stock dividend paid				(3,596)				(3,596)
Balance at September 30, 2024	24,073,835	\$ 241	\$ 210,748	\$ 137,506	\$ (3,156)	1,590,478	\$ (14,265)	\$ 331,074

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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, 2022	23,655,716	\$ 237	\$ 189,268	\$ 97,773	\$ (6,031)	1,568,595	\$ (13,046)	\$ 268,201
Net income				6,040				6,040
Other comprehensive income (loss)					459			459
Issuance of common stock for stock options exercised	50,424	1		1,445				1,446
Vested restricted stock units	8,773	-						-
Repurchase of common stock for net settlement of equity awards						3,602	(172)	(172)
Stock-based compensation expense			1,290					1,290
Common stock dividend paid				(3,099)				(3,099)
Balance at March 31, 2023	23,714,913	238	192,003	100,714	(5,572)	1,572,197	(13,218)	274,165
Net income				8,098				8,098
Other comprehensive income (loss)					(250)			(250)
Issuance of common stock for stock options exercised	120,179	1		3,626				3,627
Vested restricted stock units	399	-						-
Repurchase of common stock for net settlement of equity awards						151	(9)	(9)
Stock-based compensation expense			1,312					1,312
Common stock dividend paid				(3,116)				(3,116)
Balance at June 30, 2023	23,835,491	\$ 239	\$ 196,941	\$ 105,696	\$ (5,822)	1,572,348	\$ (13,227)	\$ 283,827
Net income				7,502				7,502
Other comprehensive income (loss)					(883)			(883)
Issuance of common stock for stock options exercised	-	-		-				-
Vested restricted stock units	179	-						-
Repurchase of common stock for net settlement of equity awards						87	(5)	(5)
Stock-based compensation expense			1,313					1,313
Common stock dividend paid				(3,117)				(3,117)
Balance at September 30, 2023	23,835,670	\$ 239	\$ 198,254	\$ 110,081	\$ (6,705)	1,572,435	\$ (13,232)	\$ 288,637

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows
(unaudited)

	For the nine months ended September 30,	
	2024	2023
	(in thousands)	
Operating activities		
Net income	\$ 32,854	\$ 21,640
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,192	7,072
Stock-based compensation	4,829	3,915
Provision for inventory write-downs	2,114	1,455
Provision for credit losses	496	60
Fair value adjustment to contingent consideration obligations	70	(49)
Loss on divestitures	-	485
Foreign currency effect on net income	229	(7)
Changes in operating assets and liabilities:		
Accounts receivable	(7,435)	(2,077)
Inventory and other deferred costs	(8,932)	(7,582)
Prepaid expenses and other assets	64	(1,160)
Accounts payable and other liabilities	(2,539)	2,253
Net cash provided by operating activities	28,942	26,005
Investing activities		
Purchases of property and equipment	(4,918)	(5,986)
Purchases of short-term marketable securities	(21,310)	(15,569)
Payments related to acquisitions	-	(899)
Net cash used in investing activities	(26,228)	(22,454)
Financing activities		
Proceeds from stock option exercises	5,165	5,073
Purchase of treasury stock for net settlement of equity awards	(366)	(186)
Common stock cash dividend paid	(10,778)	(9,332)
Net cash used in financing activities	(5,979)	(4,445)
Effect of exchange rate changes on cash and cash equivalents	(3)	(189)
Net decrease in cash and cash equivalents	(3,268)	(1,083)
Cash and cash equivalents at beginning of period	24,269	19,134
Cash and cash equivalents at end of period	<u>\$ 21,001</u>	<u>\$ 18,051</u>

See accompanying notes to consolidated financial statements.

LeMaitre Vascular, Inc.
Notes to Consolidated Financial Statements
September 30, 2024
(unaudited)

1. Organization and Basis for Presentation

Description of Business

Unless the context requires otherwise, references to LeMaitre, LeMaitre Vascular, the Company, 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, biologic vascular and dialysis grafts, biologic vascular and cardiac patches, carotid shunts, embolectomy catheters, occlusion catheters, radiopaque marking tape, synthetic vascular and dialysis grafts, and valvulotomes. Our offices and production facilities are located in Burlington, Massachusetts; Fox River Grove, Illinois; North Brunswick, New Jersey; Vaughan, Canada; Sulzbach, Germany; Milan, Italy; Madrid, Spain; Hereford, England; Dublin, Ireland; Maisons-Alfort, France; Kensington, Australia; Tokyo, Japan; Shanghai, China; Singapore; Seoul, Korea; and Bangkok, Thailand.

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, 2024 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, 2023, including the notes thereto, included in our Form 10-K filed with the Securities and Exchange Commission (SEC) on February 29, 2024.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the unaudited consolidated financial statements and accompanying notes. The Company is not aware of any specific event or circumstance that would require an update to its accounting estimates or adjustments to the carrying value of its assets and liabilities as of November 8, 2024, the issuance date of this Quarterly Report on Form 10-Q. Actual results could differ from those estimates.

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 direct to hospitals and to a lesser extent to international 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. 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 record 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

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Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations

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

Revenue is recognized when the Company satisfies a performance obligation by transferring the 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 record 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 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,			
	2024		2023		2024		2023	
	(in thousands)				(in thousands)			
Americas	\$ 35,802		\$ 31,863		\$ 107,954		\$ 97,496	
Europe, Middle East and Africa	15,001		12,322		44,694		38,179	
Asia Pacific	4,016		3,226		11,498		8,926	
Total	\$ 54,819		\$ 47,411		\$ 164,146		\$ 144,601	

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 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 Italy, Spain and France 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

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (FASB) or other standard setting bodies and are generally adopted by the Company as of the specified effective date.

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In December 2023 the FASB issued ASU 2023-09, Income Taxes Topic 740 - Improvements to Income Tax Disclosures. This amendment is expected to enhance the transparency and decision usefulness of income tax disclosures by requiring public business entities, on an annual basis, to disclose specific categories in the rate reconciliation, additional information for reconciling items that meet a quantitative threshold and certain information about income taxes paid. This revised guidance is effective for financial statements issued for fiscal years beginning after December 15, 2024. We are currently evaluating the impacts of the new standard.

In November 2023 the FASB issued ASU 2023-07, Segment Reporting Topic 280- Improvements to Reportable Segment Disclosures. This amendment requires disclosure of incremental segment information on an annual and interim basis. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, and requires retrospective application to all prior periods presented in the financial statements. We are currently evaluating the impacts of the new standard.

There are no other accounting pronouncements recently issued or newly effective that had, or are expected to have, a material impact on the Company's consolidated 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 certain 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 inside and outside 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 2024 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 2023 income tax expense varied 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.

