UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2022

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 0-18592

MERIT MEDICAL SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Utah	**87-0447695**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

1600 West Merit Parkway, South Jordan, Utah 84095
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: **(801) 253-1600**

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

Title of each class	Trading Symbol	Name of exchange on which registered
Common Stock, no par	MMSI	NASDAQ Global Select Market

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 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 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 ☒

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date.

Title or class	Shares outstanding as of May 3, 2022
Common Stock, no par	56,680,546

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)

ASSETS	March 31, 2022	December 31, 2021
	(unaudited)	
Current assets:		
Cash and cash equivalents	$ 53,875	$ 67,750
Trade receivables — net of allowance for credit losses — 2022 — $7,568 and 2021 — $6,767	155,859	152,301
Other receivables	11,748	17,763
Inventories	231,451	221,922
Prepaid expenses and other current assets	19,809	16,149
Prepaid income taxes	3,547	3,550
Income tax refund receivables	1,803	2,777
Total current assets	478,092	482,212
Property and equipment:		
Land and land improvements	25,380	25,287
Buildings	189,773	190,044
Manufacturing equipment	283,802	277,976
Furniture and fixtures	61,877	61,446
Leasehold improvements	48,060	46,341
Construction-in-progress	50,870	51,182
Total property and equipment	659,762	652,276
Less accumulated depreciation	(287,853)	(280,618)
Property and equipment — net	371,909	371,658
Other assets:		
Intangible assets:		
Developed technology — net of accumulated amortization — 2022 — $244,017 and 2021 — $234,016	264,839	276,833
Other — net of accumulated amortization — 2022 — $66,924 and 2021 — $65,053	40,899	42,436
Goodwill	361,456	361,741
Deferred income tax assets	6,179	6,080
Right-of-use operating lease assets	64,659	65,913
Other assets	41,707	41,421
Total other assets	779,739	794,424
Total assets	$ 1,629,740	$ 1,648,294

See condensed notes to consolidated financial statements. (continued)

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)

LIABILITIES AND STOCKHOLDERS' EQUITY	**March 31, 2022**	**December 31, 2021**
	(unaudited)	
Current liabilities:		
Trade payables	$ 58,099	$ 55,624
Accrued expenses	122,394	159,014
Current portion of long-term debt	9,375	8,438
Short-term operating lease liabilities	10,304	10,668
Income taxes payable	3,659	2,536
Total current liabilities	203,831	236,280
Long-term debt	243,112	234,397
Deferred income tax liabilities	31,491	31,503
Long-term income taxes payable	347	347
Liabilities related to unrecognized tax benefits	932	932
Deferred compensation payable	16,804	18,111
Deferred credits	1,788	1,815
Long-term operating lease liabilities	60,366	61,526
Other long-term obligations	14,550	23,584
Total liabilities	573,221	608,495
Commitments and contingencies		
Stockholders' equity:		
Preferred stock — 5,000 shares authorized as of March 31, 2022 and December 31, 2021; no shares issued	—	—
Common stock, no par value; shares authorized — 2022 and 2021 - 100,000; issued and outstanding as of March 31, 2022 - 56,655 and December 31, 2021 - 56,570	646,370	641,533
Retained earnings	416,802	406,257
Accumulated other comprehensive loss	(6,653)	(7,991)
Total stockholders' equity	1,056,519	1,039,799
Total liabilities and stockholders' equity	$ 1,629,740	$ 1,648,294

See condensed notes to consolidated financial statements. (concluded)

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts - unaudited)

	Three Months Ended March 31,	
	2022	2021
Net sales	$ 275,415	$ 248,913
Cost of sales	154,508	137,019
Gross profit	120,907	111,894
Operating expenses:		
Selling, general and administrative	84,015	81,024
Research and development	17,387	16,274
Impairment charges	1,672	—
Contingent consideration expense	2,600	402
Total operating expenses	105,674	97,700
Income from operations	15,233	14,194
Other income (expense):		
Interest income	104	472
Interest expense	(1,002)	(1,537)
Other expense — net	(164)	(435)
Total other expense — net	(1,062)	(1,500)
Income before income taxes	14,171	12,694
Income tax expense	3,626	1,736
Net income	$ 10,545	$ 10,958
Earnings per common share		
Basic	$ 0.19	$ 0.20
Diluted	$ 0.18	$ 0.19
Weighted average shares outstanding		
Basic	56,593	55,717
Diluted	57,531	56,978

See condensed notes to consolidated financial statements.

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands - unaudited)

	Three Months Ended March 31,	
	2022	**2021**
Net income	$ 10,545	$ 10,958
Other comprehensive income (loss):		
Cash flow hedges	2,907	2,921
Income tax benefit (expense)	(712)	(724)
Foreign currency translation adjustment	(793)	(4,462)
Income tax benefit (expense)	(64)	535
Total other comprehensive income (loss)	1,338	(1,730)
Total comprehensive income	$ 11,883	$ 9,228

See condensed notes to consolidated financial statements.

MERIT MEDICAL SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands - unaudited)

	Common Stock Shares	Common Stock Amount	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance — January 1, 2022	56,570	$ 641,533	$ 406,257	$ (7,991)	$ 1,039,799
Net income			10,545		10,545
Other comprehensive income				1,338	1,338
Stock-based compensation expense		4,212			4,212
Options exercised	52	1,320			1,320
Issuance of common stock under Employee Stock Purchase Plan	5	320			320
Shares issued from time-vested restricted stock units	44	—			—
Shares surrendered in exchange for payment of payroll tax liabilities	(16)	(1,015)			(1,015)
Balance — March 31, 2022	56,655	$ 646,370	$ 416,802	$ (6,653)	$ 1,056,519

	Common Stock Shares	Common Stock Amount	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance — January 1, 2021	55,623	$ 606,224	$ 357,803	$ (5,452)	$ 958,575
Net income			10,958		10,958
Other comprehensive loss				(1,730)	(1,730)
Stock-based compensation expense		3,310			3,310
Options exercised	291	5,897			5,897
Issuance of common stock under Employee Stock Purchase Plan	5	263			263
Shares issued from time-vested restricted stock units	25	—			—
Shares surrendered in exchange for payment of payroll tax liabilities	(9)	(488)			(488)
Shares surrendered in exchange for exercise of stock options	(2)	(93)			(93)
Balance — March 31, 2021	55,933	$ 615,113	$ 368,761	$ (7,182)	$ 976,692

See condensed notes to consolidated financial statements. (concluded)

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands - unaudited)

	Three Months Ended March 31, 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 10,545	$ 10,958
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	20,466	21,400
Loss (gain) on sales and/or abandonment of property and equipment	94	(28)
Write-off of certain intangible assets and other long-term assets	1,672	—
Amortization of right-of-use operating lease assets	2,584	3,070
Fair value adjustments to contingent consideration	2,600	402
Amortization of deferred credits	(27)	(27)
Amortization of long-term debt issuance costs	151	151
Stock-based compensation expense	4,642	3,595
Changes in operating assets and liabilities, net of acquisitions and divestitures:		
Trade receivables	(3,851)	(5,284)
Other receivables	5,854	(597)
Inventories	(9,177)	(3,396)
Prepaid expenses and other current assets	(1,307)	(1,071)
Income tax refund receivables	196	199
Other assets	833	80
Trade payables	2,670	4,237
Accrued expenses	(23,508)	5,393
Income taxes payable	1,147	(174)
Deferred compensation payable	(1,307)	(581)
Operating lease liabilities	(2,841)	(3,151)
Other long-term obligations	574	56
Total adjustments	1,465	24,274
Net cash, cash equivalents, and restricted cash provided by operating activities	12,010	35,232
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures for:		
Property and equipment	(9,526)	(6,171)
Intangible assets	(342)	(692)
Proceeds from the sale of property and equipment	—	873
Cash paid in acquisitions, net of cash acquired	—	(358)
Net cash, cash equivalents, and restricted cash used in investing activities	$ (9,868)	$ (6,348)

See condensed notes to consolidated financial statements. (continued)

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands - unaudited)

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	$ 1,641	$ 5,520
Proceeds from issuance of long-term debt	80,524	9,694
Payments on long-term debt	(70,899)	(40,569)
Contingent payments related to acquisitions	(24,491)	(403)
Payment of taxes related to an exchange of common stock	(1,015)	(488)
Net cash, cash equivalents, and restricted cash used in financing activities	(14,240)	(26,246)
Effect of exchange rates on cash, cash equivalents, and restricted cash	111	(1,035)
Net increase (decrease) in cash, cash equivalents and restricted cash	(11,987)	1,603
CASH, CASH EQUIVALENTS AND RESTRICTED CASH:		
Beginning of period	67,750	56,916
End of period	$ 55,763	$ 58,519
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH TO THE CONSOLIDATED BALANCE SHEETS:		
Cash and cash equivalents	53,875	58,519
Restricted cash reported in prepaid expenses and other current assets	1,888	—
Total cash, cash equivalents and restricted cash	$ 55,763	$ 58,519
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest (net of capitalized interest of $126 and $120, respectively)	$ 993	$ 1,539
Income taxes	2,411	1,660
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Property and equipment purchases in accounts payable	$ 2,442	$ 1,688
Merit common stock surrendered (0 and 2 shares, respectively) in exchange for exercise of stock options	—	93
Right-of-use operating lease assets obtained in exchange for operating lease liabilities	1,404	131

See condensed notes to consolidated financial statements. (concluded)

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation and Other Items. The interim consolidated financial statements of Merit Medical Systems, Inc. ("Merit," "we" or "us") for the three-month periods ended March 31, 2022 and 2021 are not audited. Our consolidated financial statements are prepared in accordance with the requirements for unaudited interim periods and, consequently, do not include all disclosures required to be made in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). In the opinion of our management, the accompanying consolidated financial statements contain all adjustments, consisting of normal recurring accruals, necessary for a fair presentation of our financial position as of March 31, 2022 and December 31, 2021, and our results of operations and cash flows for the three-month periods ended March 31, 2022 and 2021. The results of operations for the three-month periods ended March 31, 2022 and 2021 are not necessarily indicative of the results for a full-year period. Amounts presented in this report are rounded, while percentages and earnings per share amounts presented are calculated from the underlying amounts. These interim consolidated financial statements should be read in conjunction with the financial statements and risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2021 (the "2021 Annual Report on Form 10-K").

2. Recently Issued Financial Accounting Standards. In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides temporary optional expedients and exceptions in accounting for modifications of contracts that reference the London interbank offered rate ("LIBOR") or another reference rate expected to be discontinued as a result of reference rate reform. In January 2021, the FASB issued ASU 2021-01, *Reference Rate Reform (Topic 848): Scope*, which amends the scope of ASU 2020-04. ASU 2020-04 and ASU 2021-01 were effective as of March 12, 2020, and the provisions of these updates may be applied prospectively to transactions through December 31, 2022, when reference rate reform activity is expected to be completed. As of March 31, 2022, we had not modified any contracts as a result of reference rate reform. We are currently assessing the anticipated impact of these standards on our consolidated financial statements.

We currently believe that all other issued and not yet effective accounting standards are not materially relevant to our financial statements.

3. Revenue from Contracts with Customers. We recognize revenue when a customer obtains control of promised goods. The amount of revenue recognized reflects the consideration we expect to receive in exchange for these goods. Our revenue recognition policies have not changed from those disclosed in Note 1 to our consolidated financial statements in Item 8 of the 2021 Annual Report on Form 10-K.

Disaggregation of Revenue

Our revenue is disaggregated based on reporting segment, product category and geographical region. We design, develop, manufacture and market medical products for interventional and diagnostic procedures. For financial reporting purposes, we report our operations in two operating segments: cardiovascular and endoscopy. Our cardiovascular segment consists of four product categories: peripheral intervention, cardiac intervention, custom procedural solutions, and original equipment manufacturer ("OEM"). Within these product categories, we sell a variety of products, including cardiology and radiology devices (which assist in diagnosing and treating coronary arterial disease, peripheral vascular disease and other non-vascular diseases), as well as embolotherapeutic, cardiac rhythm management, electrophysiology, critical care, breast cancer localization and guidance, biopsy, and interventional oncology and spine devices. Our endoscopy segment consists of gastroenterology and pulmonology devices which assist in the palliative treatment of expanding esophageal, tracheobronchial and biliary strictures caused by malignant tumors.

The following tables present revenue from contracts with customers by reporting segment, product category and geographical region for the three-month periods ended March 31, 2022 and 2021 (in thousands):

	Three Months Ended March 31, 2022			Three Months Ended March 31, 2021		
	United States	International	Total	United States	International	Total
Cardiovascular						
Peripheral Intervention	$ 62,100	$ 43,673	$ 105,773	$ 56,866	$ 36,048	$ 92,914
Cardiac Intervention	28,549	52,938	81,487	29,251	45,486	74,737
Custom Procedural Solutions	26,555	19,707	46,262	24,892	20,529	45,421
OEM	27,796	5,618	33,414	22,890	5,044	27,934
Total	145,000	121,936	266,936	133,899	107,107	241,006
Endoscopy						
Endoscopy devices	7,992	487	8,479	7,473	434	7,907
Total	$ 152,992	$ 122,423	$ 275,415	$ 141,372	$ 107,541	$ 248,913

4. Inventories. Inventories at March 31, 2022 and December 31, 2021 consisted of the following (in thousands):

	March 31, 2022	December 31, 2021
Finished goods	$ 130,500	$ 132,403
Work-in-process	32,512	22,160
Raw materials	68,439	67,359
Total inventories	$ 231,451	$ 221,922

5. Goodwill and Intangible Assets. The change in the carrying amount of goodwill for the three-month period ended March 31, 2022 is detailed as follows (in thousands):

	2022
Goodwill balance at January 1	$ 361,741
Effect of foreign exchange	(285)
Goodwill balance at March 31	$ 361,456

Total accumulated goodwill impairment losses aggregated to $8.3 million as of March 31, 2022 and December 31, 2021. We did not have any goodwill impairments for the three-month periods ended March 31, 2022 and 2021. The total goodwill balance as of March 31, 2022 and December 31, 2021 was related to our cardiovascular segment.

