

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **July 10, 2019**

AngioDynamics, Inc.

(Exact Name of Registrant as Specified in Charter)

| | | |
|--|---|---|
| Delaware (State or Other Jurisdiction of Incorporation) | 000-50761 (Commission File Number) | 11-3146460 (IRS Employer Identification No.) |
|--|---|---|

| | |
|--|--------------------------------|
| 14 Plaza Drive Latham, New York (Address of Principal Executive Offices) | 12110 (Zip Code) |
|--|--------------------------------|

(518) 795-1400

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))

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

| <u>Title of each class</u> | <u>Trading Symbol(s)</u> | <u>Name of each exchange on which registered</u> |
|--|--------------------------|--|
| Common Stock, par value \$0.01 per share | ANGO | NASDAQ Global Select Market |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02 – Results of Operations and Financial Condition.

On July 10, 2019, AngioDynamics, Inc. (“AngioDynamics”) issued a press release announcing financial results for the fiscal fourth quarter and full year ended May 31, 2019. A copy of the press release is attached hereto as Exhibit 99.1.

The information set forth in Item 2.02 of this Form 8-K (including Exhibit 99.1) shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Forward-Looking Statements

This document and its attachments contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements regarding AngioDynamics’ expected future financial position, results of operations, cash flows, business strategy, budgets, projected costs, capital expenditures, products, competitive positions, growth opportunities, plans and objectives of management for future operations, as well as statements that include the words such as “expects,” “reaffirms,” “intends,” “anticipates,” “plans,” “believes,” “seeks,” “estimates,” “optimistic,” or variations of such words and similar expressions, are forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties. Investors are cautioned that actual events or results may differ from AngioDynamics’ expectations. Factors that may affect the actual results achieved by AngioDynamics include, without limitation, the ability of AngioDynamics to develop its existing and new products, technological advances and patents attained by competitors, infringement of AngioDynamics’ technology or assertions that AngioDynamics’ technology infringes the technology of third parties, the ability of AngioDynamics to effectively compete against competitors that have substantially greater resources, future actions by the FDA or other regulatory agencies, domestic and foreign health care reforms and government regulations, results of pending or future clinical trials, overall economic conditions, the results of on-going litigation, challenges with respect to third-party distributors or joint venture partners or collaborators, the results of sales efforts, the effects of product recalls and product liability claims, changes in key personnel, the ability of AngioDynamics to execute on strategic initiatives, the effects of economic, credit and capital market conditions, general market conditions, market acceptance, foreign currency exchange rate fluctuations, the effects on pricing from group purchasing organizations and competition, the ability of AngioDynamics to integrate purchased businesses, as well as the risk factors listed from time to time in AngioDynamics’ SEC filings, including but not limited to its Annual Report on Form 10-K for the year ended May 31, 2018 and its quarterly reports on Form 10-Q for the fiscal period ended August 31, 2018, November 30, 2018 and February 28, 2019. AngioDynamics does not assume any obligation to publicly update or revise any forward-looking statements for any reason.

Item 9.01 – Financial Statements and Exhibits.

(d) *Exhibits.*

| <u>Exhibit No.</u> | <u>Description</u> |
|----------------------|--|
| 99.1 | Press Release dated July 10, 2019. |

SIGNATURE

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 hereunto duly authorized.

ANGIODYNAMICS, INC.
(Registrant)

Date: July 10, 2019

By: /s/ Stephen A. Trowbridge
Stephen A. Trowbridge
Senior Vice President and General
Counsel



PRESS RELEASE

Investor Contact:

AngioDynamics, Inc.
Michael C. Greiner, Executive Vice President & CFO
(518) 795-1821

AngioDynamics Reports Fiscal 2019 Fourth Quarter and Full-Year Financial Results

Fiscal 2019 Fourth Quarter Highlights

- Net sales of \$96.3 million, an increase of 9.0% year over year and 5.2% organically
- Gross margin of 53.6%, flat year-over-year
- GAAP EPS of \$1.54 per share; adjusted EPS of \$0.25 per share
- Completed sale of NAMIC Fluid Management business to Medline Industries
- Enrolled first patient in NanoKnife® DIRECT Clinical Study for the treatment of stage III pancreatic cancer
- Received approval to initiate pilot study for the use of NanoKnife to treat prostate cancer

Full-Year 2019 Highlights

- Net sales of \$359.5 million, an increase of 4.4% year over year and 1.6% organically
- Gross margin of 53.4%, an increase of 200 basis points year over year
- GAAP EPS of \$1.61 per share; adjusted EPS of \$0.83 per share
- Operating cash flow of \$37.4 million; free cash flow of \$34.3 million

Latham, New York, July 10, 2019 – AngioDynamics, Inc. (NASDAQ: ANGO), a leading provider of innovative, minimally invasive medical devices for vascular access, peripheral vascular disease, and oncology, today announced financial results for the fourth quarter of fiscal year 2019, which ended May 31, 2019.