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, 2024, the gross amount of unrecognized tax benefits exclusive of interest and penalties was \$542,000. We remain subject to examination until the statute of limitations expires for each remaining respective tax jurisdiction. The statute of limitations will be open with respect to these tax positions until 2031. A reconciliation of beginning and ending amount of our unrecognized tax benefits is as follows:

	Nine months ended September 30, 2024	
	(in thousands)	
Unrecognized tax benefits as of December 31, 2023	\$ 587	
Additions/adjustments for tax positions of current year	-	
Additions/adjustments for tax positions of prior years	(3)	
Reductions for settlements with taxing authorities	-	
Reductions for lapses of the applicable statutes of limitations	(42)	
Unrecognized tax benefits as of September 30, 2024	<u>\$ 542</u>	

As of September 30, 2024, a summary of the tax years that remain subject to examination in our taxing jurisdictions is as follows:

United States	2020 and forward
Foreign	2015 and forward

3. Inventories and Other Deferred Costs

Inventories and other deferred costs consist of the following:

	September 30, 2024	December 31, 2023
	(in thousands)	
Raw materials	\$ 20,323	\$ 18,333
Work-in-process	2,966	2,869
Finished products	33,796	31,131
Other deferred costs	7,936	5,747
 Total inventory and other deferred costs	 \$ 65,021	 \$ 58,080

We had inventory on consignment at customer sites of \$ 2.0 million as of September 30, 2024 and December 31, 2023, respectively.

In connection with our RestoreFlow allograft business, other deferred costs include costs incurred for the preservation of human 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 tissues we preserve are not held as inventory, and the costs we incur to procure and process vascular tissues 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. Goodwill and Other Intangible Assets

There was no change to goodwill during the nine months ended September 30, 2024. Other intangible assets consist of the following:

	September 30, 2024			December 31, 2023		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value (in thousands)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Product technology and intellectual property	\$ 29,549	\$ 18,044	\$ 11,505	\$ 29,549	\$ 16,048	\$ 13,501
Trademarks, tradenames and licenses	3,767	2,173	1,594	3,767	1,909	1,858
Customer relationships	37,171	13,048	24,123	37,171	11,064	26,107
Other intangible assets	1,643	1,562	81	1,643	1,398	245
 Total identifiable intangible assets	 \$ 72,130	 \$ 34,827	 \$ 37,303	 \$ 72,130	 \$ 30,419	 \$ 41,711

These assets are being amortized over useful lives ranging from 2 to 16 years. The weighted-average amortization period for these intangibles as of September 30, 2024 is 9.5 years. Amortization expense is included in general and administrative expense and is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	(in thousands)		(in thousands)	
Amortization expense	\$ 1,464	\$ 1,536	\$ 4,408	\$ 4,604

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Estimated amortization expense for the remainder of 2024 and for each of the next five fiscal years is as follows:

	Year ended December 31,					
	2024	2025	2026	2027	2028	2029
Amortization expense	\$ 1,448	\$ 5,601	\$ 5,119	\$ 4,842	\$ 4,456	\$ 4,423

5. Leases

The Company determines if an arrangement is a lease at inception of the contract. The Company has operating leases for buildings, primarily for office space, manufacturing and distribution, as well as automobiles and printing equipment. As of September 30, 2024, the Company had the following building and facility leases capitalized on the balance sheet:

Location (leases)	Purpose	Approx. Sq. Ft.	Expiration
Americas			
Burlington, MA (4)	Corporate headquarters and manufacturing	96,476	December 2034
North Brunswick, NJ (1)	Artegraft biologic business	16,732	October 2029
Fox River Grove, IL (2)	RestoreFlow allografts business	14,632	December 2026
Burlington, MA (1)	US distribution	12,878	December 2030
Vaughn, Canada	Canada sales office and distribution	3,192	February 2026
Chandler, Arizona	US sales office	2,058	August 2025
Europe, Middle East and Africa			
Sulzbach, Germany	European headquarters and distribution	21,410	June 2031
Milan, Italy	Italy sales office and distribution	5,705	July 2027
Hereford, England	United Kingdom sales office and distribution	3,575	October 2029
Maisons-Alfort, France	France sales office	3,492	February 2030
Madrid, Spain	Spain sales office	2,260	June 2029
Asia Pacific			
Tokyo, Japan	Japan sales office and distribution	4,236	July 2025
Bangkok, Thailand	Thailand sales office and distribution	2,810	August 2026
Kensington, Australia	Australia sales office and distribution	2,551	June 2025
Seoul, Korea	Korea sales office and distribution	2,300	April 2027
Singapore	Asia Pacific headquarters and distribution	1,270	June 2026
Shanghai, China	China sales office and distribution	1,152	August 2025
Ballarat, Australia	Supply facility	Up to 350 acres	December 2030

Operating lease right-of-use (ROU) assets and operating lease liabilities are recognized based on the present value of the future lease minimum payments over the lease term at commencement date. Many of the lease agreements contain renewal or termination clauses that are factored into the determination of the lease term if it is reasonably certain that these options would be exercised. The Company recognizes lease expense for these leases on a straight-line basis over the lease term.

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 as of September 30, 2024. We elected the package of practical expedients that allow us to omit leases with initial terms of 12 months or less from our balance sheet, which are expensed on a straight-line basis over the life of the lease.

The interest rate implicit in lease agreements is typically not readily determinable, and as such the Company used the incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. The incremental borrowing rate is defined as the interest the Company would pay to borrow on a collateralized basis.

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Additional information with respect to our leases is as follows:

	Three months ended September 30, 2024		Nine months ended September 30, 2024		Nine months ended September 30, 2023	
	(in thousands)	2023	(in thousands)	2024	(in thousands)	2023
Lease cost						
Operating lease cost	\$ 487	\$ 797	\$ 1,936	\$ 1,941		
Short-term lease cost	17	28	63	348		
Total lease cost	\$ 504	\$ 825	\$ 1,999	\$ 2,289		
Other information						
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 758	\$ 967	\$ 2,757	\$ 2,433		
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 388	\$ 843	\$ 1,105	\$ 2,156		
Weighted average remaining lease term - operating leases (in years)			7.8	6.7		
Weighted average discount rate - operating leases			6.62%	5.15%		
As of September 30, 2024, the minimum noncancelable operating lease rental commitments with initial or remaining terms of more than one year are as follows:						
Remainder of 2024			\$ 980			
Year ending December 31,						
2025			3,725			
2026			3,097			
2027			2,628			
2028			2,576			
2029			2,520			
Thereafter			8,544			
Adjustment to net present value as of September 30, 2024			(5,744)			
Minimum noncancelable lease liability			\$ 18,326			

6. Accrued Expenses and Other Long-term Liabilities

Accrued expenses consist of the following:

	September 30, 2024		December 31, 2023	
	(in thousands)		(in thousands)	
Compensation and related taxes	\$ 13,183		\$ 13,353	
Accrued purchases	5,661		5,152	
Accrued expenses	3,347		4,251	
Income and other taxes	735		390	
Professional fees	91		104	
Other	476		400	
Total	\$ 23,493		\$ 23,650	

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Other long-term liabilities consist of the following:

	September 30, 2024 (in thousands)	December 31, 2023
Acquisition-related liabilities	\$ -	\$ 1,406
Income taxes	632	637
Other	264	225
Total	\$ 896	\$ 2,268

7. Segment and Enterprise-Wide Disclosures

The FASB establishes standards for reporting information regarding operating segments in financial statements. Operating segments are identified as components of an enterprise that engage in business activities for which separate, discrete financial information is available and is regularly reviewed 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 operations by legal entity for local purposes.