Other intangible assets at March 31, 2022 and December 31, 2021 consisted of the following (in thousands):

	March 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Patents	$ 26,691	$ (8,788)	$ 17,903
Distribution agreements	3,250	(2,569)	681
License agreements	12,725	(8,098)	4,627
Trademarks	30,238	(15,920)	14,318
Customer lists	34,919	(31,549)	3,370
Total	$ 107,823	$ (66,924)	$ 40,899

	December 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Patents	$ 26,349	$ (8,315)	$ 18,034
Distribution agreements	3,250	(2,519)	731
License agreements	12,663	(7,768)	4,895
Trademarks	30,242	(15,256)	14,986
Customer lists	34,985	(31,195)	3,790
Total	$ 107,489	$ (65,053)	$ 42,436

Aggregate amortization expense for the three-month periods ended March 31, 2022 and 2021 was $12.2 million and $12.5 million, respectively.

We evaluate long-lived assets, including amortizing intangible assets, for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. We perform the impairment analysis at the asset group for which the lowest level of identifiable cash flows is largely independent of the cash flows of other assets and liabilities. We determine the fair value of our amortizing assets based on estimated future cash flows discounted back to their present value using a discount rate that reflects the risk profiles of the underlying activities. During the three-month period ended March 31, 2022, we identified indicators of impairment associated with certain acquired intangible assets based on our qualitative assessment, which led us to complete an interim quantitative impairment assessment. The primary indicator of impairment was our planned divestiture of the STD Pharmaceutical Products Limited (“STD Pharmaceutical”) business acquired in our August 2019 acquisition of Fibrovein Holdings Limited. On April 30, 2022, we completed the divestiture of Fibrovein Holdings Limited, in exchange for the termination of our obligations arising from the acquisition transaction in August 2019 and the purchaser’s agreement to make potential future payments upon a qualifying disposition of the STD Pharmaceutical business. We recorded an impairment charge for the carrying value of $1.7 million of intangible assets during the three months ended March 31, 2022, all of which pertained to our cardiovascular segment.

We did not identify indicators of impairment in any intangible assets based on our qualitative assessment for the three-month period ended March 31, 2021.

Estimated amortization expense for the developed technology and other intangible assets for the next five years consisted of the following as of March 31, 2022 (in thousands):

Year Ending December 31,	Estimated Amortization Expense
Remaining 2022	$ 35,932
2023	46,894
2024	43,959
2025	42,185
2026	31,634

6. Income Taxes. Our provision for income taxes for the three-month periods ended March 31, 2022 and 2021 was a tax expense of $3.6 million and $1.7 million, respectively, which resulted in an effective tax rate of 25.6% and 13.7%, respectively. The increase in the income tax expense and the corresponding change in the effective income tax rate for the three-month period ended March 31, 2022, when compared to the prior-year period, was primarily due to decreased benefit from discrete items such as share-based compensation. Our effective tax rate differs from the U.S. statutory rate primarily due to the impact of global intangible low-taxed income (“GILTI”) inclusions, state income taxes, foreign taxes, other non-deductible permanent items and discrete items (such as share-based compensation).

7. Revolving Credit Facility and Long-Term Debt. Principal balances outstanding under our long-term debt obligations as of March 31, 2022 and December 31, 2021 consisted of the following (in thousands):

	March 31, 2022	December 31, 2021
Term loans	$ 131,250	$ 133,125
Revolving credit loans	121,500	110,000
Less unamortized debt issuance costs	(263)	(290)
Total long-term debt	252,487	242,835
Less current portion	9,375	8,438
Long-term portion	$ 243,112	$ 234,397

Third Amended and Restated Credit Agreement

On July 31, 2019, we entered into a Third Amended and Restated Credit Agreement (the "Third Amended Credit Agreement"). The Third Amended Credit Agreement is a syndicated loan agreement with Wells Fargo Bank, National Association and other parties. The Third Amended Credit Agreement amends and restates in its entirety our previously outstanding Second Amended and Restated Credit Agreement and all amendments thereto. The Third Amended Credit Agreement provides for a term loan of $150 million and a revolving credit commitment up to an aggregate amount of $600 million, inclusive of sub-facilities for multicurrency borrowings, standby letters of credit and swingline loans. On July 31, 2024, all principal, interest and other amounts outstanding under the Third Amended Credit Agreement are payable in full. At any time prior to the maturity date, we may repay any amounts owing under all term loans and revolving credit loans in whole or in part, without premium or penalty, other than breakage fees (as defined in the Third Amended Credit Agreement).

Revolving credit loans denominated in dollars and term loans made under the Third Amended Credit Agreement bear interest, at our election, at either the Base Rate or the Eurocurrency Rate (as such terms are defined in the Third Amended Credit Agreement) plus the Applicable Margin (as defined in the Third Amended Credit Agreement). Revolving credit loans denominated in an Alternative Currency (as defined in the Third Amended Credit Agreement) bear interest at the Eurocurrency Rate plus the Applicable Margin. Swingline loans bear interest at the Base Rate plus the Applicable Margin (as defined in the Third Amended Credit Agreement). Interest on each Base Rate loan is due and payable on the last business day of each calendar quarter; interest on each Eurocurrency Rate loan is due and payable on the last day of each interest period applicable thereto, and if such interest period extends over three months, at the end of each three-month interval during such interest period.

The Third Amended Credit Agreement is collateralized by substantially all our assets. The Third Amended Credit Agreement contains affirmative and negative covenants, representations and warranties, events of default and other terms customary for loans of this nature. In particular, the Third Amended Credit Agreement requires that we maintain certain financial covenants, as follows:

	Covenant Requirement
Consolidated Total Leverage Ratio [(1)]	4.0 to 1.0
Consolidated Interest Coverage Ratio [(2)]	3.0 to 1.0
Facility Capital Expenditures [(3)]	$50 million

(1) Maximum Consolidated Total Net Leverage Ratio (as defined in the Third Amended Credit Agreement) as of any fiscal quarter end.

(2) Minimum ratio of Consolidated EBITDA (as defined in the Third Amended Credit Agreement and adjusted for certain expenditures) to Consolidated Interest Expense (as defined in the Third Amended Credit Agreement) for any period of four consecutive fiscal quarters.

(3) Maximum level of the aggregate amount of all Facility Capital Expenditures (as defined in the Third Amended Credit Agreement) in any fiscal year.

We believe we were in compliance with all covenants set forth in the Third Amended Credit Agreement as of March 31, 2022.

As of March 31, 2022, we had outstanding borrowings of $253 million and issued letter of credit guarantees of $3.4 million under the Third Amended Credit Agreement, with additional available borrowings of approximately $475 million, based on the maximum net leverage ratio and the aggregate revolving credit commitment pursuant to the Third Amended Credit Agreement. Our interest rate as of March 31, 2022 was a fixed rate of 2.71% on $75 million as a result of an interest rate swap (see Note 8) and a variable floating rate of 1.46% on $177.8 million. Our interest rate as of December 31, 2021 was a fixed rate of 2.71% on $75 million as a result of an interest rate swap and a variable floating rate of 1.10% on $168.1 million. The foregoing fixed rates do not reflect potential future changes in the applicable margin.

Future minimum principal payments on our long-term debt, as of March 31, 2022, were as follows (in thousands):

Years Ending December 31,	Future Minimum Principal Payments
Remaining 2022	$ 6,562
2023	11,250
2024	234,938
Total future minimum principal payments	$ 252,750

8. Derivatives.

General. Our earnings and cash flows are subject to fluctuations due to changes in interest rates and foreign currency exchange rates, and we seek to mitigate a portion of the risks attributable to those fluctuations by entering into derivative contracts. The derivative instruments we use are interest rate swaps and foreign currency forward contracts. We recognize derivative instruments as either assets or liabilities at fair value in the accompanying consolidated balance sheets, regardless of whether or not hedge accounting is applied. We report cash flows arising from our hedging instruments consistent with the classification of cash flows from the underlying hedged items. Accordingly, cash flows associated with our derivative contracts are classified as operating activities in the accompanying consolidated statements of cash flows.

We formally document, designate and assess the effectiveness of transactions that receive hedge accounting treatment initially and on an ongoing basis. For qualifying hedges, the change in fair value is deferred in accumulated other comprehensive income, a component of stockholders' equity in the accompanying consolidated balance sheets, and recognized in earnings at the same time the hedged item affects earnings. Changes in the fair value of derivative instruments not designated as hedging instruments are recorded in earnings throughout the term of the derivative.

Interest Rate Risk. Our debt bears interest at variable interest rates. Therefore, we are subject to variability in the cash payable for interest expense. In order to mitigate a portion of the risk attributable to such variability, we use a hedging strategy to reduce the variability of cash flows in the interest payments associated with a portion of the variable-rate debt outstanding under our Third Amended Credit Agreement that varies in accordance with changes in the benchmark interest rate.

Derivative Instruments Designated as Cash Flow Hedges

On December 23, 2019, we entered into a pay-fixed, receive-variable interest rate swap with a notional amount of $75 million with Wells Fargo to fix the one-month LIBOR rate at 1.71% for the period from July 6, 2021 to July 31, 2024. The variable portion of the interest rate swap is tied to the one-month LIBOR rate (the benchmark interest rate). On a monthly basis, the interest rates under both the interest rate swap and the underlying debt reset, the swap is settled with the counterparty, and interest is paid.

On March 31, 2022 and December 31, 2021, our interest rate swap qualified as a cash flow hedge. The fair value of our interest rate swap on March 31, 2022 was an asset of $1.2 million, which was partially offset by $0.3 million in deferred taxes. The fair value of our interest rate swap on December 31, 2021 was a liability of ($1.4) million, partially offset by ($0.4) million in deferred taxes.

Foreign Currency Risk. We operate on a global basis and are exposed to the risk that our financial condition, results of operations, and cash flows could be adversely affected by changes in foreign currency exchange rates. To reduce the potential effects of foreign currency exchange rate movements on net earnings, we enter into derivative financial instruments in the form of foreign currency exchange forward contracts with major financial institutions. Our policy is to enter into foreign currency derivative contracts with maturities of up to two years. We are exposed to foreign currency exchange rate risk with respect to transactions and balances denominated in various currencies, with our most significant exposure related to transactions and balances denominated in Chinese Renminbi and Euros, among others. We do not use derivative financial instruments for trading or speculative purposes. We do not believe we are subject to any credit risk contingent features related to our derivative contracts, and we seek to manage counterparty risk by allocating derivative contracts among several major financial institutions.

Derivative Instruments Designated as Cash Flow Hedges

For derivative instruments that are designated and qualify as cash flow hedges, the gain or loss on the derivative instrument is temporarily reported as a component of other comprehensive income (loss) and then reclassified into earnings in the same line item associated with the forecasted transaction and in the same period or periods during which the hedged transaction affects earnings. We entered into forward contracts on various foreign currencies to manage the risk associated with forecasted exchange rates which impact revenues, cost of sales, and operating expenses in various international markets. The objective of the hedges is to reduce the variability of cash flows associated with the forecasted purchase or sale of the associated foreign currencies.

We enter into approximately 100 cash flow foreign currency hedges every month. As of March 31, 2022 and December 31, 2021, we had entered into foreign currency forward contracts, which qualified as cash flow hedges, with aggregate notional amounts of $141.0 million and $123.0 million, respectively.

Derivative Instruments Not Designated as Cash Flow Hedges

We forecast our net exposure in various receivables and payables to fluctuations in the value of various currencies, and we enter into foreign currency forward contracts to mitigate that exposure. We enter into approximately 50 foreign currency fair value hedges every month. As of March 31, 2022 and December 31, 2021, we had entered into foreign currency forward contracts related to those balance sheet accounts with aggregate notional amounts of $87.9 million and $86.0 million, respectively.

Balance Sheet Presentation of Derivative Instruments. As of March 31, 2022 and December 31, 2021, all derivative instruments, both those designated as hedging instruments and those that were not designated as hedging instruments, were recorded at fair value on a gross basis on our consolidated balance sheets. We are not subject to any master netting agreements.

The fair value of derivative instruments on a gross basis was as follows on the dates indicated (in thousands):

Fair Value of Derivative Instruments Designated as Hedging Instruments	Balance Sheet Location	March 31, 2022	December 31, 2021
Assets			
Interest rate swaps	Other assets (long-term)	$ 1,161	$ —
Foreign currency forward contracts	Prepaid expenses and other assets	1,778	1,326
Foreign currency forward contracts	Other assets (long-term)	293	179
(Liabilities)			
Interest rate swaps	Other long-term obligations	—	(1,447)
Foreign currency forward contracts	Accrued expenses	(2,569)	(2,288)
Foreign currency forward contracts	Other long-term obligations	(644)	(502)

Fair Value of Derivative Instruments Not Designated as Hedging Instruments	Balance Sheet Location	March 31, 2022	December 31, 2021
Assets			
Foreign currency forward contracts	Prepaid expenses and other assets	$ 1,327	$ 736
(Liabilities)			
Foreign currency forward contracts	Accrued expenses	(1,505)	(856)

Income Statement Presentation of Derivative Instruments.

Derivative Instruments Designated as Cash Flow Hedges

Derivative instruments designated as cash flow hedges had the following effects, before income taxes, on other comprehensive income ("OCI"), accumulated other comprehensive income ("AOCI"), and net earnings in our consolidated statements of income, consolidated statements of comprehensive income and consolidated balance sheets (in thousands):

	Amount of Gain/(Loss) Recognized in OCI Three Months Ended March 31,			Consolidated Statements of Income Three Months Ended March 31,		Amount of Gain/(Loss) Reclassified from AOCI Three Months Ended March 31,	
Derivative instrument	2022	2021	Location in statements of income	2022	2021	2022	2021
Interest rate swaps	$ 2,314	$ 721	*Interest expense*	$ (1,002)	$ (1,537)	$ (294)	$ (432)
Foreign currency forward contracts	(270)	516	*Revenue*	275,415	248,913	(386)	(1,602)
			Cost of sales	(154,508)	(137,019)	(183)	350

As of March 31, 2022, ($1.0) million, or ($0.8) million after taxes, was expected to be reclassified from accumulated other comprehensive income (loss) to earnings in revenue and cost of sales over the succeeding twelve months. As of March 31, 2022, $34,000, or $26,000 after taxes, was expected to be reclassified from accumulated other comprehensive income (loss) to earnings in interest expense over the succeeding twelve months.

