

Net sales	\$ 96,300	\$ (25,118)	\$ 71,182	\$ 88,317	\$ (22,124)	\$ 66,193
Cost of sales (exclusive of intangible amortization)	44,695	(14,844)	29,851	40,850	(13,276)	27,574
Gross profit	51,605	(10,274)	41,331	47,467	(8,848)	38,619
% of net sales	53.6%	40.9%	58.1%	53.7%	40.0%	58.3%
Operating expenses						
Research and development	7,200	(308)	6,892	6,454	(286)	6,168
Sales and marketing	21,843	(1,068)	20,775	20,898	(1,059)	19,839
General and administrative	8,561	(73)	8,488	7,946	(69)	7,877
Amortization of intangibles	5,126	(669)	4,457	4,202	(883)	3,519
Change in fair value of contingent consideration	(7,641)	-	(7,641)	32	-	32
Acquisition, restructuring and other items, net	5,427	-	5,427	3,500	-	3,500
Total operating expenses	40,516	(2,118)	38,398	43,032	(2,097)	40,935
Operating income	11,089	(8,156)	2,933	4,435	(6,751)	(2,316)
Interest expense, net	(1,410)	-	(1,410)	(839)	-	(839)
Other income (expense), net	46,457	(46,592)	(135)	(269)	-	(269)
Total other expense, net	45,047	(46,592)	(1,545)	(1,108)	-	(1,108)
Income before income taxes	56,136	(54,748)	1,388	3,327	(6,751)	(3,424)
Income tax expense (benefit)	(2,737)	1,372	(1,365)	1,225	(2,166)	(941)
Net income	\$ 58,873	\$ (56,120)	\$ 2,753	\$ 2,102	\$ (4,585)	\$ (2,483)
Earnings per share net income						
Basic	\$ 1.57		\$ 0.07	\$ 0.06		\$ (0.07)
Diluted	\$ 1.54		\$ 0.07	\$ 0.06		\$ (0.07)
Weighted average shares outstanding						
Basic	37,599		37,599	37,203		37,203
Diluted	38,285		38,285	37,747		37,203

ANGIODYNAMICS, INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
(in thousands, except per share data)

	Twelve months ended			Twelve months ended		
	Actual	Pro Forma	Pro Forma	Actual	Pro Forma	Pro Forma
	May 31, 2019	May 31, 2019	May 31, 2019	May 31, 2018	May 31, 2018	May 31, 2018
		(unaudited)		(unaudited)		
Net sales	\$ 359,484	\$ (88,850)	\$ 270,634	\$ 344,285	\$ (82,630)	\$ 261,655
Cost of sales (exclusive of intangible amortization)	167,612	(52,978)	114,634	167,410	(49,611)	117,799
Gross profit	191,872	(35,872)	156,000	176,875	(33,019)	143,856
% of net sales	53.4%	40.4%	57.6%	51.4%	40.0%	55.0%
Operating expenses						
Research and development	29,435	(1,177)	28,258	25,459	(1,121)	24,338
Sales and marketing	80,958	(4,129)	76,829	77,276	(4,167)	73,109
General and administrative	35,173	(271)	34,902	31,265	(274)	30,991
Amortization of intangibles	19,772	(2,716)	17,056	16,635	(2,729)	13,906
Change in fair value of contingent consideration	(6,776)	-	(6,776)	250	-	250
Acquisition, restructuring and other items, net	15,127	-	15,127	15,432	-	15,432
Total operating expenses	173,689	(8,293)	165,396	166,317	(8,291)	158,026
Operating income	18,183	(27,579)	(9,396)	10,558	(24,728)	(14,170)
Interest expense, net	(5,099)	-	(5,099)	(3,062)	-	(3,062)
Other income (expense), net	46,385	(46,592)	(207)	(31)	-	(31)
Total other expense, net	41,286	(46,592)	(5,306)	(3,093)	-	(3,093)
Income before income taxes	59,469	(74,171)	(14,702)	7,465	(24,728)	(17,263)
Income tax expense (benefit)	(1,871)	(1,685)	(3,556)	(8,870)	(2,166)	(11,036)
Net income	\$ 61,340	\$ (72,486)	\$ (11,146)	\$ 16,335	\$ (22,562)	\$ (6,227)
Earnings per share net income						
Basic	\$ 1.64		\$ (0.30)	\$ 0.44		\$ (0.17)
Diluted	\$ 1.61		\$ (0.30)	\$ 0.44		\$ (0.17)
Weighted average shares outstanding						
Basic	37,485		37,485	37,075		37,075
Diluted	38,147		37,485	37,539		37,075