Most of our revenues are generated in the U.S., Germany, Canada, the United Kingdom (UK) and other European countries. Substantially all our assets are located in the U.S. and Germany. Net sales to unaffiliated customers by country were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	(in thousands)		(in thousands)	
United States	\$ 31,894	\$ 28,799	\$ 95,817	\$ 88,136
Germany	3,889	3,317	10,916	10,246
Canada	3,337	2,615	10,567	8,093
United Kingdom	2,834	2,004	8,080	5,952
Other countries	12,865	10,676	38,766	32,174
Net Sales	\$ 54,819	\$ 47,411	\$ 164,146	\$ 144,601

8. Share-based Compensation

Our Fourth 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, performance-based restricted stock units, unrestricted stock awards, and deferred stock awards to our officers, employees, directors and consultants. The components of share-based compensation expense included in the consolidated statements of operations are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	(in thousands)		(in thousands)	
Stock option awards	\$ 744	\$ 676	\$ 2,217	\$ 2,009
Restricted stock units	556	481	1,690	1,443
Performance-based restricted stock units	310	156	922	463
Total share-based compensation	\$ 1,610	\$ 1,313	\$ 4,829	\$ 3,915

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

	Three months ended September 30,		Nine months ended September 30,	
	2024		2023	
	(in thousands)		(in thousands)	
Cost of sales	\$ 218	\$ 168	\$ 657	\$ 504
Sales and marketing	276	248	821	712
General and administrative	952	765	2,860	2,310
Research and development	164	132	491	389
 Total stock-based compensation	 \$ 1,610	 \$ 1,313	 \$ 4,829	 \$ 3,915

We did not grant any options during the nine months ended September 30, 2024. During the nine months ended September 30, 2023, we granted options for the purchase of 1,660 shares of our common stock. During the nine months ended September 30, 2024 and 2023, we granted restricted stock units of 280 and 944, respectively. We did not grant any performance-based restricted stock units during the nine months ended September 30, 2024. During the nine months ended September 30, 2023, we granted performance-based restricted stock units of 310. We issued 162,075 and 179,954 shares of common stock following the exercise or vesting of underlying stock options, restricted stock units and performance-based restricted stock units during the nine months ended September 30, 2024 and 2023, respectively.

9. Net Income per Share

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

	Three months ended September 30,		Nine months ended September 30,	
	2024		2023	
	(in thousands, except per share data)		(in thousands, except per share data)	
Basic:				
Net income available for common stockholders	\$ 11,141	\$ 7,502	\$ 32,854	\$ 21,640
Weighted average shares outstanding	22,476	22,263	22,433	22,196
Basic earnings per share	\$ 0.50	\$ 0.34	\$ 1.46	\$ 0.97
Diluted:				
Net income available for common stockholders	\$ 11,141	\$ 7,502	\$ 32,854	\$ 21,640
Weighted-average shares outstanding	22,476	22,263	22,433	22,196
Common stock equivalents, if dilutive	360	218	290	215
Shares used in computing diluted earnings per common share	22,836	22,481	22,723	22,411
Diluted earnings per share	\$ 0.49	\$ 0.33	\$ 1.45	\$ 0.97
Shares excluded in computing diluted earnings per share as those shares would be anti-dilutive	-	192	24	286

10. Stockholders' Equity

Share Repurchase Program

On February 21, 2024, our Board of Directors authorized the repurchase of up to \$ 50.0 million of the Company's common stock through transactions on the open market, in privately negotiated purchases or otherwise until February 21, 2025. The repurchase program may be suspended or discontinued at any time. To date we have not made any repurchases under this program.

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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 2024			
March 14, 2024	March 28, 2024	\$ 0.16	\$ 3,589
May 16, 2024	May 30, 2024	\$ 0.16	\$ 3,593
August 15, 2024	August 29, 2024	\$ 0.16	\$ 3,596
Fiscal Year 2023			
March 9, 2023	March 23, 2023	\$ 0.14	\$ 3,099
May 17, 2023	June 1, 2023	\$ 0.14	\$ 3,116
August 17, 2023	August 31, 2023	\$ 0.14	\$ 3,117
November 16, 2023	November 30, 2023	\$ 0.14	\$ 3,117

On October 24, 2024, our Board of Directors approved a quarterly cash dividend on our common stock of \$ 0.16 per share payable on December 5, 2024, to stockholders of record at the close of business on November 21, 2024.

11. Supplemental Cash Flow Information

	For the nine months ended September 30,	
	2024	2023
	(in thousands)	
Cash paid for income taxes, net	\$ 9,626	\$ 5,420

12. 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, 2024, included our short-term investment and short-duration bond mutual fund accounts.

We had no Level 2 assets being measured at fair value on a recurring basis as of September 30, 2024.

Several of our acquisition-related assets and liabilities have been measured using Level 3 techniques. During 2019, we recorded contingent liabilities associated with our acquisition of the Anteris biologic patch business. The agreement includes the potential for us to pay up to \$7.8 million of additional consideration beyond payments made to date, with \$0.3 million contingent upon the delivery of audited financial statements of the acquired business to us; \$2.0 million (CE Mark Contingency) contingent on LeMaitre's success in obtaining CE marks under MDR regulations on the acquired products; \$ 0.5 million contingent upon Anteris' success in extending the shelf life of the acquired products as specified in the agreement; and another \$5.0 million contingent on the achievement of specified levels of revenues in the first 12 and 24 months following the acquisition date. This additional contingent consideration was initially valued in total at \$2.3 million and is being re-measured each quarter until the payment requirement ends, with any adjustments reported in income from operations. The contingent payment related to the delivery of audited financial statements of the business was paid in November 2019 upon satisfaction of the deliverable. The contingent payments related to Anteris' extending the shelf life of the acquired products and achieving the revenue targets during the first 12- and 24-month periods following the acquisition were not met, and the portion of the liabilities related to these items was adjusted through income from operations. The agreement was amended in August 2021 such that the CE Mark Contingency amount may be reduced for certain costs incurred by LeMaitre in achieving the CE marks.