Derivative Instruments Not Designated as Hedging Instruments

The following gains/(losses) from these derivative instruments were recognized in our consolidated statements of income (loss) for the periods presented (in thousands):

		Three Months Ended March 31,	
Derivative Instrument	Location in statements of income	2022	2021
Foreign currency forward contracts	Other income (expense)	$ (1,112)	$ 229

9. Commitments and Contingencies.

Litigation. In the ordinary course of business, we are involved in various proceedings, legal actions and claims. These proceedings, actions and claims may involve product liability, intellectual property, contract disputes, employment, governmental inquiries or other matters, including those more fully described below. The outcomes of these matters will generally not be known for prolonged periods of time. In certain proceedings, the claimants may seek damages as well as other compensatory and equitable relief that could result in the payment of significant claims and settlements and/or the imposition of injunctions or other equitable relief. For legal matters for which our management had sufficient information to reasonably estimate our future obligations, a liability representing management's best estimate of the probable loss, or the minimum of the range of probable losses when a best estimate within the range is not known, is recorded. The estimates are based on consultation with legal counsel, previous settlement experience, settlement strategies and the potential availability of insurance coverage. If actual outcomes are less favorable than those estimated by management, additional expense may be incurred, which could unfavorably affect our financial position, results of operations and cash flows. The ultimate cost to us with respect to such proceedings, actions and claims could be materially different than the amount of the current estimates and accruals and could have a material adverse effect on our financial position, results of operations and cash flows.

Securities Litigation

On December 5, 2019, the Bucks County Employees Retirement Fund filed a complaint against Merit, our Chief Executive Officer and our Chief Financial Officer in the United States District Court for the Central District of California (the "California Central District Court"), individually and on behalf of all purchasers of our common stock between February 26, 2019 and October 30, 2019. On February 24, 2020, the court appointed the City of Atlanta Police Pension Fund, the Atlanta Firefighters' Pension Fund, and the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge as Lead Plaintiffs. This action is captioned In re Merit Medical Systems, Inc. Securities Litigation (Master File No. 8:19-cv-02326-DOC-ADS). On June 30, 2020, Lead Plaintiffs filed a consolidated class action complaint for violations of federal securities laws against Merit, our Chief Executive Officer and our Chief Financial Officer in the California Central District Court, individually and on behalf of all purchasers of our common stock between February 26, 2019 and October 30, 2019. The consolidated class action complaint alleged that defendants violated Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder, and sought unspecified damages, costs and attorneys' fees, and equitable relief.

As of December 31, 2021, we had accrued approximately $10 million of net expense in connection with an agreement in principle to settle the consolidated class action complaint. The parties executed a settlement agreement, settling all claims asserted in the class action complaint, and the settlement agreement was approved by the Central California District Court on April 13, 2022.

Shareholder Derivative Action

On June 3, 2021, Steffen Maute filed a complaint, derivatively on behalf of Merit, against Merit (as a nominal defendant), our Chief Executive Officer, our Chief Financial Officer, our former President of Europe, Middle East and Africa ("EMEA,") and certain of our directors in the United States District Court for the District of Utah (Case No. 2:21-cv-00346-DBP). The derivative complaint alleges that the individual defendants violated their fiduciary duties owed to Merit and were unjustly enriched at the expense of and to the detriment of Merit between February 2019 and October 2019, and seeks unspecified damages, costs, and professional fees. We intend to vigorously defend against the lawsuit. The proceeding was stayed until February 19, 2022, subject to the right of either party to seek to lift or extend the stay. The stay has expired, however the parties have been engaged in mediation in an attempt to resolve the dispute. We have not recorded an expense related to this matter because any potential loss is not reasonably estimable. Additionally, we cannot presently estimate the range of loss, if any, that may result from the matter. It is possible that the ultimate resolution of the foregoing matter, or other matters, if resolved in a manner unfavorable to us, may be materially adverse to our business, financial condition, results of operations or liquidity.

Legal costs for proceedings, legal actions and claims discussed, such as outside counsel fees and expenses, are charged to expense in the period(s) incurred.

10. Earnings Per Common Share (EPS). The computation of weighted average shares outstanding and the basic and diluted earnings per common share for the three-month periods ended March 31, 2022 and 2021 consisted of the following (in thousands, except per share amounts):

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Net income	$ 10,545	$ 10,958
Average common shares outstanding	56,593	55,717
Basic EPS	$ 0.19	$ 0.20
Average common shares outstanding	56,593	55,717
Effect of dilutive stock awards	938	1,261
Total potential shares outstanding	57,531	56,978
Diluted EPS	$ 0.18	$ 0.19
Equity awards excluded as the impact was anti-dilutive [(1)]	1,553	1,042

(1) Does not reflect the impact of incremental repurchases under the treasury stock method.

11. Stock-Based Compensation Expense. Stock-based compensation expense before income tax expense (benefit) for the three-month periods ended March 31, 2022 and 2021 consisted of the following (in thousands):

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Cost of sales		
Nonqualified stock options	$ 588	$ 318
Research and development		
Nonqualified stock options	486	279
Selling, general and administrative		
Nonqualified stock options	1,924	1,627
Performance-based restricted stock units	815	731
Restricted stock units	399	355
Cash-settled performance-based share-based awards ("Liability Awards")	430	285
Total selling, general and administrative	3,568	2,998
Stock-based compensation expense before taxes	$ 4,642	$ 3,595

We recognize stock-based compensation expense (net of a forfeiture rate), for those awards which are expected to vest, on a straight-line basis over the requisite service period. We estimate the forfeiture rate based on our historical experience and expectations about future forfeitures.

Nonqualified Stock Options

During the three-month periods ended March 31, 2022 and 2021, we granted stock options representing 123,606 and 125,850 shares of our common stock, respectively. We use the Black-Scholes methodology to value the stock-based compensation expense for options. In applying the Black-Scholes methodology to the option grants, the fair value of our stock-based awards granted was estimated using the following assumptions for the periods indicated below:

	Three Months Ended March 31,	
	2022	2021
Risk-free interest rate	1.4% - 1.8%	0.6%
Expected option term	4 years	4 years
Expected dividend yield	—	—
Expected price volatility	46.2% - 46.6%	46.7%

The average risk-free interest rate is determined using the U.S. Treasury rate in effect as of the date of grant, based on the expected term of the stock award. We determine the expected term of stock options using the historical exercise behavior of employees. The expected price volatility was determined using a weighted average of daily historical volatility of our stock price over the corresponding expected option term and implied volatility based on recent trends of the daily historical volatility. For awards with a vesting period, compensation expense is recognized on a straight-line basis over the service period, which corresponds to the vesting period.

As of March 31, 2022, the total remaining unrecognized compensation cost related to non-vested stock options was $25.9 million, which was expected to be recognized over a weighted average period of 2.4 years.

Stock-Settled Performance-Based Restricted Stock Units ("Performance Stock Units")

During the three-month periods ended March 31, 2022 and 2021, we granted performance stock units to certain of our executive officers which represent up to 109,178 and 128,883 shares of our common stock, respectively. Conversion of the performance stock units occurs at the end of the relevant performance periods, or one year after the agreement date, whichever is later. The conversion ratio is based upon attaining targeted levels of free cash flow ("FCF") and relative shareholder return as compared to the Russell 2000 Index ("rTSR"), as defined in the award agreements.

We use Monte-Carlo simulations to estimate the grant-date fair value of the performance stock units linked to total shareholder return. The fair value of each performance stock unit was estimated as of the grant date using the following assumptions for awards granted in the periods indicated below:

	Three Months Ended March 31,	
	2022	2021
Risk-free interest rate	1.6%	0.1% - 0.3%
Performance period	2.8 years	1.8 - 2.8 years
Expected dividend yield	—	—
Expected price volatility	42.6%	43.7% - 49.3%

The risk-free interest rate of return was determined using the U.S. Treasury rate at the time of grant with a term equal to the expected term of the award. The expected volatility was based on a weighted average volatility of our stock price and the average volatility of our compensation peer group's volatilities. The expected dividend yield was assumed to be zero because, at the time of the grant, we had no plans to declare a dividend.

Compensation expense is recognized using the grant-date fair value for the number of shares that are probable of being awarded based on the performance conditions. Each reporting period, this probability assessment is updated, and cumulative adjustments are recorded based on the level of FCF that is expected to be achieved. At the end of the performance period, cumulative expense is calculated based on the actual level of FCF achieved. As of March 31, 2022, the total remaining unrecognized compensation cost related to stock-settled performance stock units was $9.3 million, which is expected to be recognized over a weighted average period of 2.2 years.

Liability Awards

During the three-month periods ended March 31, 2022 and 2021, we granted liability awards to our Chief Executive Officer with total target cash incentives, each in the amount of $1.0 million. These awards entitle him to a target cash payment based upon attaining targeted levels of FCF and rTSR, as defined in the award agreements. Settlement generally occurs based upon the same performance metrics, vesting period, and performance period as our performance stock units.

The fair value of these awards is remeasured at each reporting period until the awards are settled. These awards are classified as liabilities and reported in accrued expenses and other long-term obligations within our consolidated balance sheet. As of March 31, 2022, the total remaining unrecognized compensation cost related to cash-settled performance-based share-based awards was $3.7 million, which is expected to be recognized over a weighted average period of 2.2 years.

Restricted Stock Units

On June 17, 2021, we granted restricted stock units to our non-employee directors representing 26,226 shares of our common stock. The expense recognized for restricted stock units is equal to the closing stock price on the date of grant, which is recognized over the vesting period. Restricted stock units granted to each director are subject to such director's continued service through the vesting date, which is one year from the date of grant. As of March 31, 2022, the total remaining unrecognized compensation cost related to restricted stock units was $0.3 million, which will be recognized over the remaining vesting period.

12. Segment Reporting. We report our operations in two operating segments: cardiovascular and endoscopy. Our cardiovascular segment consists of four product categories: peripheral intervention, cardiac intervention, custom procedural solutions, and OEM. Within these product categories, we sell a variety of products, including cardiology and radiology devices (which assist in diagnosing and treating coronary arterial disease, peripheral vascular disease and other non-vascular diseases), as well as embolotherapeutic, cardiac rhythm management, electrophysiology, critical care, breast cancer localization and guidance, biopsy, and interventional oncology and spine devices. Our endoscopy segment consists of gastroenterology and pulmonology devices which assist in the palliative treatment of expanding esophageal, tracheobronchial and biliary strictures caused by malignant tumors. We evaluate the performance of our operating segments based on net sales and operating income.

Financial information relating to our reportable operating segments and reconciliations to the consolidated totals for the three-month periods ended March 31, 2022 and 2021, were as follows (in thousands):

	Three Months Ended March 31,	
	2022	**2021**
Net Sales		
Cardiovascular	$ 266,936	$ 241,006
Endoscopy	8,479	7,907
Total net sales	275,415	248,913
Operating Income		
Cardiovascular	13,126	12,201
Endoscopy	2,107	1,993
Total operating income	15,233	14,194
Total other expense - net	(1,062)	(1,500)
Income tax expense	3,626	1,736
Net income	$ 10,545	$ 10,958

13. Fair Value Measurements.

Assets (Liabilities) Measured at Fair Value on a Recurring Basis

Our financial assets and (liabilities) carried at fair value and measured on a recurring basis as of March 31, 2022 and December 31, 2021 consisted of the following (in thousands):

			Fair Value Measurements Using		
	Total Fair Value at March 31, 2022	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Interest rate contract asset, long-term [1]	$ 1,161	$ —	$ 1,161	$ —
Foreign currency contract assets, current and long-term [2]	$ 3,398	$ —	$ 3,398	$ —
Foreign currency contract liabilities, current and long-term [3]	$ (4,718)	$ —	$ (4,718)	$ —
Contingent consideration liabilities	$ (26,333)	$ —	$ —	$ (26,333)

		Fair Value Measurements Using		
	Total Fair Value at December 31, 2021	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Interest rate contract liability, long-term [1]	$ (1,447)	$ —	$ (1,447)	$ —
Foreign currency contract assets, current and long-term [2]	$ 2,241	$ —	$ 2,241	$ —
Foreign currency contract liabilities, current and long-term [3]	$ (3,646)	$ —	$ (3,646)	$ —
Contingent consideration liabilities	$ (48,234)	$ —	$ —	$ (48,234)

(1) The fair value of the interest rate contract is determined using Level 2 fair value inputs and is reported with other long-term assets or other long-term obligations in the consolidated balance sheets.

(2) The fair value of the foreign currency contract assets (including those designated as hedging instruments and those not designated as hedging instruments) is determined using Level 2 fair value inputs and is recorded as prepaid expenses and other current assets or other long-term assets in the consolidated balance sheets.

(3) The fair value of the foreign currency contract liabilities (including those designated as hedging instruments and those not designated as hedging instruments) is determined using Level 2 fair value inputs and is recorded as accrued expenses or other long-term obligations in the consolidated balance sheets.

Certain of our business combinations involve the potential for the payment of future contingent consideration, generally based on a percentage of future product sales or upon attaining specified future revenue or other milestones. The contingent consideration liability is re-measured at the estimated fair value at the end of each reporting period with the change in fair value recognized within operating expenses in the accompanying consolidated statements of income for such period. We measure the initial liability and re-measure the liability on a recurring basis using Level 3 inputs as defined under authoritative guidance for fair value measurements. Changes in the fair value of our contingent consideration liabilities during the three-month periods ended March 31, 2022 and 2021 consisted of the following (in thousands):

	Three Months Ended March 31,	
	2022	2021
Beginning balance	$ 48,234	$ 55,750
Contingent consideration expense	2,600	402
Contingent payments made	(24,491)	(403)
Effect of foreign exchange	(10)	5
Ending balance	$ 26,333	$ 55,754

As of March 31, 2022, $5.8 million in contingent consideration liability was included in other long-term obligations and $20.5 million in contingent consideration liability was included in accrued expenses in our consolidated balance sheet. As of December 31, 2021, $13.5 million in contingent consideration liability was included in other long-term obligations and $34.7 million in contingent consideration liability was included in accrued expenses in our consolidated balance sheet. Cash paid to settle the contingent consideration liability recognized at fair value as of the applicable acquisition date has been reflected as a cash outflow from financing activities in the accompanying consolidated statements of cash flows.