ANGIODYNAMICS, INC. AND SUBSIDIARIES
GAAP TO NON-GAAP RECONCILIATION
(in thousands, except per share data)

Reconciliation of Net Income to non-GAAP Adjusted Net Income:

	Actual		Actual	
	Three months ended		Twelve months ended	
	May 31, 2019	May 31, 2018	May 31, 2019	May 31, 2018
	(unaudited)		(unaudited)	
Net income	\$ 58,873	\$ 2,102	\$ 61,340	\$ 16,335
Amortization of intangibles	5,126	4,202	19,772	16,635
Change in fair value of contingent consideration	(7,641)	32	(6,776)	250
Acquisition, restructuring and other items, net (1)	5,427	3,500	15,127	15,432
Gain on divestiture	(46,592)	-	(46,592)	-
Tax effect of non-GAAP items (2)	(5,602)	(2,162)	(11,301)	(21,051)
Adjusted net income	\$ 9,591	\$ 7,674	\$ 31,570	\$ 27,601

Reconciliation of Diluted Earnings Per Share to non-GAAP Adjusted Diluted Earnings Per Share:

	Actual		Actual	
	Three months ended		Twelve months ended	
	May 31, 2019	May 31, 2018	May 31, 2019	May 31, 2018
	(unaudited)		(unaudited)	
Diluted earnings per share	\$ 1.54	\$ 0.06	\$ 1.61	\$ 0.44
Amortization of intangibles	0.13	0.11	0.52	0.44
Change in fair value of contingent consideration	(0.20)	0.00	(0.18)	0.01
Acquisition, restructuring and other items, net (1)	0.14	0.09	0.40	0.41
Gain on divestiture	(1.21)	-	(1.22)	-
Tax effect of non-GAAP items (2)	(0.15)	(0.06)	(0.30)	(0.56)
Adjusted diluted earnings per share	\$ 0.25	\$ 0.20	\$ 0.83	\$ 0.74

Adjusted diluted share count	38,285	37,747	38,147	37,539
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(1) Includes costs related to merger and acquisition activities, restructurings, and unusual items, including asset impairments and write-offs, certain litigation, and other items.

(2) Adjustment to reflect the income tax provision on a non-GAAP basis has been calculated assuming no valuation allowance on the Company's U.S. deferred tax assets and an effective tax rate of 23% for May 31, 2019. For May 31, 2018, the effective tax rate i) has been calculated using a blended rate of 30.62% for the year ended May 31, 2018 due to the enactment of the Tax Cuts and Jobs Act (the "Act") that reduced the federal corporate tax rate to 21%; ii) excludes the benefit recorded in Q3 fiscal 2018 resulting from remeasurement of the Company's deferred tax assets from the Act; iii) tax effects the non-GAAP adjustment shown above and iv) assumes the Company does not have a valuation allowance on its U.S. deferred tax assets.

ANGIODYNAMICS, INC. AND SUBSIDIARIES
GAAP TO NON-GAAP RECONCILIATION
(in thousands, except per share data)

Reconciliation of Net Income to non-GAAP Adjusted Net Income:

	Pro Forma		Pro Forma	
	Three months ended		Twelve months ended	
	May 31, 2019	May 31, 2018	May 31, 2019	May 31, 2018
	(unaudited)		(unaudited)	
Net income	\$ 2,753	\$ (2,483)	\$ (11,146)	\$ (6,227)
Amortization of intangibles	4,457	3,519	17,056	13,906
Change in fair value of contingent consideration	(7,641)	32	(6,776)	250
Acquisition, restructuring and other items, net (1)	5,427	3,500	15,127	15,432
Tax effect of non-GAAP items (2)	(2,200)	(2,052)	(6,018)	(14,810)
Adjusted net income	<u>\$ 2,796</u>	<u>\$ 2,516</u>	<u>\$ 8,243</u>	<u>\$ 8,551</u>

Reconciliation of Diluted Earnings Per Share to non-GAAP Adjusted Diluted Earnings Per Share:

	Pro Forma		Pro Forma	
	Three months ended		Twelve months ended	
	May 31, 2019	May 31, 2018	May 31, 2019	May 31, 2018
	(unaudited)		(unaudited)	
Diluted earnings per share	\$ 0.07	\$ (0.07)	\$ (0.30)	\$ (0.17)
Amortization of intangibles	0.12	0.09	0.45	0.37
Change in fair value of contingent consideration	(0.20)	0.00	(0.18)	0.01
Acquisition, restructuring and other items, net (1)	0.14	0.10	0.40	0.41
Tax effect of non-GAAP items (2)	(0.06)	(0.05)	(0.15)	(0.39)
Adjusted diluted earnings per share	<u>\$ 0.07</u>	<u>\$ 0.07</u>	<u>\$ 0.22</u>	<u>\$ 0.23</u>

Adjusted diluted share count	38,285	37,747	38,147	37,539
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(1) Includes costs related to merger and acquisition activities, restructurings, and unusual items, including asset impairments and write-offs, certain litigation, and other items.