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In September 2023 the agreement was amended in order to (i) place a cap on the total amount of costs incurred by LeMaitre in achieving the CE marks under MDR regulations that could be used as a deduction toward the \$2.0 million holdback, and (ii) require a prorata payment to Anteris of the CE Mark Contingency, less costs described above, by January 2025 if the CE marks are not obtained by that date.

The following table provides a roll-forward of the fair value of these liabilities, as determined by Level 3 unobservable inputs including management's forecast of future revenues for the acquired businesses, as well as management's estimates of the likelihood of achieving the other specified criteria:

	Nine months ended September 30,	
	2024	2023
	(in thousands)	
Beginning balance	\$ 1,224	\$ 1,339
Additions	-	-
Payments	-	-
Change in fair value included in earnings	70	(63)
Ending balance	<u>\$ 1,294</u>	<u>\$ 1,276</u>

13. Accumulated Other Comprehensive Loss

Changes to our accumulated other comprehensive loss for the nine months ended September 30, 2024 and 2023 consisted primarily of foreign currency translation and unrealized losses on short-term marketable securities:

	Nine months ended	
	September 30,	
	2024	2023
	(in thousands)	
Beginning balance	\$ (4,625)	\$ (6,031)
Other comprehensive income (loss) before reclassifications	1,469	(674)
Ending Balance	<u>\$ (3,156)</u>	<u>\$ (6,705)</u>

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, particularly risks related to the regulatory environment, our common stock, fluctuations in our quarterly and annual results, our ability to successfully integrate acquisitions into our business, and risks related to our business and industry generally, such as risks inherent in the process of developing and commercializing products and services that are safe and effective for use in the peripheral vascular disease market. All statements, other than statements of historical facts, included in this report regarding our strategy, future operations, future financial position, future net sales, gross margin expectations, 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. No forward-looking statement can be guaranteed and actual results may vary materially from those projected in the forward-looking statements. We intend to take advantage of the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995 regarding our forward-looking statements, and are including this sentence for the express purpose of enabling us to use the protections of the safe harbor with respect to all forward-looking statements. These risks and uncertainties include, but are not limited to: the risk of companies that develop products or services that may impact the use of our products such as drugs to treat diabetes or weight loss; the risks from competition from other companies; the status of our global regulatory approvals and compliance with regulatory requirements to market and sell our products both in the U.S. and outside of the U.S.; risks related to product demand and market acceptance of the Company's products and pricing; risks from implementing a new enterprise resource planning system; 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; our reliance on sole source suppliers; disruptions or breaches of information technology systems; 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; the acceleration or deceleration of product growth rates; 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, 2023, as filed with the SEC on February 29, 2024. 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," "LeMaitre," "our," and "us" in this Quarterly Report on Form 10-Q refer to LeMaitre Vascular, Inc. and its subsidiaries.

LeMaitre, AlboGraft, AnastoClip, AnastoClip GC, Artegraft, Cardial, CardioCel, DuraSure, Eze-Sit, Glow 'N Tell, LeverEdge, LifeSpan, OmniFlow, PhasTipp, ProCol, Pruitt, Pruitt F3, RestoreFlow, Syntel, TufTex, VascuCel, VascuTape, and XenoSure are registered trademarks of LeMaitre Vascular or one of its subsidiaries, and Chevalier, Flexcel and PeriVu are trademarks of LeMaitre Vascular. 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. Solely for convenience, trademarks and trade names referred to in this report may appear without the ® or TM symbols.

Overview

We are a global provider of medical devices and human tissue cryopreservation services largely used in the treatment of peripheral vascular disease, end-stage renal disease, and cardiovascular disease. We develop, manufacture, and market vascular devices to address the needs of vascular surgeons and, to a lesser degree, other specialties such as cardiac surgeons, general surgeons and neurosurgeons. Our diversified portfolio of devices consists of brand name products that are used in arteries and veins and are well known to vascular surgeons. Our principal product offerings are sold globally, primarily in the U.S., Europe, Canada and Asia Pacific. We estimate that the annual worldwide market for peripheral vascular devices exceeds \$5 billion, within which we estimate that the market for our products is approximately \$800 million. We have grown our business 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 complementary devices. We have used acquisitions as a primary means of further penetrating the peripheral vascular device market, and we expect to continue this strategy in the future. We currently manufacture most of our products in our Burlington, Massachusetts headquarters.

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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, vascular surgeons can perform both open surgical and minimally invasive endovascular procedures, and therefore can provide a wider range of treatment options to their patients. Recently we have also begun to explore adjacent market customers who can be served by our vascular device technologies, such as cardiac surgeons and interventional cardiologists.

Our principal product lines include the following: anastomotic clips, biologic vascular and dialysis grafts, biologic vascular and cardiac patches, carotid shunts, embolectomy and occlusion catheters, radiopaque marking tape, synthetic vascular and dialysis grafts, and valvulotomes. Through our RestoreFlow allografts business, we also process and cryopreserve human vascular and cardiac tissue.

Our principal biologic offerings include vascular and cardiac patches as well as vascular and dialysis grafts. In Q3 2024, biologics represented 52% of our worldwide sales. We believe our biologic devices represent differentiated and, in many cases, growing product segments.

To assist us in evaluating our business strategies, we 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:

- growing our direct sales force in North America, Europe, the UK, and Asia Pacific, including replacing distributors with our direct sales personnel;
- increasing the average selling prices for our devices;
- introducing our products into new territories upon receipt of regulatory approvals or registrations;
- acquiring complementary products, and the transition of distributor sales to LeMaitre;
- updating existing products and introducing new products through research and development; and
- consolidating product manufacturing into our Burlington, Massachusetts facilities.

We sell our products and services primarily through a direct sales force. As of September 30, 2024, our sales force was comprised of 146 sales representatives in North America, Europe, the UK, and Asia Pacific, including four export managers. Our worldwide headquarters is located in Burlington, Massachusetts, and we also have a North American sales office in Vaughan, Canada. Our European headquarters is located in Sulzbach, Germany, and we also have European sales offices in Milan, Italy; Madrid, Spain; Hereford, England; Dublin, Ireland; and Maisons-Alfort, France. Our Asia Pacific headquarters is located in Singapore, and we also have Asia Pacific sales offices in Tokyo, Japan; Shanghai, China; Kensington, Australia; Seoul, Korea; and Bangkok, Thailand. During the current quarter, approximately 95% of our net sales were generated in territories in which we employ direct sales representatives. We sell our products in other countries through distributors.