The recurring Level 3 measurement of our contingent consideration liabilities included the following significant unobservable inputs at March 31, 2022 and December 31, 2021 (amounts in thousands):

Contingent consideration liability	Fair value at March 31, 2022	Valuation technique	Unobservable inputs	Range	Weighted Average[(1)]
Revenue-based royalty payments contingent liability	$ 2,405	Discounted cash flow	Discount rate	13% - 16%	15.5%
			Projected year of payments	2022-2034	2026
Revenue milestones contingent liability	$ 20,269	Monte Carlo simulation	Discount rate	0% - 13%	3.8%
			Projected year of payments	2022-2031	2022
Regulatory approval contingent liability	$ 3,659	Scenario-based method	Discount rate	3.1%	
			Probability of milestone payment	80%	
			Projected year of payment	2024-2025	2025

Contingent consideration liability	Fair value at December 31, 2021	Valuation technique	Unobservable inputs	Range	Weighted Average[(1)]
Revenue-based royalty payments contingent liability	$ 2,870	Discounted cash flow	Discount rate	13% - 16%	14.7%
			Projected year of payments	2022-2034	2026
Revenue milestones contingent liability	$ 41,671	Monte Carlo simulation	Discount rate	7.5% - 12.5%	8.2%
			Projected year of payments	2022-2031	2022
Regulatory approval contingent liability	$ 3,693	Scenario-based method	Discount rate	2.6%	
			Probability of milestone payment	80%	
			Projected year of payment	2024-2025	2025

(1) Unobservable inputs were weighted by the relative fair value of the instruments. No weighted average is reported for contingent consideration liabilities without a range of unobservable inputs.

The contingent consideration liability is re-measured to fair value each reporting period. Significant increases or decreases in projected revenues, based on our most recent internal operational budgets and long-range strategic plans, discount rates or the time until payment is made would have resulted in a significantly lower or higher fair value measurement. Our determination of the fair value of the contingent consideration liability could change in future periods based upon our ongoing evaluation of these significant unobservable inputs. We intend to record any such change in fair value to operating expenses in our consolidated statements of income.

Contingent Payments to Related Parties

During the three-month period ended March 31, 2022, we made contingent payments of $1.6 million to a current director of Merit and former shareholder of Cianna Medical, Inc. ("Cianna Medical"), which we acquired in 2018. We made no such payments during the three-month period ended March 31, 2021. The terms of the acquisition, including contingent consideration payments, were determined prior to the appointment of the former Cianna Medical shareholder as a Merit director. As a former shareholder of Cianna Medical, the Merit director may be eligible for additional payments for the achievement of sales milestones specified in our merger agreement with Cianna Medical.

Fair Value of Other Assets (Liabilities)

The carrying amount of cash and cash equivalents, receivables, and trade payables approximate fair value because of the immediate, short-term maturity of these financial instruments. Our long-term debt re-prices frequently due to variable rates and entails no significant changes in credit risk and, as a result, we believe the fair value of long-term debt approximates carrying value. The fair value of assets and liabilities whose carrying value approximates fair value is determined using Level 2 inputs, with the exception of cash and cash equivalents, which use Level 1 inputs.

We analyze our investments in privately-held companies to determine if they should be accounted for using the equity method based on our ability to exercise significant influence over operating and financial policies of the company in which we have invested. Investments not accounted for under the equity method of accounting are accounted for at cost minus impairment, if applicable, plus or minus changes in valuation resulting from observable transactions for identical or similar investments.

Impairment Charges

We recognize or disclose the fair value of certain assets, such as non-financial assets, primarily property and equipment, right-of-use operating lease assets, equity investments, intangible assets and goodwill in connection with impairment evaluations. Such assets are reported at carrying value and are not subject to recurring fair value measurements. We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Fair value is generally determined based on discounted future cash flow. All our nonrecurring valuations use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy.

During the three-month period ended March 31, 2022, we recorded an impairment charge of $1.7 million related to the acquired intangible assets from our August 2019 acquisition of STD Pharmaceutical. As of March 31, 2022, the net assets associated with the STD Pharmaceutical business were not material. On April 30, 2022, we divested our ownership of the STD Pharmaceutical business. We do not anticipate the recognition of a material loss upon the divestiture of this business. During the three-month period ended March 31, 2021, we had no losses related to acquired intangible assets (see Note 5).

Notes Receivable

Our outstanding long-term notes receivable, including accrued interest and our allowance for current expected credit losses, were $2.4 million and $2.3 million as of March 31, 2022 and December 31, 2021, respectively. As of March 31, 2022 and December 31, 2021, we had an allowance for current expected credit losses of $0.2 million and $0.2 million, respectively, associated with these notes receivable. We assess the allowance for current expected credit losses on an individual security basis, due to the limited number of securities, using a probability of default model, which is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the expected collectability of securities, and other security specific factors. The table below presents a rollforward of the allowance for current expected credit losses on our notes receivable for the three-month periods ended March 31, 2022 and 2021 (in thousands):

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Beginning balance	$ 199	$ 730
Provision for credit loss expense	—	202
Ending balance	$ 199	$ 932

14. Accumulated Other Comprehensive Income (Loss). The changes in each component of accumulated other comprehensive income (loss) for the three-month periods ended March 31, 2022 and 2021 were as follows:

	Cash Flow Hedges	Foreign Currency Translation	Total
Balance as of January 1, 2022	$ (2,464)	$ (5,527)	$ (7,991)
Other comprehensive income (loss)	2,044	(793)	1,251
Income taxes	(712)	(64)	(776)
Reclassifications to:			
Revenue	386		386
Cost of sales	183		183
Interest expense	294		294
Net other comprehensive income (loss)	2,195	(857)	1,338
Balance as of March 31, 2022	$ (269)	$ (6,384)	$ (6,653)

	Cash Flow Hedges	Foreign Currency Translation	Total
Balance as of January 1, 2021	$ (6,940)	$ 1,488	$ (5,452)
Other comprehensive income (loss)	1,237	(4,462)	(3,225)
Income taxes	(724)	535	(189)
Reclassifications to:			
Revenue	1,602		1,602
Cost of sales	(350)		(350)
Interest expense	432		432
Net other comprehensive income (loss)	2,197	(3,927)	(1,730)
Balance as of March 31, 2021	$ (4,743)	$ (2,439)	$ (7,182)

15. Subsequent Events. On April 30, 2022, we entered into a unit purchase agreement to acquire Restore Endosystems, LLC ("Restore Endosystems"), developer of the Restore Endosystems Bifurcated Stent System. Subject to the terms and conditions of the unit purchase agreement, we paid $3 million in cash at closing, with additional payments totaling $4 million payable in separate $2 million payments no later than two and four years following the closing of the acquisition, respectively, or earlier upon the achievement of specified milestones. We intend to account for this transaction as an asset purchase and include the purchase price in our consolidated statements of income as acquired in-process research and development expense, because the technological feasibility of the underlying research and development project has not yet been reached and such technology had no identified future alternative use as of the date of acquisition.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and related condensed notes thereto, which are included in Part I of this report. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to inherent risks and uncertainties that may adversely impact our operations and financial results. These risks and uncertainties are discussed in Part I, Item 1A "Risk Factors" in the 2021 Annual Report on Form 10-K and in Part II, Item 1A "Risk Factors" in this report.

OVERVIEW

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and related condensed notes thereto, which are included in Part I of this report.

We design, develop, manufacture, market and sell medical products for interventional and diagnostic procedures. For financial reporting purposes, we report our operations in two operating segments: cardiovascular and endoscopy. Our cardiovascular segment consists of four product categories: peripheral intervention, cardiac intervention, custom procedural solutions, and OEM. Within these product categories, we sell a variety of products, including cardiology and radiology devices (which assist in diagnosing and treating coronary arterial disease, peripheral vascular disease and other non-vascular diseases), as well as embolotherapeutic, cardiac rhythm management, electrophysiology, critical care, breast cancer localization and guidance, biopsy, and interventional oncology and spine devices. Our endoscopy segment consists of gastroenterology and pulmonology devices which assist in the palliative treatment of expanding esophageal, tracheobronchial and biliary strictures caused by malignant tumors.

For the three-month period ended March 31, 2022, we reported sales of $275.4 million, up $26.5 million or 10.6%, compared to sales for the three-month period ended March 31, 2021 of $248.9 million. For the three-month period ended March 31, 2022, foreign currency fluctuations (net of hedging) decreased our net sales by $1.7 million, assuming applicable foreign exchange rates in effect during the comparable prior-year period.

Gross profit as a percentage of sales decreased to 43.9% for the three-month period ended March 31, 2022, compared to 45.0% for the three-month period ended March 31, 2021.

Net income for the three-month period ended March 31, 2022 was $10.5 million, or $0.18 per share, compared to net income of $11.0 million, or $0.19 per share, for the three-month period ended March 31, 2021.

Recent Developments and Trends

In addition to the trends identified in the 2021 Annual Report on Form 10-K under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations - Overview," our business in 2022 has been impacted, and we believe will continue to be impacted, by the following recent developments and trends:

- Our revenue results during the three-month period ended March 31, 2022 were driven by stronger-than-anticipated demand during the month of March 2022 and more favorable sales trends in our Asia Pacific ("APAC") and "Rest of World" ("ROW") operations.

- Our initiatives in SKU optimization, network consolidation, product line transfers and manufacturing initiatives are helping offset inflationary cost pressures in raw materials and logistics expense.

- Following the retirement of our Chief Operating Officer ("COO"), Ronald A. Frost, on April 19th, 2022 we appointed Neil Peterson as COO. During his 27 years at Merit, Mr. Peterson has held multiple positions of increasing responsibility within the company, including the past five years as Vice President, Operations. In that position, Mr. Peterson was responsible for oversight of all operations at Merit's headquarters facilities in South Jordan, Utah.

- As of March 31, 2022, we had cash, cash equivalents, and restricted cash of $55.8 million and net available borrowing capacity of approximately $475 million.

RESULTS OF OPERATIONS

The following table sets forth certain operational data as a percentage of sales for the periods indicated:

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Net sales	100 %	100 %
Gross profit	43.9	45.0
Selling, general and administrative expenses	30.5	32.6
Research and development expenses	6.3	6.5
Impairment charges	0.6	—
Contingent consideration expense	0.9	0.2
Income from operations	5.5	5.7
Income before income taxes	5.1	5.1
Net income	3.8	4.4

Sales

Sales for the three-month period ended March 31, 2022 increased by 10.6%, or $26.5 million, compared to the corresponding period in 2021. Listed below are the sales by product category within each of our financial reporting segments for the three-month periods ended March 31, 2022 and 2021 (in thousands, other than percentage changes):

		Three Months Ended March 31,	
	% Change	2022	2021
Cardiovascular			
Peripheral Intervention	13.8 %	$ 105,773	$ 92,914
Cardiac Intervention	9.0 %	81,487	74,737
Custom Procedural Solutions	1.9 %	46,262	45,421
OEM	19.6 %	33,414	27,934
Total	10.8 %	266,936	241,006
Endoscopy			
Endoscopy devices	7.2 %	8,479	7,907
Total	10.6 %	$ 275,415	$ 248,913

Cardiovascular Sales. Our cardiovascular sales for the three-month period ended March 31, 2022 were $266.9 million, up 10.8% when compared to the corresponding period of 2021 of $241.0 million. Sales for the three-month period ended March 31, 2022 were favorably affected by increased sales of:

(a) Peripheral intervention products, which increased by $12.9 million, or 13.8%, from the corresponding period of 2021. This increase was driven primarily by sales of our radar localization, drainage, angiography, access, biopsy, delivery systems, and embolotherapy products.

(b) Cardiac intervention products, which increased by $6.8 million, or 9.0%, from the corresponding period of 2021. This increase was driven primarily by sales of our intervention and angiography products, offset partially by decreased sales of our fluid management products (including our Medallion® Syringes, which saw increased demand in the prior period due to COVID-19 vaccination efforts).

(c) OEM products, which increased by $5.5 million, or 19.6%, from the corresponding period of 2021. This increase was driven primarily by sales of our angiography products, kits and coatings, offset partially by decreased sales of our cardiac rhythm management/electrophysiology (“CRM/EP”) products.

(d) Custom procedural solutions products, which increased by $0.8 million, or 1.9%, from the corresponding period of 2021. This increase was driven primarily by sales of our kits and trays, offset partially by decreased sales of our critical care products.

Endoscopy Sales. Our endoscopy sales for the three-month period ended March 31, 2022 were $8.5 million, up 7.2%, when compared to sales in the corresponding period of 2021 of $7.9 million. Sales for the three-month period ended March 31, 2022 were favorably affected by increased sales of our EndoMAXX® fully covered esophageal stent and other stents.

Geographic Sales

Listed below are sales by geography for the three-month periods ended March 31, 2022 and 2021 (in thousands, other than percentage changes):

	% Change	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
United States	8.2 %	$ 152,992	$ 141,372
International	13.8 %	122,423	107,541
Total	10.6 %	$ 275,415	$ 248,913

United States Sales. U.S. sales for the three-month period ended March 31, 2022 were $153.0 million, or 55.5% of net sales, up 8.2% when compared to the corresponding period of 2021. The increase in our domestic sales in the three-month period ended March 31, 2022 compared to the three-month period ended March 31, 2021 was driven primarily by our U.S. Direct and OEM businesses.

International Sales. International sales for the three-month period ended March 31, 2022 were $122.4 million, or 44.5% of net sales, up 13.8% when compared to the corresponding period of 2021 of $107.5 million. The increase in our international sales for the three-month period ended March 31, 2022, compared to the three-month period ended March 31, 2021, included increased sales in our APAC operations of $9.3 million or 18.1%, in our ROW operations of $3.1 million or 46.1%, and in our EMEA operations of $2.5 million or 5.0%.