(2) Adjustment to reflect the income tax provision on a non-GAAP basis has been calculated assuming no valuation allowance on the Company's U.S. deferred tax assets and an effective tax rate of 23% for May 31, 2019. For May 31, 2018, the effective tax rate i) has been calculated using a blended rate of 30.62% for the year ended May 31, 2018 due to the enactment of the Tax Cuts and Jobs Act (the "Act") that reduced the federal corporate tax rate to 21%; ii) excludes the benefit recorded in Q3 fiscal 2018 resulting from remeasurement of the Company's deferred tax assets from the Act; iii) tax effects the non-GAAP adjustment shown above and iv) assumes the Company does not have a valuation allowance on its U.S. deferred tax assets.

ANGIODYNAMICS, INC. AND SUBSIDIARIES
GAAP TO NON-GAAP RECONCILIATION (Continued)
(in thousands, except per share data)

Reconciliation of Net Income to EBITDAS and Adjusted EBITDAS:

	Actual		Actual	
	Three months ended		Twelve months ended	
	May 31, 2019	May 31, 2018	May 31, 2019	May 31, 2018
	(unaudited)		(unaudited)	
Net income	\$ 58,873	\$ 2,102	\$ 61,340	\$ 16,335
Income tax expense (benefit)	(2,737)	1,225	(1,871)	(8,870)
Interest expense, net	1,410	839	5,099	3,062
Depreciation and amortization	6,722	5,768	25,880	23,163
Stock-based compensation	2,130	2,091	9,249	7,912
EBITDAS	<u>\$ 66,398</u>	<u>\$ 12,025</u>	<u>\$ 99,697</u>	<u>\$ 41,602</u>
Change in fair value of contingent consideration	\$ (7,641)	\$ 32	\$ (6,776)	\$ 250
Acquisition, restructuring and other items, net (1) (2)	5,427	3,500	15,127	15,156
Gain on divestiture	(46,592)	-	(46,592)	-
Adjusted EBITDAS	<u>\$ 17,592</u>	<u>\$ 15,557</u>	<u>\$ 61,456</u>	<u>\$ 57,008</u>
Per diluted share:				
EBITDAS	\$ 1.73	\$ 0.32	\$ 2.61	\$ 1.11
Adjusted EBITDAS	\$ 0.46	\$ 0.41	\$ 1.61	\$ 1.52

(1) Includes costs related to merger and acquisition activities, restructurings, and unusual items, including asset impairments and write-offs, certain litigation, and other items.

(2) Excludes depreciation expense captured in the depreciation and amortization component of the reconciliation.

ANGIODYNAMICS, INC. AND SUBSIDIARIES
GAAP TO NON-GAAP RECONCILIATION (Continued)
(in thousands, except per share data)

Reconciliation of Net Income to EBITDAS and Adjusted EBITDAS:

	Pro Forma		Pro Forma	
	Three months ended		Twelve months ended	
	May 31, 2019	May 31, 2018	May 31, 2019	May 31, 2018
	(unaudited)		(unaudited)	
Net income	\$ 2,753	\$ (2,483)	\$ (11,146)	\$ (6,227)
Income tax expense (benefit)	(1,365)	(941)	(3,556)	(11,036)
Interest expense, net	1,410	839	5,099	3,062
Depreciation and amortization	5,830	4,864	22,598	19,868
Stock-based compensation	2,123	2,091	9,218	7,912
EBITDAS	<u>\$ 10,751</u>	<u>\$ 4,370</u>	<u>\$ 22,213</u>	<u>\$ 13,579</u>
Change in fair value of contingent consideration	\$ (7,641)	\$ 32	\$ (6,776)	\$ 250

Acquisition, restructuring and other items, net (1) (2)	5,427	3,500	15,127	15,156
Adjusted EBITDAS	<u>\$ 8,537</u>	<u>\$ 7,902</u>	<u>\$ 30,564</u>	<u>\$ 28,985</u>

Per diluted share:				
EBITDAS	\$ 0.28	\$ 0.12	\$ 0.58	\$ 0.36
Adjusted EBITDAS	\$ 0.22	\$ 0.21	\$ 0.80	\$ 0.77

(1) Includes costs related to merger and acquisition activities, restructurings, and unusual items, including asset impairments and write-offs, certain litigation, and other items.