Historically we have experienced success in lower-rivalry niche segments. In the valvulotome market, for example, our differentiated devices have historically allowed us to increase our selling prices without incurring significant unit share loss. In contrast, we have experienced less success in competitive markets such as the polyester vascular graft market, where we face competition from larger companies with greater resources and lower per unit costs.

We have also experienced success in international markets, such as Europe, where we have a significant sales force, and sometimes offer lower average selling prices than in North America. If we continue to seek growth opportunities outside of North America, we may experience downward pressure on our gross margin.

We obtain regulatory approvals for our devices and services in new segments and geographies in order to further access the broader peripheral device market and selected other markets. While much of our regulatory effort is focused on maintaining regulatory approvals in various geographies, we will continue to obtain new product approvals in new geographies in order to extend our geographic reach and increase sales. Recent approvals include the approval to sell the XenoSure patch for carotid indication in Japan in May 2023, the Pruitt Irrigation Occlusion Catheter in China in October 2023, and the Artegraft bovine graft in Thailand and Malaysia in August 2024 and in South Africa in October 2024.

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Separately, in July 2024, we received MDR CE marks allowing for the continued sale of 10 devices into the European market. Previously we had obtained 4 MDR CE marks. In total, we expect to receive 22 MDR CE marks by the end of 2025. The European Commission has designated the end of 2028 as the final MDR CE mark deadline.

Our strategy for growing our business includes the acquisition of complementary product lines and companies, which can be difficult to identify, negotiate and purchase. There can be no assurance that we will be able to do so in the future.

- In June 2020, we entered into an agreement with Artegraft to purchase the assets of their bovine graft business for \$72.5 million plus additional payments of up to \$17.5 million, contingent upon future unit sales.

Occasionally we discontinue or divest products that are no longer complementary to our business or not commercially viable.

- During 2021, we made decisions to wind down or discontinue TRIVEX powered phlebectomy systems, remote endarterectomy devices and surgical glue. These products totaled approximately \$2.2 million in 2021 revenues.
- During 2022, we made the decision to wind down the ProCol graft, AlboSure polyester patch, LeverEdge and Latis graft cleaning catheter product lines. These products totaled approximately \$0.7 million in 2022 revenues.

From time to time we may undertake SKU reductions and attempt to transition sales to other SKUs or products with similar features. For example, in 2022, we initiated the transition of sales of our Syntel spring tip catheter to our Syntel regular tip catheter. Any of these actions may result in inventory write-offs and temporary or permanent negative impacts to our sales, gross margin and customer relationships.

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 country-specific distributors to transition their sales of our medical devices into our direct sales organization:

- In May 2022, we entered into a distribution transition agreement with our Korean distributor to sell products directly in Korea and dissolve the existing distribution arrangement. We have been selling direct-to-hospital in Korea since December 2022. The distribution termination fees totaled approximately \$0.5 million.
- In March 2023, we entered into a distribution transition agreement with our Thai distributor to sell products directly in Thailand and dissolve the existing distribution arrangement. We have been selling direct-to-hospital in Thailand since August 2023. The distribution termination fees totaled approximately \$0.7 million.

We also benefit, to a lesser extent, from internal product development efforts to bring differentiated technologies and next-generation products and services to market:

- In March 2022, we received U.S. FDA clearance to market PhasTIPP, a portable powered phlebotomy device used to remove varicose veins in the leg. The device was launched in the U.S. in April 2024.

In addition to our sales growth strategies, we have also executed several operational initiatives designed to consolidate manufacturing into our Burlington facilities. We expect these plant consolidations and manufacturing transfers will result in improved control over production quality as well as reduced costs. Our most recent manufacturing transfers included:

- In October 2018, we acquired the Cardial business from Becton Dickinson. Cardial manufactured polyester vascular grafts, valvulotomes and surgical glue at its St. Etienne, France facility. In June 2022, we closed the St. Etienne factory to streamline manufacturing operations and to reduce expenses. We are transitioning Cardial graft sales to our Burlington-manufactured AlboGraft product for additional cost savings and improved margins.
- In October 2019, we acquired the CardioCel and VascuCel biologic patch businesses from Anteris. In July 2020, we initiated a project to transfer production to our Burlington facilities. The transfer to Burlington was substantially completed in 2023. In June 2023, the MDR CE mark application for these Burlington-produced devices was submitted, and we anticipate this application process to take 18-30 months. We began distributing these Burlington-produced patches in the U.S. and select APAC markets in Q2 2024, and in Canada in July 2024.

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Finally, from time to time we enter into distribution agreements of complementary product lines with an option to acquire the product line in the future.

- In April 2023, we entered into an agreement with Elutia Inc. to become the exclusive U.S. distributor of their cardiovascular porcine patches. Under the agreement, we can distribute the products for three years with an option to acquire Elutia Inc's worldwide cardiovascular porcine patch business during the second and third year of the agreement. Sales through LeMaitre Vascular for the nine months ended December 31, 2023, were \$4.1 million. Sales through LeMaitre Vascular for the nine months ended September 30, 2024 were \$4.0 million.

Our execution of these initiatives may affect the comparability of our financial results and may cause fluctuations from period to period.

In February 2024, we began implementing a new enterprise resource planning system (ERP) to replace our financial reporting and planning system. We expect that the new ERP system will be beneficial in a number of areas, including inventory management, pricing programs, financial operations and real-time reporting. We have been preparing for this transition since 2022 and have hired an experienced consulting team to assist in this transition, and in the U.S., we transitioned from our legacy ERP system to our newly implemented Microsoft Dynamics D365 system in Q1 2024. We expect to implement this new system in selected countries in Europe in 2025, starting with the United Kingdom. As of September 30, 2024, we have capitalized costs on our balance sheet of approximately \$4.0 million associated with this ERP system.

Fluctuations in the exchange rates between the U.S. dollar and foreign currencies, primarily the Euro, affect our financial results. For the nine months ended September 30, 2024, approximately 42% of our sales took place outside of the U.S., largely in currencies other than the U.S. dollar. We expect foreign currencies will represent a significant percentage of future sales. Selling, marketing, and administrative costs related to these sales are also denominated in foreign currencies, thereby partially mitigating our bottom-line 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 record less revenue in U.S. dollars than we did before the exchange rate changed. For the nine months ended September 30, 2024, we estimate that the effects of changes in foreign exchange rates decreased our reported sales by \$0.3 million, as compared to rates in effect for the nine months ended September 30, 2023.

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 the 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 and cardiac 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 primarily includes costs associated with obtaining and maintaining regulatory approval of our products, salaries, laboratory testing and supply costs. It also includes costs associated with the design and execution of clinical studies, costs to register, maintain, and defend our intellectual property, and costs to transfer the manufacturing of acquired product lines to our Burlington facility. Also included are costs associated with the design, development, testing and enhancement of new or existing products.