Gross Profit

Our gross profit as a percentage of sales decreased to 43.9% for the three-month period ended March 31, 2022, compared to 45.0% for the three-month period ended March 31, 2021. The decrease in gross profit percentage was primarily due to unfavorable manufacturing variances from the impact of inflationary pressures, higher freight costs and increased obsolescence expense, offset partially by changes in product mix and lower amortization expense as a percentage of sales (primarily due to higher sales compared to the corresponding period of 2021).

Operating Expenses

Selling, General and Administrative Expense. Selling, general and administrative ("SG&A") expenses increased $3.0 million, or 3.7%, for the three-month period ended March 31, 2022 compared to the corresponding period of 2021. As a percentage of sales, SG&A expenses were 30.5% for the three-month period ended March 31, 2022, compared to 32.6% for the corresponding period of 2021. For the three-month period ended March 31, 2022, SG&A expenses increased compared to the corresponding period of 2021 primarily due to labor related costs, including higher commissions, salaries and wages, partially offset by lower consulting costs. We incurred $5.1 million of corporate transformation and restructuring costs, including consulting charges, during the three-month period ended March 31, 2022 in connection with our Foundations for Growth program, compared to corporate transformation and restructuring costs of $5.4 million for the three-month period ended March 31, 2021.

Research and Development Expenses. Research and development ("R&D") expenses for the three-month period ended March 31, 2022 were $17.4 million, up 6.8%, when compared to R&D expenses in the corresponding period of 2021 of $16.3 million. The increase in R&D expenses for the three-month period ended March 31, 2022 compared to the corresponding period in 2021 was largely due to higher labor-related costs, increased clinical expenses for certain R&D projects (including clinical trials for our Embosphere® Microspheres and WRAPSODY™ Endoprosthesis) and higher expenses related to implementation of the Medical Device Regulation in the European Union.

Impairment Charges. For the three-month period ended March 31, 2022, we recorded impairment charges of $1.7 million of intangible assets due to the planned divestiture of the STD Pharmaceutical business, which we completed on April 30, 2022. We recorded no impairment charges during the three-month period ended March 31, 2021.

Contingent Consideration Expense. For the three-month period ended March 31, 2022, we recognized contingent consideration expense from changes in the estimated fair value of our contingent consideration obligations stemming from our previously disclosed business acquisitions of $2.6 million compared to contingent consideration expense of $0.4 million for the three-month period ended March 31, 2021. Expense in each period related to changes in the probability and timing of achieving certain revenue and operational milestones, as well as expense for the passage of time.

Operating Income

The following table sets forth our operating income by financial reporting segment for the three-month periods ended March 31, 2022 and 2021 (in thousands):

	Three Months Ended March 31,	
	2022	2021
Operating Income		
Cardiovascular	$ 13,126	$ 12,201
Endoscopy	2,107	1,993
Total operating income	$ 15,233	$ 14,194

Cardiovascular Operating Income. Our cardiovascular operating income for the three-month period ended March 31, 2022 was $13.1 million, compared to cardiovascular operating income in the corresponding period of 2021 of $12.2 million. The increase in cardiovascular operating income during the three-month period ended March 31, 2022 compared to the corresponding period of 2021 was primarily a result of higher sales ($266.9 million compared to $241.0 million), partially offset by increased SG&A and R&D expenses, higher contingent consideration expense, and impairment charges in the three-month period ended March 31, 2022 of $1.7 million.

Endoscopy Operating Income. Our endoscopy operating income for the three-month period ended March 31, 2022 was $2.1 million, approximately flat compared to endoscopy operating income of $2.0 million for the corresponding period of 2021.

Other Expense

Our other expense for the three-month periods ended March 31, 2022 and 2021 was ($1.1) million and ($1.5) million, respectively. The change in other expense was primarily related to decreased interest expense as a result of a lower average debt balance despite a higher effective interest rate.

Effective Tax Rate

Our provision for income taxes for the three-month periods ended March 31, 2022 and 2021 was a tax expense of $3.6 million and $1.7 million, respectively, which resulted in an effective tax rate of 25.6% and 13.7%, respectively. The increase in the income tax expense and the corresponding change in the effective income tax rate for the three-month period ended March 31, 2022, when compared to the prior-year period, was primarily due to decreased benefit from discrete items such as share-based compensation. Our effective tax rate differs from the U.S. statutory rate primarily due to the impact of GILTI inclusions, state income taxes, foreign taxes, other non-deductible permanent items and discrete items (such as share-based compensation).

Net Income

Our net income for the three-month periods ended March 31, 2022 and 2021 was $10.5 million and $11.0 million, respectively. The decrease in our net income for the three-month period ended March 31, 2022 was the result of several factors, including lower gross margins as a percentage of sales, higher SG&A and R&D expenses, higher contingent consideration expense ($2.6 million for the three-month period ended March 31, 2022 compared to $0.4 million for the corresponding period of 2021), impairment charges of $1.7 million during the three-month period ended March 31, 2022, and higher income tax expense, partially offset by higher sales.

LIQUIDITY AND CAPITAL RESOURCES

Capital Commitments, Contractual Obligations and Cash Flows

At March 31, 2022 and December 31, 2021, our current assets exceeded current liabilities by $274.3 million and $245.9 million, respectively, and we had cash, cash equivalents and restricted cash of $55.8 million and $67.8 million, respectively, of which $49.8 million and $55.7 million, respectively, were held by foreign subsidiaries. We currently believe future repatriation of cash and other property held by our foreign subsidiaries will generally not be subject to U.S. federal income tax. As a result, we are not permanently reinvested with respect to our historic unremitted foreign earnings. In addition, cash held by our subsidiary in China is subject to local laws and regulations that require government approval for the transfer of such funds to entities located outside of China. As of March 31, 2022, and December 31, 2021, we had cash, cash equivalents and restricted cash of $26.6 million and $28.5 million, respectively, within our subsidiary in China.

Cash flows provided by operating activities. We generated cash from operating activities of $12.0 million and $35.2 million during the three-month periods ended March 31, 2022 and 2021, respectively. Net cash provided by operating activities decreased $23.2 million for the three-month period ended March 31, 2022 compared to the three-month period ended March 31, 2021. Significant factors affecting operating cash flows during these periods included:

- Cash provided by (used for) accrued expenses was ($23.5) million and $5.4 million for the three-month periods ended March 31, 2022 and 2021, respectively, due primarily to the payment of approximately $18.25 million into escrow in connection with the settlement of the consolidated securities class action lawsuit (see Note 9 to our consolidated financial statements set forth in Item 1 of this report) and the timing of payment of bonuses and other accrued liabilities in each period.

- Cash provided by (used for) other receivables was $5.8 million and ($0.6) million for the three-month periods ended March 31, 2022 and 2021, respectively, due primarily to the collection of approximately $8.2 million of insurance proceeds in connection with the consolidated securities class action lawsuit (see Note 9 to our consolidated financial statements set forth in Item 1 of this report).

- Cash (used for) inventories was ($9.2) million and ($3.4) million for the three-month periods ended March 31, 2022 and 2021, respectively. The increase in inventory was associated with our strategy to proactively invest in our inventory balances to build the requisite safety stock and encourage high customer service levels.

Cash flows used in investing activities. We used cash in investing activities of $9.9 million and $6.3 million for the three-month periods ended March 31, 2022 and 2021, respectively. We used cash for capital expenditures of property and equipment of $9.5 million and $6.2 million in the three-month periods ended March 31, 2022 and 2021, respectively. Capital expenditures in each period were primarily related to investment in property and equipment to support development and production of our products. Historically, we have incurred significant expenses in connection with facility construction, production automation, product development and the introduction of new products. We anticipate that we will spend approximately $55 to $60 million in 2022 for property and equipment.

Cash flows used in financing activities. Cash used in financing activities for the three-month periods ended March 31, 2022 and 2021 was $14.2 million and $26.2 million, respectively. During the three-month period ended March 31, 2022 we increased our net borrowings by approximately $9.6 million to partially finance the payment of contingent consideration of $24.5 million, principally related to our acquisition of Cianna Medical, Inc. During the three-month period ended March 31, 2021 we decreased our net borrowings by approximately $30.9 million.

As of March 31, 2022, we had outstanding borrowings of $253 million and issued letter of credit guarantees of $3.4 million under the Third Amended Credit Agreement, with additional available borrowings of approximately $475 million, based on the maximum net leverage ratio and the aggregate revolving credit commitment pursuant to the Third Amended Credit Agreement. Our interest rate as of March 31, 2022 was a fixed rate of 2.71% on $75 million as a result of an interest rate swap and a variable floating rate of 1.46% on $177.8 million. Our interest rate as of December 31, 2021 was a fixed rate of 2.71% on $75 million as a result of an interest rate swap and a variable floating rate of 1.10% on $168.1 million.

We currently believe that our existing cash balances, anticipated future cash flows from operations and borrowings under the Third Amended Credit Agreement will be adequate to fund our current and currently planned future operations for the next twelve months and the foreseeable future. In the event we pursue and complete significant transactions or acquisitions in the future, additional funds will likely be required to meet our strategic needs, which may require us to raise additional funds in the debt or equity markets.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our financial results are affected by the selection and application of accounting policies and methods. In the three-month period ended March 31, 2022 there were no changes to the application of critical accounting policies previously disclosed in Part II, Item 7 of the 2021 Annual Report on Form 10-K.

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This report includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements in this report, other than statements of historical fact, are “forward-looking statements” for purposes of these provisions, including, without limitation, any projections of earnings, revenues or other financial items, any statements of the plans and objectives of our management for future operations, any statements concerning proposed new products or services, any statements regarding the integration, development or commercialization of the business or any assets acquired from other parties, any statements regarding future economic conditions or performance, and any statements of assumptions underlying any of the foregoing. All forward-looking statements included in this report are made as of the date hereof and are based on information available to us as of such date. We assume no obligation to update any forward-looking statement. In some cases, forward-looking statements can be identified by the use of terminology such as “may,” “will,” “expects,” “plans,” “should,” “anticipates,” “intends,” “seeks,” “believes,” “estimates,” “potential,” “forecasts,” “continue,” or other forms of these words or similar words or expressions, or the negative thereof or other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements contained herein are reasonable, there can be no assurance that such expectations or any of the forward-looking statements will prove to be correct. Actual results will likely differ, and could differ materially, from those projected or assumed in the forward-looking statements. Prospective investors are cautioned not to unduly rely on any such forward-looking statements.

All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. Our actual results will likely differ, and may differ materially, from anticipated results. Financial estimates are subject to change and are not intended to be relied upon as predictions of future operating results, and we assume no obligation to update or disclose revisions to those estimates. If we do update or correct one or more forward-looking statements, investors and others should not conclude that we will make additional updates or corrections.

NOTICE REGARDING TRADEMARKS

This report includes trademarks, tradenames and service marks that are our property or the property of others. Solely for convenience, such trademarks and tradenames sometimes appear without any “™” or “®” symbol. However, failure to include such symbols is not intended to suggest, in any way, that we will not assert our rights or the rights of any applicable licensor, to these trademarks and tradenames.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Quantitative and qualitative disclosures about exchange rate risk are included in Part II, Item 7A "Quantitative and Qualitative Disclosures About Market Risk" of the 2021 Annual Report on Form 10-K. In the three-month period ended March 31, 2022, there were no material changes from the information provided therein.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining adequate disclosure controls and procedures for our company. Consequently, our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act as of March 31, 2022. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs. Based on that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

During the three-month period ended March 31, 2022, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934).

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Note 9 “Commitments and Contingencies” set forth in the notes to our consolidated financial statements included in Part I, Item 1 of this report.

ITEM 1A. RISK FACTORS

In addition to other information set forth in this report, readers should carefully consider the factors discussed in Part I, Item 1A. "Risk Factors" of the 2021 Annual Report on Form 10-K, as updated and supplemented below. Any of the risk factors disclosed in our reports could materially affect our business, financial condition or future results. The risks described here and in our 2021 Annual Report on Form 10-K are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition and/or operating results. The discussion of the risk factors below updates the corresponding disclosure under the same headings in the 2021 Annual Report on Form 10-K and may contain material changes to the corresponding risk factor discussion in our 2021 Annual Report on Form 10-K.

Business, Economic, Industry and Operational Risks

Changes in general economic conditions, geopolitical conditions, domestic and foreign trade policies, monetary policies and other factors beyond our control may adversely impact our business and operating results.

Our operations and performance depend significantly on global, regional and U.S. economic and geopolitical conditions. Russia's invasion and military attacks on Ukraine have triggered significant sanctions from U.S. and European leaders. These events continue to cause increasingly volatile global economic conditions. Resulting changes in U.S. trade policy could trigger retaliatory actions by Russia, its allies and other affected countries, including China, resulting in a "trade war." On March 8, 2022, President Biden issued an executive order that bans the importation of Russian oil, liquefied natural gas and coal. On April 8, 2022, the President signed into law two bills suspending trade relations with Russia and Belarus and banning the import of Russian energy. These events have resulted in increased costs for raw materials we use in our manufacturing and could result in Russia and other foreign governments imposing tariffs on products that we export outside the U.S. or otherwise limiting our ability to sell our products abroad. These increased costs in our business generally are not a direct result of the conflict in Ukraine or government action, but rather we are affected by the adverse impact this conflict has on global inflationary pressures, energy prices and supply chain operations. Also, in light of these events, we have substantially suspended our operations in Russia. Although, our operations in Russia do not constitute a material portion of our business, the closure of our operations in Russia, combined with the general economic impact of the conflict, could have a material, adverse effect on our revenues and costs for materials and services. Furthermore, if the conflict between Russia and Ukraine continues for a long period of time, or if other countries, including the U.S., become further involved in the conflict, we could face significant adverse effects to our overall business and financial condition.

The United Kingdom's ("UK") departure from the European Union ("EU") (commonly known as "Brexit") has created uncertainties affecting business operations in the UK, the EU and a number of other countries, including with respect to compliance with the regulatory regimes regarding the labeling and registration of the products we sell in these markets. While we have taken proactive steps to mitigate possible disruption to our operations, we still could face increased costs, volatility in exchange rates, market instability and other risks, depending on the effects of existing and future agreements between the UK and EU regarding Brexit and the future EU/UK trading relationship.