“Fiscal year 2019 was an exciting and transformative year for AngioDynamics. I am very pleased with our fourth quarter and full-year performance, as we achieved solid revenue growth and continued to implement meaningful operational improvements,” commented Jim Clemmer, President and Chief Executive Officer of AngioDynamics, Inc. “During the quarter, we strengthened our balance sheet and made significant progress towards our long-term portfolio management goals through the sale of our NAMIC Fluid

Management business, setting us on a path towards becoming a leaner, more innovation-focused company. We also made significant strides with our NanoKnife platform, enrolling the first patient in our DIRECT study for pancreatic cancer and receiving FDA approval to initiate a pilot study for the treatment of prostate cancer. I am extremely proud of all of the members of our AngioDynamics team for their hard work during the year, and I look forward to sustaining and growing this momentum throughout fiscal year 2020.”

Fourth Quarter 2019 Financial Results

Net sales for the fourth quarter of fiscal 2019 were \$96.3 million, an increase of 9.0%, compared to \$88.3 million a year ago. Foreign currency translation did not have a significant impact on the Company’s sales in the quarter.

- Oncology net sales were \$15.3 million, an increase of 26.5% from \$12.1 million a year ago. Strong sales of Solero, along with the recent BioSentry and RadiaDyne acquisitions, more than offset lower NanoKnife capital sales during the quarter.
- Vascular Interventions and Therapies net sales were \$56.2 million, an increase of 6.9%, compared to \$52.6 million a year ago, as strong growth in AngioVac and our Core product line offerings was partially offset by a decline in the Venous Insufficiency business.
- Vascular Access net sales were \$24.8 million, an increase of 4.9% from \$23.7 million a year ago, driven by higher sales of midlines, ports and dialysis.

U.S. net sales in the fourth quarter of fiscal 2019 were \$73.4 million, an increase of 4.4% from \$70.3 million a year ago, and International net sales were \$22.9 million, an increase of 27.0% from \$18.0 million a year ago.

Gross margin for the fourth quarter of fiscal 2019 was 53.6%, roughly flat compared to the year ago quarter as improvements in net productivity and higher volume were offset by negative impacts of price and product mix.

The Company recorded net income of \$58.9 million, or \$1.54 per share, in the fourth quarter of fiscal 2019. This compares to net income of approximately \$2.1 million, or \$0.06 per share, a year ago. Net income was favorably impacted in the fourth quarter of fiscal 2019 by the gain on the sale of the NAMIC fluid management business of \$46.6 million.

Excluding the items shown in the non-GAAP reconciliation table below, adjusted net income for the fourth quarter of fiscal 2019 was \$9.6 million, or \$0.25 per share, compared to adjusted net income of \$7.7 million, or \$0.20 per share, in the fourth quarter of fiscal 2018.

Adjusted EBITDAS in the fourth quarter of fiscal 2019, excluding the items shown in the reconciliation table below, was \$17.6 million, compared to \$15.6 million in the fourth quarter of fiscal 2018.

In the fourth quarter of fiscal 2019, the Company generated \$25.0 million in operating cash flow and had capital expenditures of \$0.9 million. As of May 31, 2019, the Company had \$227.6 million in cash and cash equivalents and \$132.5 million in debt, excluding the impact of deferred financing costs.

Full-Year 2019 Financial Results

For the twelve months ended May 31, 2019:

- Net sales were \$359.5 million, an increase of 4.4%, compared to \$344.3 million for the same period a year ago.
- The Company's net income was \$61.3 million, or \$1.61 per share, compared to net income of \$16.3 million, or \$0.44 per share, a year ago.
- Gross margin improved 200 basis points to 53.4% from 51.4% a year ago.
- Excluding the items shown in the non-GAAP reconciliation table below, adjusted net income was \$31.6 million, or \$0.83 per share, compared to adjusted net income of \$27.6 million, or \$0.74 per share, a year ago.
- Adjusted EBITDAS, excluding the items shown in the reconciliation table below, was \$61.5 million, compared to \$57.0 million for the same period a year ago.

Pro Forma 2019 Performance

In addition to actual results, the tables accompanying this press release reflect pro forma results, which exclude the full-year impact of the NAMIC Fluid Management business that was divested on May 31, 2019.