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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 U.S., which include operating losses or profits 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 U.S. 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-month periods ended September 30, 2024 to the three- and nine-month periods ended September 30, 2023:

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,			
	2024		2023	Percent change	2024		2023
	(in thousands)				(in thousands)		
Net sales	\$ 54,819	\$ 47,411		16%	\$ 164,146	\$ 144,601	14%
Net sales by geography:							
Americas	\$ 35,802	\$ 31,863		12%	\$ 107,954	\$ 97,496	11%
Europe, Middle East and Africa	15,001	12,322		22%	44,694	38,179	17%
Asia Pacific	4,016	3,226		24%	11,498	8,926	29%
Total	\$ 54,819	\$ 47,411		16%	\$ 164,146	\$ 144,601	14%

Net sales. Net sales increased by \$7.4 million, or 16%, to \$54.8 million for the three months ended September 30, 2024, compared to \$47.4 million for the three months ended September 30, 2023. The increase was driven primarily by higher average selling prices, strong hospital procedure volumes, and additional sales representatives. Allograft preservation services increased \$1.7 million, bovine graft sales increased \$1.2 million, bovine vascular patch sales increased \$1.2 million, and carotid shunt sales increased \$0.8 million. We estimate that the weaker U.S. dollar increased net sales by less than \$0.1 million during the three months ended September 30, 2024 as compared to the three months ended September 30, 2023.

Direct-to-hospital net sales were 95% of our total net sales for both the three months ended September 30, 2024 and 2023.

Net sales increased by \$19.5 million, or 14%, to \$164.1 million for the nine months ended September 30, 2024, compared to \$144.6 million for the nine months ended September 30, 2023. The increase was driven primarily by higher average selling prices, strong hospital procedure volumes, and additional sales representatives. Allograft preservation services increased \$4.2 million, bovine vascular patch sales increased \$3.1 million, carotid shunt sales increased \$3.0 million, and bovine graft sales increased \$2.3 million. We estimate that the stronger U.S. dollar decreased net sales by \$0.3 million during the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023.

Direct-to-hospital net sales were 95% and 96% of our total net sales for the nine months ended September 30, 2024 and 2023, respectively.

Net sales by geography. Net sales in the Americas increased \$3.9 million, or 12%, for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023. The increase was driven primarily by increased sales of allograft preservation services of \$1.4 million, bovine grafts of \$1.2 million, bovine vascular patches of \$0.5 million, and valvulotomes of \$0.4 million.

Net sales in the Americas increased \$10.5 million, or 11%, for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023. The increase was driven primarily by increased sales of allograft preservation services of \$3.5 million, bovine grafts of \$2.2 million, bovine vascular patches and porcine patches of \$1.5 million each, and valvulotomes of \$1.0 million.

EMEA net sales increased \$2.7 million, or 22%, for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023. The increase was driven primarily by increased sales of carotid shunts of \$0.6 million, bovine vascular patches of \$0.5 million, and allograft preservation services, valvulotomes and embolectomy catheters of \$0.3 million each.

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EMEA net sales increased \$6.5 million, or 17%, for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023. The increase was driven primarily by increased sales of carotid shunts of \$2.2 million, bovine vascular patches of \$1.2 million, allograft preservation services of \$0.7 million, and embolectomy catheters, valvulotomes and polyester grafts of \$0.6 million each.

Asia Pacific net sales increased \$0.8 million, or 24%, for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023. The increase was driven primarily by increased sales of ePTFE vascular grafts and bovine vascular patches of \$0.2 million each, and embolectomy catheters, over-the-wire embolectomy catheters and valvulotomes of \$0.1 million each.

Asia Pacific net sales increased \$2.6 million, or 29%, for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023. The increase was driven primarily by increased sales of over-the-wire embolectomy catheters and ePTFE vascular grafts of \$0.6 million each, and bovine vascular patches and embolectomy catheters of \$0.3 million each.

Gross Profit. 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,							
	2024		2023		Change (in thousands)	Percent change	2024		2023		Change (in thousands)	Percent change
	2024	2023	Change	Percent change			2024	2023	Change	Percent change		
Gross profit	\$ 37,178	\$ 30,815	\$ 6,363	21%	\$ 112,311	\$ 93,784	\$ 18,527	20%				
Gross margin	67.8%	65.0%	2.8%	*			68.4%	64.9%	3.6%	*		

*Not applicable

Gross profit increased \$6.4 million, or 21%, to \$37.2 million for the three months ended September 30, 2024, and gross margin increased 280 basis points to 67.8% in the period. The increase in gross profit was driven primarily by increased sales, particularly from allograft preservation services, bovine grafts, bovine vascular patches and carotid shunts. The increase in gross margin was driven primarily by greater manufacturing efficiencies and sales price increases, which was partially offset by unfavorable product mix.

Gross profit increased \$18.5 million, or 20%, to \$112.3 million for the nine months ended September 30, 2024, and gross margin increased 360 basis points to 68.4% in the period. The increase in gross profit was driven primarily by increased sales, particularly from allograft preservation services, bovine vascular patches, carotid shunts and bovine grafts. The increase in gross margin was driven primarily by greater manufacturing efficiencies and sales price increases, which was partially offset by unfavorable product mix, including sales of comparatively lower margin allograft preservation services, and increased excess and obsolescence charges.

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,							
	2024		2023		\$ Change (in thousands)	Percent change	2024		2023		\$ Change (in thousands)	Percent change
	2024	2023	\$ Change	Percent change			2024	2023	\$ Change	Percent change		
Sales and marketing	\$ 11,441	\$ 9,673	\$ 1,768	18%	\$ 34,111	\$ 30,786	\$ 3,325	11%				
General and administrative	8,933	7,738	1,195	15%	26,766	23,392	3,374	14%				
Research and development	3,656	4,224	(568)	(13%)	12,032	12,615	(583)	(5%)				
Restructuring	-	-	-	*	-	-	485	(485)		*		
Total	\$ 24,030	\$ 21,635	\$ 2,395	11%	\$ 72,909	\$ 67,278	\$ 5,631	8%				

	Three months ended September 30,				Nine months ended September 30,			
	2024		2023		2024		2023	
	% of Net Sales	% of Net Sales	Change	% of Net Sales	% of Net Sales	Change	% of Net Sales	% of Net Sales
Sales and marketing	21%	20%	1%	21%	21%	0%		
General and administrative	16%	16%	0%	16%	16%	0%		
Research and development	7%	9%	(2%)	7%	9%	(2%)		
Restructuring	0%	0%	0%	0%	0%	0%		

* Not a meaningful percentage relationship.