The above factors, including a number of other economic and geopolitical factors both in the U.S. and abroad, could ultimately have material adverse effects on our business, financial condition, results of operations or cash flows, including the following:

- effects of significant changes in economic, monetary and fiscal policies in the U.S. and abroad including currency fluctuations, inflationary pressures and significant income tax changes;
- a global or regional economic slowdown in any of our market segments;
- changes in government policies and regulations affecting the Company or its significant customers;
- industrial policies in various countries that favor domestic industries over multinationals or that restrict foreign companies altogether;
- new or stricter trade policies and tariffs enacted by countries, such as China, in response to changes in U.S. trade policies and tariffs;
- postponement of spending, in response to tighter credit, financial market volatility and other factors;
- rapid material escalation of the cost of regulatory compliance and litigation;
- difficulties protecting intellectual property;
- longer payment cycles;
- credit risks and other challenges in collecting accounts receivable; and
- the impact of each of the foregoing on outsourcing and procurement arrangements.

Termination or interruption of our supply relationships and increases in labor costs and the prices of our component parts, finished products, third-party services and raw materials, particularly petroleum-based products, is negatively impacting our business and could have a further adverse effect on our business, operations or financial condition.

We rely on raw materials, component parts, finished products and third-party services in connection with our business. For example, substantially all of our products are sterilized by only a few different entities. If any of these sterilizers goes out of business or fails to comply with quality or regulatory requirements, we may be unable to find a suitable supplier to replace them. This could significantly delay or stop production and cause sales of such products to materially decline. Additionally, many of our products have components that are manufactured using resins, plastics and other petroleum-based materials which are available from a limited number of suppliers. We are experiencing a growing trend among suppliers of polymer resins to refuse to supply resin to medical device manufacturers or to require such manufacturers to assume additional risks due to the potential for product liability claims. Additionally, there is no assurance that crude oil supplies will be uninterrupted or that petroleum-based manufacturing materials will be available for purchase in the future. The actions by the U.S. government in response to the conflict between Russia and Ukraine, among other factors, has had an adverse impact on the cost of the petroleum-based manufacturing materials that we purchase. The military conflict in Ukraine has also had a general, adverse impact on supply interruptions and further hinders our ability to find the materials we need to make our products. Supply disruptions such as these are making it harder for us to find favorable pricing and reliable sources for the materials we need, putting upward pressure on our costs and increasing the risk that we may be unable to acquire the materials and services we need to continue to make certain products.

The availability and price of these materials, parts, products and services are affected by a variety of factors beyond our control, including the willingness of suppliers to sell into the medical device industry, changes in supply and demand, general economic conditions, labor costs, fuel-related transportation costs, liability concerns, climate change (including new and existing laws and regulations to address climate change), competition, import duties, tariffs, currency exchange rates and political uncertainty around the world. Our suppliers often pass some of their cost increases on to us, and if such increased costs are sustained or increase further, our suppliers may pass further cost increases on to us. In addition to the effect on resin prices, transportation costs have generally increased and may further increase if crude oil prices increase. Our transportation and service providers are typically able to pass any significant increases in oil prices on to us. Our costs may also be impacted by laws to increase minimum wages, including the potential increase to the federal minimum wage in the United States that has been recently proposed by the current administration.

Our ability to recover such increased costs may depend upon our ability to raise prices on our products. Due to the highly competitive nature of the healthcare industry and the cost-containment efforts of our customers and third-party payers, we may be unable to pass along cost increases through higher prices. If we are unable to fully recover these costs through price increases or offset these increases through cost reductions, or we experience terminations or interruption of our relationships with our suppliers, we could experience lower margins and profitability, and our results of operations, financial condition and cash flows could be materially harmed.

ITEM 6. EXHIBITS

Exhibit No.	Description
3.1	Second Amended and Restated Articles of Incorporation*
3.2	Third Amended and Restated Bylaws*
10.1	Performance Stock Unit Award Agreement (Three Year Performance Period), dated February 26, 2022, by and between Merit Medical Systems, Inc. and Fred Lampropoulos.†
10.2	Performance Stock Unit Award Agreement (Three Year Performance Period), dated February 26, 2022, by and between Merit Medical Systems, Inc. and Raul Parra.†
10.3	Form of Performance Stock Unit Award Agreement (Three Year Performance Period), dated February 26, 2022, by and between Merit Medical Systems, Inc. and each of the following individuals: Ronald A. Frost, Brian G. Lloyd, Robert J. Fredericks, Michel J. Voigt, and Joseph C. Wright.†
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following financial information from the quarterly report on Form 10-Q for the quarter ended March 31, 2022, formatted in Inline Extensible Business Reporting Language (iXBRL): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Comprehensive Income (iv) Consolidated Statements of Stockholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) related Condensed Notes to the Unaudited Consolidated Financial Statements, tagged in detail.
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the Inline XBRL document).

* These exhibits are incorporated herein by reference.
† Indicates management contract or compensatory plan or arrangement.

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.

MERIT MEDICAL SYSTEMS, INC.

Date: May 6, 2022

By: /s/ FRED P. LAMPROPOULOS
Fred P. Lampropoulos, President and
Chief Executive Officer

Date: May 6, 2022

By: /s/ RAUL PARRA
Raul Parra
Chief Financial Officer and Treasurer

MERIT MEDICAL SYSTEMS, INC 2018 LONG-TERM INCENTIVE PLAN

Performance Stock Unit Award Agreement
(Three Year Performance Period)

This Performance Stock Unit Award Agreement (this "Award Agreement"), dated as of February 26, 2022 (the "Grant Date"), is made by and between Merit Medical Systems, Inc. (the "Company"), and Fred Lampropoulos, an employee of the Company ("you").

1. Award of Performance Stock Units

The Company hereby grants to you an award of performance stock units ("PSUs") with respect to its common stock, no par value (the "Shares"), pursuant to the Merit Medical Systems, Inc. 2018 Long-Term Incentive Plan (as amended from time to time, the "Plan"), subject to the terms and conditions set forth in this Award Agreement and the Plan. The PSUs constitute performance-based Restricted Stock Units and this Award Agreement constitutes an "Award Agreement" under the Plan. Capitalized terms used but not otherwise defined in this Award Agreement and the Appendix A attached hereto have the applicable meanings set forth in the Plan. With respect to your PSUs granted hereunder, the applicable Total Target Number of Shares, Target Cash Incentive and Performance Period are as follows:

Total Target Number of Shares	12,302
Target Cash Incentive	$1,000,000
Performance Period	Calendar year 2022 through 2024

2. Conditions to Award

Subject to the other terms and conditions of this Award Agreement and the Plan, you will be entitled to a payment in Shares and cash with respect to your PSUs based on your Total Target Number of Shares and Target Cash Incentive set forth above and the Company's performance during the above Performance Period with respect to the following performance measures - "Free Cash Flow" ("FCF") and "Relative Total Shareholder Return versus the Russell 2000" ("rTSR"), each as defined on Appendix A attached hereto and each a "Metric" for purposes of this Award Agreement.

The actual number of Shares to be issued to you in payment of your PSUs will be determined by multiplying the Total Target Number of Shares listed above by the applicable FCF Multiplier and applicable rTSR Multiplier from the tables in this Section 2 (each a "Multiplier"). Similarly, the actual amount of long-term incentive cash award to be paid to you with respect to your PSUs (the "Cash Incentive") will be determined by multiplying the Target Cash Incentive listed above by the applicable FCF Multiplier and applicable rTSR Multiplier from the tables in this Section 2. The applicable Multiplier for each Metric will be determined based on the level of the Company's performance during the Performance Period relative to that Metric as set forth in the tables below. The precise extent to which the Company will have satisfied the Metrics, and any Shares and Cash Incentive will have been earned, will be determined by the Committee as soon as reasonably practicable following the close of the Performance Period and, to the extent reasonably practicable, will be calculated without regard to any change in applicable accounting standards after the grant of this Award. The Committee has the sole authority and discretion to determine the achievement level with respect to each Metric and the number of Shares and amount of Cash Incentive earned at the end of the Performance Period.

FCF Metric Level	FCF Metric Amount (in thousands)	FCF Multiplier
Maximum	$ 396,000	200%
Target	$ 330,000	100%
Threshold	$ 264,000	50%

rTSR Metric Level	rTSR Multiplier
1st (Top) Quartile	125%
2nd Quartile	100%
3rd Quartile	100%
4th (Bottom) Quartile	75%

For the FCF Metric, the applicable Multiplier will be determined on an interpolated linear basis between (i) the Threshold 50% FCF Multiplier achievement level and Target 100% FCF Multiplier achievement level if Company actual performance falls between those two levels; or (ii) the Target 100% FCF Multiplier achievement level and the Maximum 200% FCF Multiplier achievement level if Company actual performance falls between those two levels. For purposes of determining relative achievement, actual results are to be rounded to the nearest tenth of one percent (0.1%) and rounded upward from the midpoint. The number of Shares to be issued upon payment and settlement of your PSUs is to be rounded to the nearest whole Share and rounded upward from the midpoint. The amount of any Cash Incentive payable to you will be rounded to the nearest whole dollar and rounded upward from the midpoint.

3. Effect of Death, Disability and Termination of Service.

(a) Except as provided in Sections 3(b) and 4 below, you must remain in Continuous Service with the Company until the second day of the calendar year following the end of the Performance Period and at least one year from the Grant Date in order to be entitled to any payment pursuant to this Award Agreement. Failure to satisfy the foregoing service-based vesting condition will result in total forfeiture of your PSUs and all rights to payment hereunder.

(b) Notwithstanding Section 3(a) above, if your Continuous Service with the Company ends prior to the second day of the calendar year following the end of the Performance Period and more than one year after the Grant Date because (i) you die or incur a Disability, (ii) you are involuntarily terminated from employment without Cause, or (iii) you resign from employment for Good Reason, then after the end of the Performance Period, you (or in the event of your death, your estate or other designated beneficiary) will be entitled to receive a pro rata portion of the number of Shares and Cash Incentive you would have received, if any, had you remained in Continuous Service with the Company until the second day of the calendar year following the end of the Performance Period. The pro rata portion will be based on the number of full months in the Performance Period during which you are in Continuous Service with the Company as compared to the total number of months in the Performance Period.

4. Effect of a Change in Control

If a Change in Control occurs during the Performance Period, then you will be entitled to receive, no later than thirty (30) days following the effective date of the Change in Control, the Total Target Number of Shares and Target Cash Incentive covered by this Award Agreement without regard to the extent to which the otherwise applicable performance conditions of Section 2 above have been satisfied.

5. Payment

(a) Settlement of Award. Except as otherwise provided in Section 4, the actual number of Shares and amount of Cash Incentive that you will receive on settlement and payment of your PSUs after the end of the Performance Period listed above will be determined based upon the degree to which the Company attains each amount or level of Metric performance specified in Section 2 above during the applicable Performance Period. If Company performance for the applicable Performance Period falls below the Threshold amount for the FCF Metric, no Shares or Cash Incentive will be awarded or paid under this Award Agreement. If Company performance for the applicable Performance Period with respect to the FCF Metric is at or above the FCF Metric Threshold amount indicated in Section 2 above, Shares and Cash Incentive will be determined and paid out based upon the Company's level of actual performance during the Performance Period with respect to the above Metrics as described in Section 2 above. The maximum number of Shares that you may receive under this Award Agreement is two and one-half (2.5) times the Total Target Number of Shares and the maximum amount of Cash Incentive that you may be paid under this Award Agreement is two and one-half (2.5) times the Target Cash Incentive; however, those maximums will be payable only if the Company attains both the Maximum level of FCF Metric performance and 1st Quartile level of rTSR Metric performance indicated in Section 2 above.

(b) Timing of Settlement. Promptly following determination of the number of Shares and amount of Cash Incentive you have earned under your PSUs and this Award Agreement, such number of Shares and amount of Cash Incentive, if any, will be issued and paid to you. Such issuance and payment will be made during the calendar year that commences immediately after the end of the Performance Period, and in no event later than March 15 of such calendar year, in accordance with Section 5(d) below; provided, however, that in the event of a Change in Control, your PSUs will be settled and paid within the thirty (30) day period specified in Section 4 above.

(c) No Dividend Equivalents. No Dividend Equivalents will be paid on or with respect to the PSUs.

(d) Form of Payment. All amounts payable with respect to your PSUs (other than the Cash Incentive) will be paid in the form of Shares. The Cash Incentive will be paid in cash equivalent funds by check or electronic funds transfer through the Company's payroll system.

(e) Taxes. Taxes will be withheld as required by law at applicable United States federal, state and/or other tax rates (under the laws of the jurisdictions in which you reside or that may otherwise be applicable to you) with respect to your PSUs and the issuance of Shares and payment of the Cash Incentive in settlement of your PSUs. Notwithstanding anything in this Award Agreement to the contrary, any withholding tax payment with respect to the issuance of Shares in payment of your PSUs described in this Award Agreement will be reduced by a number of Shares having a then Fair Market Value equal to the amount necessary to satisfy the minimum tax withholding obligations applicable to such PSUs and Share issuance.

(f) Unearned PSUs. All PSUs that are not earned at the end of the Performance Period will be forfeited.

6. Other Provisions

(a) Future Adjustments. In the event of any merger, acquisition, disposition or other corporate event affecting the Company during the Performance Period, the Committee, in addition to adjustments under Section 12.2 of the Plan, may make such adjustments to the applicable Metric performance amounts and levels set forth in Section 2 above as it may determine would most nearly carry out the original purposes and intent of this Award Agreement.

(b) No Guaranty of Future Awards. This Award Agreement in no way guarantees you the right to or expectation that you may receive similar awards with respect to any other similar performance Period or period which the Committee may, in its discretion, establish and as to which the Committee may elect to grant Awards under the Plan.

(c) No Rights as Shareholder. You will not be considered a shareholder of the Company with respect to the Shares covered by this Award Agreement unless and until such underlying Shares are issued to you in settlement of your PSUs.