Fiscal Year 2020 Financial Guidance

The Company expects its fiscal year 2020 net sales to be in the range of \$280 to \$286 million and adjusted earnings per share in the range of \$0.25 to \$0.30. Additionally, the Company expects gross margin to be in the range of 58% to 59%.

Conference Call

The Company's management will host a conference call today at 8:00 a.m. ET to discuss its fiscal fourth quarter and full-year 2019 results.

To participate in the conference call, dial 1-877-407-0784 (domestic) or 1-201-689-8560 (international) and refer to the passcode 13691777.

This conference call will also be webcast and can be accessed from the “Investors” section of the AngioDynamics website at www.angiodynamics.com. The webcast replay of the call will be available at the same site approximately one hour after the end of the call.

A recording of the call will also be available from 11:00 a.m. ET on Wednesday, July 10, 2019, until 11:59 p.m. ET on Wednesday, July 17, 2019. To hear this recording, dial 1-844-512-2921 (domestic) or 1-412-317-6671 (international) and enter the passcode 13691777.

Use of Non-GAAP Measures

Management uses non-GAAP measures to establish operational goals and believes that non-GAAP measures may assist investors in analyzing the underlying trends in AngioDynamics’ business over time. Investors should consider these non-GAAP measures in addition to, not as a substitute for or as superior to, financial reporting measures prepared in accordance with GAAP. In this news release, AngioDynamics has reported adjusted EBITDAs, adjusted net income, adjusted earnings per share and free cash flow. Management uses these measures in its internal analysis and review of operational performance. Management believes that these measures provide investors with useful information in comparing AngioDynamics’ performance over different periods. By using these non-GAAP measures, management believes that investors get a better picture of the performance of AngioDynamics’ underlying business. Management encourages investors to review AngioDynamics’ financial results prepared in accordance with GAAP to understand AngioDynamics’ performance taking into account all relevant factors, including those that may only occur from time to time but have a material impact on AngioDynamics’ financial results. Please see the tables that follow for a reconciliation of non-GAAP measures to measures prepared in accordance with GAAP.

About AngioDynamics, Inc.

AngioDynamics, Inc. is a leading provider of innovative, minimally invasive medical devices used by professional healthcare providers for vascular access, peripheral vascular disease, and oncology. AngioDynamics’ diverse product lines include market-leading ablation systems, vascular access products, angiographic products and accessories, drainage products, thrombolytic products and venous products. For more information, visit www.angiodynamics.com.

Safe Harbor

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements regarding AngioDynamics' expected future financial position, results of operations, cash flows, business strategy, budgets, projected costs, capital expenditures, products, competitive positions, growth opportunities, plans and objectives of management for future operations, as well as statements that include the words such as “expects,” “reaffirms,” “intends,” “anticipates,” “plans,” “believes,” “seeks,” “estimates,” “optimistic,” or variations of such words and similar expressions, are forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties. Investors are cautioned that actual events or results may differ from AngioDynamics' expectations. Factors that may affect the actual results achieved by AngioDynamics include, without limitation, the ability of AngioDynamics to develop its existing and new products, technological advances and patents attained by competitors, infringement of AngioDynamics' technology or assertions that AngioDynamics' technology infringes the technology of fourth parties, the ability of AngioDynamics to effectively compete against competitors that have substantially greater resources, future actions by the FDA or other regulatory agencies, domestic and foreign health care reforms and government regulations, results of pending or future clinical trials, overall economic conditions, the results of on-going litigation, challenges with respect to fourth-party distributors or joint venture partners or collaborators, the results of sales efforts, the effects of product recalls and product liability claims, changes in key personnel, the ability of AngioDynamics to execute on strategic initiatives, the effects of economic, credit and capital market conditions, general market conditions, market acceptance, foreign currency exchange rate fluctuations, the effects on pricing from group purchasing organizations and competition, the ability of AngioDynamics to integrate acquired businesses, as well as the risk factors listed from time to time in AngioDynamics' SEC filings, including but not limited to its Annual Report on Form 10-K for the year ended May 31, 2018. AngioDynamics does not assume any obligation to publicly update or revise any forward-looking statements for any reason.

In the United States, the NanoKnife System has received a 510(k) clearance by the Food and Drug Administration for use in the surgical ablation of soft tissue and is similarly approved for commercialization in Canada, the European Union, and Australia. The NanoKnife System has not been cleared for the treatment or therapy of a specific disease or condition.