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Sales and marketing. For the three months ended September 30, 2024, sales and marketing expenses increased 18% to \$11.4 million. The increase was driven primarily by higher sales representative headcount, which resulted in increased compensation and related expenses of \$1.2 million. Additionally, travel and training expenses increased \$0.5 million. Sales rep headcount was 146 as of September 30, 2024, a 7% increase from September 30, 2023. As a percentage of sales, sales and marketing expenses increased to 21% for the three months ended September 30, 2024, up from 20% in the prior period.

For the nine months ended September 30, 2024, sales and marketing expenses increased 11% to \$34.1 million. The increase was driven primarily by higher sales representative headcount, which resulted in increased compensation and related expenses of \$2.5 million. Additionally, travel, training and sales meeting expenses increased \$1.0 million and outside services increased \$0.1 million. The increase was partially offset by lower general supplies of \$0.3 million. As a percentage of sales, sales and marketing expenses remained consistent at 21% for the nine months ended September 30, 2024 versus the prior year period.

General and administrative. For the three months ended September 30, 2024, general and administrative expenses increased 15% to \$8.9 million. The increase was driven primarily by higher headcount and related recruiting fees, accrued bonus, and stock compensation expenses, which resulted in increased compensation and related expenses of \$0.9 million. Additionally, facilities expenses increased \$0.3 million. As a percentage of sales, general and administrative expenses remained consistent at 16% for the three months ended September 30, 2024 versus the prior year period.

For the nine months ended September 30, 2024, general and administrative expenses increased 14% to \$26.8 million. The increase was driven primarily by higher compensation and related expenses of \$1.4 million, outside services and professional fees of \$1.1 million, and facilities expenses of \$0.5 million. Additionally, bad debt expenses increased \$0.3 million due to the increased uncertainty of accounts receivable collectability related to a small number of our customers. As a percentage of sales, general and administrative expenses remained consistent at 16% for the nine months ended September 30, 2024 versus the prior year period.

Research and development. For the three months ended September 30, 2024, research and development expenses decreased 13% to \$3.7 million. The decrease was driven by comparatively higher costs in the prior year period related to outside services, professional fees and testing costs related to MDD and MDR approvals of \$0.4 million. Additionally, process engineering expenses decreased \$0.4 million as CardioCel device manufacturing was initiated at our Burlington facility, and related expenses were allocated to cost of sales. The decrease was partially offset by higher compensation and related expenses of \$0.2 million. As a percentage of sales, research and development expenses decreased to 7% for the three months ended September 30, 2024, down from 9% in the prior year period.

For the nine months ended September 30, 2024, research and development expenses decreased 5% to \$12.0 million. Process engineering expenses decreased \$0.5 million as CardioCel device manufacturing was initiated at our Burlington facility, and related expenses were allocated to cost of sales. As a percentage of sales, research and development expenses decreased to 7% for the nine months ended September 30, 2024, down from 9% in the prior year period.

Restructuring. For the three and nine months ended September 30, 2024, there were no restructuring expenses. On June 30, 2022, we ceased operations at our St. Etienne, France factory. The closure resulted in a restructuring charge of \$3.1 million for the year ended December 31, 2022. These charges consisted primarily of employment termination costs, impairment of fixed assets and inventory, and third-party costs. For the nine months ended September 30, 2023, we recorded additional restructuring expenses of \$0.5 million. The additional expenses consisted primarily of employment termination, settlement, legal and other third-party costs.

Income tax expense. We recorded a tax provision of \$3.4 million on pre-tax income of \$14.6 million for the three months ended September 30, 2024, compared to a \$2.3 million tax provision on pre-tax income of \$9.8 million for the three months ended September 30, 2023. We recorded a tax provision of \$10.0 million on pre-tax income of \$42.9 million for the nine months ended September 30, 2024, compared to a tax provision of \$6.5 million on pre-tax income of \$28.2 million for the nine months ended September 30, 2023.

Our effective income tax rate was 23.4% and 23.3% for the three- and nine-month periods ended September 30, 2024. Our tax expense for the current period is based on an estimated annual effective tax rate of 24.1%, 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 the generation of 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 23.6% and 23.1% for the three- and nine-month periods ended September 30, 2023. Our 2023 provision was based on the estimated annual effective tax rate of 24.9%, adjusted in the applicable quarterly period for discrete stock option exercises and other discrete items. Our income tax expense for the three- and nine-month periods ended September 30, 2023 varied from the statutory rate mainly due to the generation of federal and state tax credits, permanent items, different statutory rates from our foreign entities, and a discrete item for stock option exercises.

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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 that we believe is more likely than not to be realized. As of September 30, 2024, we have provided a valuation allowance of \$1.7 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.

The Inflation Reduction Act ("IRA") was enacted into law on August 16, 2022. Included in the IRA was a provision to implement a 15% corporate alternative minimum tax on "adjusted financial statement income" for applicable corporations and a 1% excise tax on repurchases of stock. These provisions are effective for tax years beginning after December 31, 2022. We do not currently believe the IRA will have a material impact on our reported results, cash flows or financial position.

Liquidity and Capital Resources

As of September 30, 2024, our cash and cash equivalents were \$21.0 million as compared to \$24.3 million as of December 31, 2023. We had \$102.9 million in short-term marketable securities as of September 30, 2024, and \$80.8 million as of December 31, 2023. Our cash and cash equivalents are 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, and a short-duration bond fund. As of September 30, 2024, our short-term marketable securities reflected an unrealized loss of \$0.4 million as a result of increasing market interest rates.

On February 21, 2024, our Board of Directors authorized the repurchase of up to \$50.0 million of the Company's common stock through transactions on the open market, in privately negotiated purchases or otherwise until February 21, 2025. The repurchase program may be suspended or discontinued at any time. 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 and long-term borrowings, and funds generated from our operations.

We recognized operating income of \$39.4 million for the nine months ended September 30, 2024, compared to \$26.5 million for the nine months ended September 30, 2023. For the year ended December 31, 2023, we had operating income of \$36.7 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:

- 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;
- costs associated with expanding our manufacturing, marketing, sales, and distribution efforts;
- costs associated with our initiatives to sell direct-to-hospital in new countries;
- costs of obtaining and maintaining U.S. FDA and other regulatory clearances;
- costs associated with obtaining European MDR CE mark approvals;
- the number, timing, and nature of acquisitions, divestitures and other strategic transactions; and
- potential future share repurchases.