(d) No Rights to Continued Employment. This Award Agreement will not be deemed to create a contract or other promise of continued employment with the Company and will not in any way prohibit or restrict the ability of the Company to terminate your employment at any time for any reason, with or without Cause, at will with or without notice.

(e) Compliance with Section 409A of the Code. This Award Agreement and your PSUs are intended to constitute and result in a "short-term deferral" that is exempt from the definition of a "nonqualified deferred compensation plan" under Section 409A of the Code. Notwithstanding anything in this Award Agreement to the contrary, if and to the extent that this Award Agreement constitutes a nonqualified deferred compensation plan to which Code Section 409A applies, this Award Agreement and your PSUs (including time and manner of payments under it) will be administered and interpreted to comply with Section 409A and the Treasury Regulations thereunder. Without limiting the foregoing, the payment provisions of Section 5(b) are intended to provide for payment upon: (i) a fixed date in conformity with Treasury Regulation Section 1.409A-3(a)(4) (i.e., payment is to be made during and by March 15 of the first calendar year commencing after the end of the applicable Performance Period); or (ii) if earlier, upon a Change in Control constituting a permissible payment event under Treasury Regulation Section 1.409A-3(a)(5).

(f) Clawback. If you are an officer of the Company, in addition to any other remedies available to the Company under the Plan or otherwise (but subject to applicable law), if the Committee determines that it is appropriate, the Company may recover (in whole or in part) from you any Shares and Cash Incentive (or the value thereof) paid pursuant to this Award Agreement if: (i) the payment was predicated upon achieving certain financial results that were subsequently the subject of a restatement of Company financial statements filed with the Securities and Exchange Commission; (ii) the Committee determines that you engaged in intentional misconduct, gross negligence or fraudulent or illegal conduct that caused or substantially caused the need for the financial statement restatement; and (iii) a lower amount would have been made to you pursuant to this Award Agreement based upon the restated financial results.

(g) Plan. All terms and conditions of the Plan are incorporated herein by reference and constitute an integral part hereof. In the event of any conflict between the provisions of this Award Agreement and the Plan, the provisions of the Plan, including without limitation Sections 4.2, 13.5, 13.6 (other than the requirement under Section 13.6 of the Plan to deliver Shares within 30 days of vesting) and 13.15 of the Plan, will govern and be controlling.

(h) Transfers. Neither the PSUs nor the right to receive Shares or any Cash Incentive hereunder may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by you. Any attempt to assign, alienate, pledge, attach, sell or otherwise transfer or encumber the PSUs or the rights relating thereto will be wholly ineffective. Notwithstanding the foregoing, in the event of your death, Shares deliverable and any Cash Incentive payable with respect to the PSUs will be delivered or paid to your designated beneficiary under the Plan (or if none, to your estate).

(i) Securities Law Restrictions. The issuance of Shares hereunder is conditioned upon compliance by the Company and you with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's Shares may be listed. No Shares will be issued or transferred unless and until any then applicable requirements of state and federal laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its counsel. In addition, the Company may require that prior to the issuance of Shares hereunder you enter into a written agreement to comply with any restrictions on subsequent disposition that the Company deems necessary or advisable under any applicable federal and state securities laws. The Shares issued hereunder may be legended to reflect such restrictions.

(j) Governing Law. This Award Agreement will be construed and interpreted in accordance with the laws of the State of Utah without regard to conflict of law principles.

(k) Effect on Other Benefits. Participation in the Plan is voluntary. The value of the PSUs is an extraordinary item of compensation outside the scope of your normal employment and compensation rights, if any. As such, the PSUs are not part of normal or expected compensation for purposes of calculating any severance, bonuses, awards, or retirement benefits or similar payments unless specifically and otherwise provided in the plans or agreements governing such compensation.

(l) Entire Agreement. This Award Agreement supersedes in its entirety all prior undertakings and agreements of the Company and you, whether oral or written, with respect to the PSUs granted hereunder.

By executing and accepting this Award Agreement, you agree to be bound as a Participant by the terms and conditions herein, the Plan and all conditions established by the Committee and the Company in connection with Awards issued under the Plan.

MERIT MEDICAL SYSTEMS, INC.

/s/ Brian G. Lloyd	/s/ Fred Lampropoulos
By: Brian G. Lloyd	Fred Lampropoulos
Its: Chief Legal Officer and Corporate Secretary	Chairman and Chief Executive Officer

APPENDIX A

(Definitions)

For purposes of this Award Agreement, the following terms have the following meanings:

"Cause" has the meaning set forth in your Employment Agreement with the Company.

"Change in Control" has the meaning set forth in the Plan; provided, that no event will constitute a Change of Control unless it is described in Code Section 409A(a)(2)(A)(v) and the Treasury Regulations thereunder.

"Continuous Service" has the meaning set forth in the Plan and includes service with the Company as an employee or Director of the Company.

"Disability" has the meaning set forth in in your Employment Agreement with the Company; provided, that you will not be considered to have terminated employment on account of Disability unless you are also "Disabled" within the meaning of Code Section 409A(a)(2)(C) and the Treasury Regulations thereunder.

"Employment Agreement" means your Employment Agreement with the Company dated as of May 26, 2016, as amended.

"FCF" means, for the Performance Period, an amount equal to (i) Operating Cash Flow (as determined in accordance with GAAP and as presented in the Company's financial statements) for the Performance Period, less (ii) Capital Expenditures (as determined in accordance with GAAP and as presented in the Company's financial statements) for the Performance Period, adjusted up (or down), as approved by the Board of Directors, for the cash effect of any (iii) non-GAAP adjustments or "add-backs" to the Company's financial statements, such as acquisition and integration expenses, severance expenses, contingent payments and non-recurring expenses, among others. FCF constitutes a "Performance Measure" within the meaning of the Plan.

"Good Reason" has the meaning set forth in your Employment Agreement with the Company; provided, that no event will constitute "Good Reason" hereunder unless it is described in the Treasury Regulation Section 1.409A-1(n)(2).

"Performance Period" means the time period specified in Section 1 of this Award Agreement.

"rTSR" means the percentile rank of the Company's Total Shareholder Return as compared to the Total Shareholder Return of each member of the Russell 2000 Index, determined by dividing the number of members of the Russell 2000 Index with Total Shareholder Return equal to or lower than the Company's Total Shareholder Return for the Performance Period by the total number of members of the Russell 2000 Index minus one (1). For such determination of percentile rank, the members of the Russell 2000 Index shall be those companies that are members of the Russell 2000 Index during the entire Performance Period. rTSR constitutes a "Performance Measure" within the meaning of the Plan.

"Total Shareholder Return" means the change in a company's stock price over the Performance Period (counting any dividends paid as if such dividends were reinvested at the time of issuance) divided by that company's stock price at the beginning of the Performance Period, expressed as a percentage. The stock price at the beginning of the Performance Period shall be calculated using the relevant company's closing stock price on the first trading day of the Performance Period. The stock price at the end of the Performance Period shall be calculated using the relevant company's closing stock price on the last trading day of the Performance Period.

"Target Cash Incentive" means the cash amount specified in Section 1 of this Award Agreement.

"Total Target Number of Shares" means the number of Shares specified in Section 1 of this Award Agreement.

MERIT MEDICAL SYSTEMS, INC 2018 LONG-TERM INCENTIVE PLAN

Performance Stock Unit Award Agreement
(Three Year Performance Period)

This Performance Stock Unit Award Agreement (this "Award Agreement"), dated as of February 26, 2022 (the "Grant Date"), is made by and between Merit Medical Systems, Inc. (the "Company"), and Raul Parra, an employee of the Company ("you").

1. Award of Performance Stock Units

The Company hereby grants to you an award of performance stock units ("PSUs") with respect to its common stock, no par value (the "Shares"), pursuant to the Merit Medical Systems, Inc. 2018 Long-Term Incentive Plan (as amended from time to time, the "Plan"), subject to the terms and conditions set forth in this Award Agreement and the Plan. The PSUs constitute performance-based Restricted Stock Units and this Award Agreement constitutes an "Award Agreement" under the Plan. Capitalized terms used but not otherwise defined in this Award Agreement and the Appendix A attached hereto have the applicable meanings set forth in the Plan. With respect to your PSUs granted hereunder, the applicable Total Target Number of Shares and Performance Period are as follows:

Total Target Number of Shares	8,304
Performance Period	Calendar years 2022 through 2024

2. Conditions to Award

Subject to the other terms and conditions of this Award Agreement and the Plan, you will be entitled to a payment in Shares with respect to your PSUs based on your Total Target Number of Shares set forth above and the Company's performance during the above Performance Period with respect to the following performance measures - "Free Cash Flow" ("FCF") and "Relative Total Shareholder Return versus the Russell 2000" ("rTSR"), each as defined on Appendix A attached hereto and each a "Metric" for purposes of this Award Agreement.

The actual number of Shares to be issued to you in payment of your PSUs will be determined by multiplying the Total Target Number of Shares listed above by the applicable FCF Multiplier and applicable rTSR Multiplier from the tables in this Section 2 (each a "Multiplier"). The applicable Multiplier for each Metric will be determined based on the level of the Company's performance during the Performance Period relative to that Metric as set forth in the tables below. The precise extent to which the Company will have satisfied the Metrics, and any Shares will have been earned, will be determined by the Committee as soon as reasonably practicable following the close of the Performance Period and, to the extent reasonably practicable, will be calculated without regard to any change in applicable accounting standards after the grant of this Award. The Committee has the sole authority and discretion to determine the achievement level with respect to each Metric and the number of Shares earned at the end of the Performance Period.

FCF Metric Level	FCF Metric Amount (in thousands)	FCF Multiplier
Maximum	396,000	200%
Target	330,000	100%
Threshold	264,000	50%

rTSR Metric Level	rTSR Multiplier
1st (Top) Quartile	125%
2nd Quartile	100%
3rd Quartile	100%
4th (Bottom) Quartile	75%

For the FCF Metric, the applicable Multiplier will be determined on an interpolated linear basis between (i) the Threshold 50% FCF Multiplier achievement level and Target 100% FCF Multiplier achievement level if Company actual performance falls between those two levels; or (ii) the Target 100% FCF Multiplier achievement level and the Maximum 200% FCF Multiplier achievement level if Company actual performance falls between those two levels. For purposes of determining relative achievement, actual results are to be rounded to the nearest tenth of one percent (0.1%) and rounded upward from the midpoint. The number of Shares to be issued upon payment and settlement of your PSUs is to be rounded to the nearest whole Share and rounded upward from the midpoint.

3. Effect of Death, Disability and Termination of Service.

(a) Except as provided in Sections 3(b) and 4 below, you must remain in Continuous Service with the Company until the second day of the calendar year following the end of the Performance Period and at least one year from the Grant Date in order to be entitled to any payment pursuant to this Award Agreement. Failure to satisfy the foregoing service-based vesting condition will result in total forfeiture of your PSUs and all rights to payment hereunder.

(b) Notwithstanding Section 3(a) above, if your Continuous Service with the Company ends prior to the second day of the calendar year following the end of the Performance Period and more than one year after the Grant Date because (i) you die or incur a Disability, (ii) you are involuntarily terminated from employment without Cause, or (iii) you resign from employment for Good Reason, then after the end of the Performance Period, you (or in the event of your death, your estate or other designated beneficiary) will be entitled to receive a pro rata portion of the number of Shares you would have received, if any, had you remained in Continuous Service with the Company until the second day of the calendar year following the end of the Performance Period. The pro rata portion will be based on the number of full months in the Performance Period during which you are in Continuous Service with the Company as compared to the total number of months in the Performance Period.

4. Effect of a Change in Control

If a Change in Control occurs during the Performance Period, then you will be entitled to receive, no later than thirty (30) days following the effective date of the Change in Control, the Total Target Number of Shares covered by this Award Agreement without regard to the extent to which the otherwise applicable performance conditions of Section 2 above have been satisfied.

5. Payment

(a) Settlement of Award. Except as otherwise provided in Section 4, the actual number of Shares that you will receive on settlement and payment of your PSUs after the end of the Performance Period listed above will be determined based upon the degree to which the Company attains each amount or level of Metric performance specified in Section 2 above during the applicable Performance Period. If Company performance for the applicable Performance Period falls below the Threshold amount for the FCF Metric, no Shares will be awarded or paid under this Award Agreement. If Company performance for the applicable Performance Period with respect to the FCF Metric is at or above the FCF Metric Threshold amount indicated in Section 2 above, Shares will be paid out based upon the Company's level of actual performance during the Performance Period with respect to the above Metrics as described in Section 2 above. The maximum number of Shares that you may receive under this Award Agreement is two and one-half (2.5) times the Total Target Number of Shares; however, that maximum will be payable only if the Company attains both the Maximum level of FCF Metric performance and 1st Quartile level of rTSR Metric performance indicated in Section 2 above.

(b) Timing of Settlement. Promptly following determination of the number of Shares you have earned under your PSUs and this Award Agreement, such number of Shares, if any, will be issued to you. Such issuance and payment will be made during the calendar year that commences immediately after the end of the Performance Period, and in no event later than March 15 of such calendar year, in accordance with Section 5(d) below; provided, however, that in the event of a Change in Control, your PSUs will be settled and paid within the thirty (30) day period specified in Section 4 above. PSUs will not be settled or paid in cash.

(c) No Dividend Equivalents. No Dividend Equivalents will be paid on or with respect to the PSUs.

(d) Form of Payment. All amounts payable with respect to your PSUs will be paid in the form of Shares.

(e) Taxes. Taxes may be assessed and/or withheld as required by law at applicable United States federal, state and/or other tax rates (under the laws of the jurisdictions in which you reside or that may otherwise be applicable to you) with respect to your PSUs and the issuance of Shares in payment of your PSUs. Notwithstanding anything in this Award Agreement to the contrary, any withholding tax payment with respect to your PSUs and issuance of Shares in payment of your PSUs described in this Award Agreement will be reduced by a number of Shares having a then Fair Market Value equal to the amount necessary to satisfy the minimum tax withholding obligations applicable to such PSUs and Share issuance.

(f) Unearned PSUs. All PSUs that are not earned at the end of the Performance Period will be forfeited.