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

| | Three months ended | | | Three months ended | | |
|--|---------------------------|--|------------------------------|---------------------------|--|------------------------------|
| | Actual May 31, 2019 | Pro Forma Adjustments May 31, 2019 (unaudited) | Pro Forma May 31, 2019 | Actual May 31, 2018 | Pro Forma Adjustments May 31, 2018 (unaudited) | Pro Forma May 31, 2018 |
| 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 | <u>51,605</u> | <u>(10,274)</u> | <u>41,331</u> | <u>47,467</u> | <u>(8,848)</u> | <u>38,619</u> |
| % 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 | (683) | 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 | <u>40,516</u> | <u>(2,118)</u> | <u>38,398</u> | <u>43,032</u> | <u>(2,097)</u> | <u>40,935</u> |
| 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 | <u>\$ 58,873</u> | <u>\$ (56,120)</u> | <u>\$ 2,753</u> | <u>\$ 2,102</u> | <u>\$ (4,585)</u> | <u>\$ (2,483)</u> |
| 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 May 31, 2019 | Pro Forma Adjustments May 31, 2019 (unaudited) | Pro Forma May 31, 2019 | Actual May 31, 2018 | Pro Forma Adjustments May 31, 2018 (unaudited) | Pro Forma May 31, 2018 |
| Net sales | \$ 359,484 | \$ (88,850) | \$ 270,634 | \$ 344,285 | \$ (82,630) | \$ 261,655 |
| Cost of sales (exclusive of intangible amortization) | <u>167,612</u> | <u>(52,978)</u> | <u>114,634</u> | <u>167,410</u> | <u>(49,611)</u> | <u>117,799</u> |
| Gross profit | <u>191,872</u> | <u>(35,872)</u> | <u>156,000</u> | <u>176,875</u> | <u>(33,019)</u> | <u>143,856</u> |
| % 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 | <u>15,127</u> | <u>-</u> | <u>15,127</u> | <u>15,432</u> | <u>-</u> | <u>15,432</u> |
| Total operating expenses | <u>173,689</u> | <u>(8,293)</u> | <u>165,396</u> | <u>166,317</u> | <u>(8,291)</u> | <u>158,026</u> |
| 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 | <u>46,385</u> | <u>(46,592)</u> | <u>(207)</u> | <u>(31)</u> | <u>-</u> | <u>(31)</u> |
| Total other expense, net | <u>41,286</u> | <u>(46,592)</u> | <u>(5,306)</u> | <u>(3,093)</u> | <u>-</u> | <u>(3,093)</u> |
| Income before income taxes | 59,469 | (74,171) | (14,702) | 7,465 | (24,728) | (17,263) |
| Income tax expense (benefit) | <u>(1,871)</u> | <u>(1,685)</u> | <u>(3,556)</u> | <u>(8,870)</u> | <u>(2,166)</u> | <u>(11,036)</u> |
| Net income | <u>\$ 61,340</u> | <u>\$ (72,486)</u> | <u>\$ (11,146)</u> | <u>\$ 16,335</u> | <u>\$ (22,562)</u> | <u>\$ (6,227)</u> |
| 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 | <u>\$ 9,591</u> | <u>\$ 7,674</u> | <u>\$ 31,570</u> | <u>\$ 27,601</u> |

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 | <u>\$ 0.25</u> | <u>\$ 0.20</u> | <u>\$ 0.83</u> | <u>\$ 0.74</u> |
| Adjusted diluted share count | 38,285 | 37,747 | 38,147 | 37,539 |

(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 |

(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 Impact | Constant | | Currency Impact | Constant |
| May 31, 2019 | May 31, 2019 | May 31, 2019 | May 31, 2018 | May 31, 2018 | May 31, 2018 | % Growth | (Pos) Neg | Currency Growth | % Growth | (Pos) Neg | Currency Growth |
| | (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 Impact | Constant | | Currency Impact | Constant |
| May 31, 2019 | May 31, 2019 | May 31, 2019 | May 31, 2018 | May 31, 2018 | May 31, 2018 | % Growth | (Pos) Neg | Currency Growth | % Growth | (Pos) Neg | Currency Growth |
| | (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)

| | <u>May 31,</u> 2019 | <u>May 31,</u> 2018 |
|--|------------------------|------------------------|
| | (unaudited) | (audited) |
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 227,641 | \$ 74,096 |
| Marketable securities | - | 1,317 |
| Total cash and investments | <u>227,641</u> | <u>75,413</u> |
| 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 | <u>315,292</u> | <u>168,032</u> |
| 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 | <u>73,302</u> | <u>57,301</u> |
| 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 | <u>221,623</u> | <u>162,877</u> |
| 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 (unaudited) | May 31, 2018 (unaudited) | May 31, 2019 (unaudited) | May 31, 2018 (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> |