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Our cash balances may decrease as we continue to use cash to fund our operations, make acquisitions, pay dividends, repurchase shares of our common stock 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 and to meet our known long-term cash requirements. 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 take out a loan. The sale of additional equity and debt securities may result in dilution to our stockholders, as was the case with our July 2021 equity offering. 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 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 2024			
March 14, 2024	March 28, 2024	\$ 0.16	\$ 3,589
May 16, 2024	May 30, 2024	\$ 0.16	\$ 3,593
August 15, 2024	August 29, 2024	\$ 0.16	\$ 3,596
Fiscal Year 2023			
March 9, 2023	March 23, 2023	\$ 0.14	\$ 3,099
May 17, 2023	June 1, 2023	\$ 0.14	\$ 3,116
August 17, 2023	August 31, 2023	\$ 0.14	\$ 3,117
November 16, 2023	November 30, 2023	\$ 0.14	\$ 3,117

On October 24, 2024, our Board of Directors approved a quarterly cash dividend on our common stock of \$0.16 per share payable on December 5, 2024, to stockholders of record at the close of business on November 21, 2024.

Cash Flows

	Nine months ended September 30,		
	2024	2023	Net Change
Cash and cash equivalents	\$ 21,001	\$ 18,051	\$ 2,950
Cash flows provided by (used in):		(in thousands)	
Operating activities	\$ 28,942	\$ 26,005	\$ 2,937
Investing activities	(26,228)	(22,454)	(3,774)
Financing activities	(5,979)	(4,445)	(1,534)

Net cash provided by operating activities. Net cash provided by operating activities was \$28.9 million for the nine months ended September 30, 2024, consisting of \$32.9 million in net income, adjustments for non-cash or non-operating items of \$14.9 million (including primarily depreciation and amortization of \$7.2 million, stock-based compensation of \$4.8 million, provisions for inventory write-offs and credit losses of \$2.6 million, and foreign currency effect on net income of \$0.2 million), and a net use of working capital of \$18.8 million. The net cash used for working capital was driven by an increase in accounts receivable of \$7.4 million, an increase in inventory and other deferred costs of \$8.9 million, and payments of accounts payable and other liabilities of \$2.5 million. These cash uses were offset by a decrease in prepaid expenses and other assets of \$0.1 million.

Net cash provided by operating activities was \$26.0 million for the nine months ended September 30, 2023, consisting of \$21.6 million in net income, adjustments for non-cash or non-operating items of \$12.9 million (including primarily depreciation and amortization of \$7.1 million, stock-based compensation of \$3.9 million, provisions for inventory write-offs and credit losses of \$1.5 million, and loss on divestiture of \$0.5 million), and a net use of working capital of \$8.6 million. The net cash used for working capital was driven by an increase in accounts receivable of \$2.1 million, an increase in inventory and other deferred costs of \$7.6 million, and an increase in prepaid expenses and other assets of \$1.2 million. These cash uses were offset by an increase in accounts payable and other liabilities of \$2.3 million.

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Net cash used in investing activities. Net cash used in investing activities was \$26.2 million for the nine months ended September 30, 2024, consisting of expenditures on property and equipment of \$4.9 million and purchases of marketable securities of \$21.3 million.

Net cash used in investing activities was \$22.5 million for the nine months ended September 30, 2023, consisting of expenditures on property and equipment of \$6.0 million, purchases of marketable securities of \$15.6 million, and acquisition related payments of \$0.9 million.

Net cash used in financing activities. Net cash used in financing activities was \$5.9 million for the nine months ended September 30, 2024, consisting of proceeds from stock option exercises of \$4.8 million, net of shares repurchased used to pay employee payroll taxes. This proceed of cash was offset by dividend payments of \$10.8 million.

Net cash used in financing activities was \$4.4 million for the nine months ended September 30, 2023, consisting of proceeds from stock option exercises of \$4.9 million, net of shares repurchased used to pay employee payroll taxes. This proceed of cash was offset by dividend payments of \$9.3 million.

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, 2023. There have been no material changes in our critical accounting policies during the nine months ended September 30, 2024. 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 revenue recognition, inventory valuation, valuation of intangible assets and goodwill, contingent consideration 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 2024 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, 2023.

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, 2024, 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.

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Changes in Internal Control

As previously disclosed, in February 2024 we began implementing a new ERP system. The ERP implementation requires the integration of new ERP software with multiple new and existing data flows and business processes. The new ERP is designed to accurately maintain our books and records and provide information to our management team which is important to the operations of the business. As the phased implementation of the new ERP system progresses, we expect to continue to change certain processes and procedures which, in turn, are expected to result in changes to our internal control over financial reporting. As such changes occur, we will evaluate quarterly whether such changes materially affect our internal control over financial reporting.

Other than the new ERP system implementation, there have been no changes to our internal control over financial reporting during the quarter ended September 30, 2024, 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 November 8, 2024, that management believes would have a material adverse effect on our financial position, results of operations or cash flows.

Item 1A. Risk Factors

There have been no material changes to the risk factors we previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023. However, we cannot provide any assurance that any risk factor will not materialize.

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

None.

Issuer Purchases of Equity Securities

Period	Issuer Purchases of Equity Securities				Maximum Number (or Approximate Dollar Value) of Shares (or Units) that may yet be Purchased under the Plans or Program
	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	-	
July 1, 2024 through July 31, 2024	-	\$ -	-	-	\$ -
August 1, 2024 through August 31, 2024	21	\$ 85.36	-	-	\$ -
September 1, 2024 through September 30, 2024	-	\$ -	-	-	\$ -
Total	21	\$ 85.36	-	-	\$ -

(1) For the three months ended September 30, 2024, we repurchased 21 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 5. Other Information**Rule 10b5-1 and non-Rule 10b5-1 trading arrangements**

During the fiscal quarter ended September 30, 2024, none of our directors or officers informed us of the adoption, modification or termination of a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as those terms are defined in Regulation S-K, Item 408.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
3.1	Amended and Restated By-laws of the Registrant	S-1/A	5/26/06	001-33092	
3.2	Second Amended and Restated Certificate of Incorporation of the Registrant	10-K	3/29/10	001-33092	
3.3	Amendment to Second Amended and Restated Certificate of Incorporation of the Registrant	8-K	6/5/12	001-33092	
10.1	LeMaitre Vascular, Inc. Fourth Amendment and Restated 2006 Stock Option and Incentive Plan	8-K	6/3/24	001-33092	
31.1	Certification of Chief Executive Officer, as required by Rule 13a-14(a) or Rule 15d-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	Inline XBRL Instance Document.				X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.				X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.				X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.				X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.				X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).				X

† Indicates a management contract or any compensatory plan, contract, or arrangement.

* 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, 2024.

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, 2024

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, 2024

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. LeMaire, Chairman and Chief Executive Officer of LeMaire 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, 2024 (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 be deemed to be "filed" for any purpose whatsoever.

/s/ George W. LeMaire
George W. LeMaire
Chairman and Chief Executive Officer
(Principal Executive Officer)
November 8, 2024

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, 2024 (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 be 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, 2024