(2) Excludes depreciation expense captured in the depreciation and amortization component of the reconciliation.

ANGIODYNAMICS, INC. AND SUBSIDIARIES
NET SALES BY PRODUCT CATEGORY AND BY GEOGRAPHY
(in thousands)

	Three months ended			Three months ended			Actual			Pro Forma		
	Actual	Pro Forma	Pro Forma	Actual	Pro Forma	Pro Forma	%	Currency	Constant	%	Currency	Constant
	May 31, 2019	May 31, 2019	May 31, 2019	May 31, 2018	May 31, 2018	May 31, 2018	Growth	(Pos) Neg	Growth	(Pos) Neg	Growth	(Pos) Neg
	(unaudited)			(unaudited)								
Net Sales by Product Category												
Vascular Interventions and Therapies	\$56,206	\$ (25,118)	\$ 31,088	\$52,583	\$ (22,124)	\$ 30,459	6.9%			2.1%		
Vascular Access	24,826	-	24,826	23,669	-	23,669	4.9%			4.9%		
Oncology	15,268	-	15,268	12,065	-	12,065	26.5%			26.5%		
Total	\$96,300	\$ (25,118)	\$ 71,182	\$88,317	\$ (22,124)	\$ 66,193	9.0%	1.0%	9.5%	7.5%	0.0%	8.2%
Net Sales by Geography												
United States	\$73,423	\$ (17,643)	\$ 55,780	\$70,307	\$ (16,211)	\$ 54,096	4.4%	0.0%	4.4%	3.1%	0.0%	3.1%
International	22,877	(7,475)	15,402	18,010	(5,913)	12,097	27.0%	2.0%	29.3%	27.3%	4.0%	30.7%
Total	\$96,300	\$ (25,118)	\$ 71,182	\$88,317	\$ (22,124)	\$ 66,193	9.0%	1.0%	9.5%	7.5%	0.0%	8.2%

ANGIODYNAMICS, INC. AND SUBSIDIARIES
NET SALES BY PRODUCT CATEGORY AND BY GEOGRAPHY
(in thousands)

	Twelve months ended			Twelve months ended			Actual			Pro Forma		
	Actual	Pro Forma	Pro Forma	Actual	Pro Forma	Pro Forma	%	Currency	Constant	%	Currency	Constant
	May 31, 2019	May 31, 2019	May 31, 2019	May 31, 2018	May 31, 2018	May 31, 2018	Growth	(Pos) Neg	Growth	(Pos) Neg	Growth	(Pos) Neg
	(unaudited)			(unaudited)								
Net Sales by Product Category												
Vascular Interventions and Therapies	\$ 208,751	\$ (88,850)	\$ 119,901	\$ 202,334	\$ (82,630)	\$ 119,704	3.2%			0.2%		
Vascular Access	94,730	-	94,730	92,760	-	92,760	2.1%			2.1%		
Oncology	56,003	-	56,003	49,191	-	49,191	13.8%			13.8%		
Total	\$ 359,484	\$ (88,850)	\$ 270,634	\$ 344,285	\$ (82,630)	\$ 261,655	4.4%	1.0%	4.7%	3.4%	1.0%	3.8%
Net Sales by Geography												
United States	\$ 281,303	\$ (64,346)	\$ 216,957	\$ 273,327	\$ (59,600)	\$ 213,727	2.9%	0.0%	2.9%	1.5%	0.0%	1.5%
International	78,181	(24,504)	53,677	70,958	(23,030)	47,928	10.2%	2.0%	11.6%	12.0%	2.0%	14.2%
Total	\$ 359,484	\$ (88,850)	\$ 270,634	\$ 344,285	\$ (82,630)	\$ 261,655	4.4%	1.0%	4.7%	3.4%	1.0%	3.8%

ANGIODYNAMICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands)

	May 31, 2019	May 31, 2018
	(unaudited)	(audited)
Assets		
Current Assets		
Cash and cash equivalents	\$ 227,641	\$ 74,096
Marketable securities	-	1,317
Total cash and investments	227,641	75,413
Accounts receivable, net	43,577	39,401
Inventories	40,071	39,274
Prepaid expenses and other	4,003	4,302
Current assets held for sale	-	9,642
Total current assets	315,292	168,032
Property, plant and equipment, net	24,258	25,715
Other assets	3,835	3,417
Intangible assets, net	145,387	112,547
Goodwill	347,666	285,944
Non-current assets held for sale	-	109,817
Total Assets	<u>\$ 836,438</u>	<u>\$ 705,472</u>
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 22,829	\$ 15,775
Accrued liabilities	38,338	34,426
Current portion of long-term debt	7,500	5,000
Current portion of contingent consideration	4,635	2,100
Total current liabilities	73,302	57,301
Long-term debt, net of current portion	124,407	86,621
Deferred income taxes	14,542	17,173
Contingent consideration, net of current portion	8,851	1,161
Other long-term liabilities	521	621
Total Liabilities	221,623	162,877
Stockholders' equity	614,815	542,595
Total Liabilities and Stockholders' Equity	<u>\$ 836,438</u>	<u>\$ 705,472</u>

ANGIODYNAMICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

Three months ended Twelve months ended

	May 31, 2019	May 31, 2018	May 31, 2019	May 31, 2018
	(unaudited)	(unaudited)	(unaudited)	(audited)
Cash flows from operating activities:				
Net income	\$ 58,873	\$ 2,102	\$ 61,340	\$ 16,335
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	6,722	5,768	25,880	23,163
Stock-based compensation	2,130	2,091	9,249	7,912
Gain on disposition	(46,592)	-	(46,592)	-
Transaction costs for disposition	(4,030)	-	(4,030)	-
Change in fair value of contingent consideration	(7,641)	32	(6,776)	250
Deferred income taxes	(3,288)	1,203	(2,655)	(8,947)
Change in accounts receivable allowance	(103)	214	(202)	179
Fixed and intangible asset impairments and disposals	1,806	510	2,495	540
Other	-	30	(5)	(605)
Changes in operating assets and liabilities:				
Accounts receivables	676	2,147	(3,177)	5,044
Inventories	1,274	7,653	(1,428)	5,740
Prepaid expenses and other	(363)	(683)	(1,871)	(1,231)
Accounts payable, accrued and other liabilities	15,548	2,704	5,212	(7,093)
Net cash provided by operating activities	<u>25,012</u>	<u>23,771</u>	<u>37,440</u>	<u>41,287</u>
Cash flows from investing activities:				
Additions to property, plant and equipment	(815)	(744)	(3,118)	(2,391)
Proceeds from disposition of discontinued operations	169,242	-	169,242	-
Acquisitions of businesses, net of cash acquired	-	-	(84,920)	-
Acquisition of intangibles	-	-	-	(1,265)
Proceeds from sale of marketable securities	-	-	1,350	-
Net cash used in investing activities	<u>168,427</u>	<u>(744)</u>	<u>82,554</u>	<u>(3,656)</u>
Cash flows from financing activities:				
Proceeds from issuance of and borrowings on long-term debt	-	-	55,000	-
Repayment of long-term debt	(1,250)	(1,250)	(15,000)	(5,000)
Payment of acquisition related contingent consideration	(6,000)	-	(8,100)	(9,500)
Proceeds from exercise of stock options and employee stock purchase plan	8	389	2,031	2,949
Net cash provided by (used in) financing activities	<u>(7,242)</u>	<u>(861)</u>	<u>33,931</u>	<u>(11,551)</u>
Effect of exchange rate changes on cash and cash equivalents	(260)	(362)	(380)	472
Increase (decrease) in cash and cash equivalents	185,937	21,804	153,545	26,552
Cash and cash equivalents at beginning of period	41,704	52,292	74,096	47,544
Cash and cash equivalents at end of period	<u>\$ 227,641</u>	<u>\$ 74,096</u>	<u>\$ 227,641</u>	<u>\$ 74,096</u>

ANGIODYNAMICS, INC. AND SUBSIDIARIES
GAAP TO NON-GAAP RECONCILIATION
(in thousands)

Reconciliation of Free Cash Flows:

	Three months ended		Twelve months ended	
	May 31, 2019	May 31, 2018	May 31, 2019	May 31, 2018
	(unaudited)		(unaudited)	
Net cash provided by operating activities	\$ 25,012	\$ 23,771	\$ 37,440	\$ 41,287
Additions to property, plant and equipment	(815)	(744)	(3,118)	(2,391)
Free Cash Flow	<u>\$ 24,197</u>	<u>\$ 23,027</u>	<u>\$ 34,322</u>	<u>\$ 38,896</u>

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Source: AngioDynamics, Inc.

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