6. Other Provisions

(a) Future Adjustments. In the event of any merger, acquisition, disposition or other corporate event affecting the Company during the Performance Period, the Committee, in addition to adjustments under Section 12.2 of the Plan, may make such adjustments to the applicable Metric performance amounts and levels set forth in Section 2 above as it may determine would most nearly carry out the original purposes and intent of this Award Agreement.

(b) No Guaranty of Future Awards. This Award Agreement in no way guarantees you the right to or expectation that you may receive similar awards with respect to any other similar performance Period or period which the Committee may, in its discretion, establish and as to which the Committee may elect to grant Awards under the Plan.

(c) No Rights as Shareholder. You will not be considered a shareholder of the Company with respect to the Shares covered by this Award Agreement unless and until such underlying Shares are issued to you in settlement of your PSUs.

(d) No Rights to Continued Employment. This Award Agreement will not be deemed to create a contract or other promise of continued employment with the Company and will not in any way prohibit or restrict the ability of the Company to terminate your employment at any time for any reason, with or without Cause, at will with or without notice.

(e) Compliance with Section 409A of the Code. This Award Agreement and your PSUs are intended to constitute and result in a “short-term deferral” that is exempt from the definition of a “nonqualified deferred compensation plan” under Section 409A of the Code. Notwithstanding anything in this Award Agreement to the contrary, if and to the extent that this Award Agreement constitutes a nonqualified deferred compensation plan to which Code Section 409A applies, this Award Agreement and your PSUs (including time and manner of payments under it) will be administered and interpreted to comply with Section 409A and the Treasury Regulations thereunder. Without limiting the foregoing, the payment provisions of Section 5(b) are intended to provide for payment upon: (i) a fixed date in conformity with Treasury Regulation Section 1.409A-3(a)(4) (i.e., by March 15 of the first calendar year commencing after the end of the applicable Performance Period); or (ii) if earlier, upon a Change in Control constituting a permissible payment event under Treasury Regulation Section 1.409A-3(a)(5).

(f) Clawback. If you are an officer of the Company, in addition to any other remedies available to the Company under the Plan or otherwise (but subject to applicable law), if the Committee determines that it is appropriate, the Company may recover (in whole or in part) from you any Shares (or the value thereof) paid pursuant to this Award Agreement if: (i) the payment was predicated upon achieving certain financial results that were subsequently the subject of a restatement of Company financial statements filed with the Securities and Exchange Commission; (ii) the Committee determines that you engaged in intentional misconduct, gross negligence or fraudulent or illegal conduct that caused or substantially caused the need for the financial statement restatement; and (iii) a lower amount would have been made to you pursuant to this Award Agreement based upon the restated financial results.

(g) Plan. All terms and conditions of the Plan are incorporated herein by reference and constitute an integral part hereof. In the event of any conflict between the provisions of this Award Agreement and the Plan, the provisions of the Plan, including without limitation Sections 4.2, 13.5, 13.6 (other than the requirement under Section 13.6 of the Plan to deliver Shares within 30 days of vesting) and 13.15 of the Plan, will govern and be controlling.

(h) Transfers. Neither the PSUs nor the right to receive Shares hereunder may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by you. Any attempt to assign, alienate, pledge, attach, sell or otherwise transfer or encumber the PSUs or the rights relating thereto will be wholly ineffective. Notwithstanding the foregoing, in the event of your death, Shares deliverable with respect to the PSUs will be delivered to your designated beneficiary under the Plan (or if none, to your estate).

(i) Securities Law Restrictions. The issuance of Shares hereunder is conditioned upon compliance by the Company and you with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's Shares may be listed. No Shares will be issued or transferred unless and until any then applicable requirements of state and federal laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its counsel. In addition, the Company may require that prior to the issuance of Shares hereunder you enter into a written agreement to comply with any restrictions on subsequent disposition that the Company deems necessary or advisable under any applicable federal and state securities laws. The Shares issued hereunder may be legended to reflect such restrictions.

(j) Governing Law. This Award Agreement will be construed and interpreted in accordance with the laws of the State of Utah without regard to conflict of law principles.

(k) Effect on Other Benefits. Participation in the Plan is voluntary. The value of the PSUs is an extraordinary item of compensation outside the scope of your normal employment and compensation rights, if any. As such, the PSUs are not part of normal or expected compensation for purposes of calculating any severance, bonuses, awards, or retirement benefits or similar payments unless specifically and otherwise provided in the plans or agreements governing such compensation.

(l) Entire Agreement. This Award Agreement supersedes in its entirety all prior undertakings and agreements of the Company and you, whether oral or written, with respect to the PSUs granted hereunder.

By executing and accepting this Award Agreement, you agree to be bound as a Participant by the terms and conditions herein, the Plan and all conditions established by the Committee and the Company in connection with Awards issued under the Plan.

MERIT MEDICAL SYSTEMS, INC.

/s/ Fred Lampropoulos	/s/ Raul Parra
By: Fred Lampropoulos	Raul Parra
Its: Chairman and Chief Executive Officer	

APPENDIX A

(Definitions)

For purposes of this Award Agreement, the following terms have the following meanings:

"Cause" has the meaning set forth in your Employment Agreement with the Company.

"Change in Control" has the meaning set forth in the Plan; provided, that no event will constitute a Change of Control unless it is described in Code Section 409A(a)(2)(A)(v) and the Treasury Regulations thereunder.

"Continuous Service" has the meaning set forth in the Plan and includes service with the Company as an employee or Director of the Company.

"Disability" has the meaning set forth in in your Employment Agreement with the Company; provided, that you will not be considered to have terminated employment on account of Disability unless you are also "Disabled" within the meaning of Code Section 409A(a)(2)(C) and the Treasury Regulations thereunder.

"Employment Agreement" means your Employment Agreement with the Company dated as of August 1, 2018, as amended.

"FCF" means, for the Performance Period, an amount equal to (i) Operating Cash Flow (as determined in accordance with GAAP and as presented in the Company's financial statements) for the Performance Period, less (ii) Capital Expenditures (as determined in accordance with GAAP and as presented in the Company's financial statements) for the Performance Period, adjusted up (or down), as approved by the Board of Directors, for the cash effect of any (iii) non-GAAP adjustments or "add-backs" to the Company's financial statements, such as acquisition and integration expenses, severance expenses, contingent payments and non-recurring expenses, among others. FCF constitutes a "Performance Measure" within the meaning of the Plan.

"Good Reason" has the meaning set forth in your Employment Agreement with the Company provided, that no event will constitute "Good Reason" hereunder unless it is described in the Treasury Regulation Section 1.409A-1(n)(2).

"Performance Period" means the time period specified in Section 1 of this Award Agreement.

"rTSR" means the percentile rank of the Company's Total Shareholder Return as compared to the Total Shareholder Return of each member of the Russell 2000 Index, determined by dividing the number of members of the Russell 2000 Index with Total Shareholder Return equal to or lower than the Company's Total Shareholder Return for the Performance Period by the total number of members of the Russell 2000 Index minus one (1). For such determination of percentile rank, the members of the Russell 2000 Index shall be those companies that are members of the Russell 2000 Index during the entire Performance Period. rTSR constitutes a "Performance Measure" within the meaning of the Plan.

"Total Shareholder Return" means the change in a company's stock price over the Performance Period (counting any dividends paid as if such dividends were reinvested at the time of issuance) divided by that company's stock price at the beginning of the Performance Period, expressed as a percentage. The stock price at the beginning of the Performance Period shall be calculated using the relevant company's closing stock price on the first trading day of the Performance Period. The stock price at the end of the Performance Period shall be calculated using the relevant company's closing stock price on the last trading day of the Performance Period.

"Total Target Number of Shares" means the number of Shares specified in Section 1 of this Award Agreement.

MERIT MEDICAL SYSTEMS, INC 2018 LONG-TERM INCENTIVE PLAN

Performance Stock Unit Award Agreement
(Three Year Performance Period)

This Performance Stock Unit Award Agreement (this "Award Agreement"), dated as of February 26, 2022 (the "Grant Date"), is made by and between Merit Medical Systems, Inc. (the "Company"), and _______________, an employee of the Company ("you").

1. Award of Performance Stock Units

The Company hereby grants to you an award of performance stock units ("PSUs") with respect to its common stock, no par value (the "Shares"), pursuant to the Merit Medical Systems, Inc. 2018 Long-Term Incentive Plan (as amended from time to time, the "Plan"), subject to the terms and conditions set forth in this Award Agreement and the Plan. The PSUs constitute performance-based Restricted Stock Units and this Award Agreement constitutes an "Award Agreement" under the Plan. Capitalized terms used but not otherwise defined in this Award Agreement and the Appendix A attached hereto have the applicable meanings set forth in the Plan. With respect to your PSUs granted hereunder, the applicable Total Target Number of Shares and Performance Period are as follows:

Total Target Number of Shares	4,613
Performance Period	Calendar years 2022 through 2024

2. Conditions to Award

Subject to the other terms and conditions of this Award Agreement and the Plan, you will be entitled to a payment in Shares with respect to your PSUs based on your Total Target Number of Shares set forth above and the Company's performance during the above Performance Period with respect to the following performance measures - "Free Cash Flow" ("FCF") and "Relative Total Shareholder Return versus the Russell 2000" ("rTSR"), each as defined on Appendix A attached hereto and each a "Metric" for purposes of this Award Agreement.

The actual number of Shares to be issued to you in payment of your PSUs will be determined by multiplying the Total Target Number of Shares listed above by the applicable FCF Multiplier and applicable rTSR Multiplier from the tables in this Section 2 (each a "Multiplier"). The applicable Multiplier for each Metric will be determined based on the level of the Company's performance during the Performance Period relative to that Metric as set forth in the tables below. The precise extent to which the Company will have satisfied the Metrics, and any Shares will have been earned, will be determined by the Committee as soon as reasonably practicable following the close of the Performance Period and, to the extent reasonably practicable, will be calculated without regard to any change in applicable accounting standards after the grant of this Award. The Committee has the sole authority and discretion to determine the achievement level with respect to each Metric and the number of Shares earned at the end of the Performance Period.

FCF Metric Level	**FCF Metric Amount** (in thousands)	FCF Multiplier
Maximum	396,000	200%
Target	330,000	100%
Threshold	264,000	50%

rTSR Metric Level	rTSR Multiplier
1st (Top) Quartile	125%
2nd Quartile	100%
3rd Quartile	100%
4th (Bottom) Quartile	75%

For the FCF Metric, the applicable Multiplier will be determined on an interpolated linear basis between (i) the Threshold 50% FCF Multiplier achievement level and Target 100% FCF Multiplier achievement level if Company actual performance falls between those two levels; or (ii) the Target 100% FCF Multiplier achievement level and the Maximum 200% FCF Multiplier achievement level if Company actual performance falls between those two levels. For purposes of determining relative achievement, actual results are to be rounded to the nearest tenth of one percent (0.1%) and rounded upward from the midpoint. The number of Shares to be issued upon payment and settlement of your PSUs is to be rounded to the nearest whole Share and rounded upward from the midpoint.

3. Effect of Death, Disability and Termination of Service.

(a) Except as provided in Sections 3(b) and 4 below, you must remain in Continuous Service with the Company until the second day of the calendar year following the end of the Performance Period and at least one year from the Grant Date in order to be entitled to any payment pursuant to this Award Agreement. Failure to satisfy the foregoing service-based vesting condition will result in total forfeiture of your PSUs and all rights to payment hereunder.

(b) Notwithstanding Section 3(a) above, if your Continuous Service with the Company ends prior to the second day of the calendar year following the end of the Performance Period and more than one year after the Grant Date because (i) you die or incur a Disability, (ii) you are involuntarily terminated from employment without Cause, or (iii) you resign from employment for Good Reason, then after the end of the Performance Period, you (or in the event of your death, your estate or other designated beneficiary) will be entitled to receive a pro rata portion of the number of Shares you would have received, if any, had you remained in Continuous Service with the Company until the second day of the calendar year following the end of the Performance Period. The pro rata portion will be based on the number of full months in the Performance Period during which you are in Continuous Service with the Company as compared to the total number of months in the Performance Period.

4. Effect of a Change in Control

If a Change in Control occurs during the Performance Period, then you will be entitled to receive, no later than thirty (30) days following the effective date of the Change in Control, the Total Target Number of Shares covered by this Award Agreement without regard to the extent to which the otherwise applicable performance conditions of Section 2 above have been satisfied.

5. Payment

(a) Settlement of Award. Except as otherwise provided in Section 4, the actual number of Shares that you will receive on settlement and payment of your PSUs after the end of the Performance Period listed above will be determined based upon the degree to which the Company attains each amount or level of Metric performance specified in Section 2 above during the applicable Performance Period. If Company performance for the applicable Performance Period falls below the Threshold amount for the FCF Metric, no Shares will be awarded or paid under this Award Agreement. If Company performance for the applicable Performance Period with respect to the FCF Metric is at or above the FCF Metric Threshold amount indicated in Section 2 above, Shares will be paid out based upon the Company's level of actual performance during the Performance Period with respect to the above Metrics as described in Section 2 above. The maximum number of Shares that you may receive under this Award Agreement is two and one-half (2.5) times the Total Target Number of Shares; however, that maximum will be payable only if the Company attains both the Maximum level of FCF Metric performance and 1st Quartile level of rTSR Metric performance indicated in Section 2 above.

(b) Timing of Settlement. Promptly following determination of the number of Shares you have earned under your PSUs and this Award Agreement, such number of Shares, if any, will be issued to you. Such issuance and payment will be made during the calendar year that commences immediately after the end of the Performance Period, and in no event later than March 15 of such calendar year, in accordance with Section 5(d) below; provided, however, that in the event of a Change in Control, your PSUs will be settled and paid within the thirty (30) day period specified in Section 4 above. PSUs will not be settled or paid in cash.

(c) No Dividend Equivalents. No Dividend Equivalents will be paid on or with respect to the PSUs.

(d) Form of Payment. All amounts payable with respect to your PSUs will be paid in the form of Shares.

(e) Taxes. Taxes may be assessed and/or withheld as required by law at applicable United States federal, state and/or other tax rates (under the laws of the jurisdictions in which you reside or that may otherwise be applicable to you) with respect to your PSUs and the issuance of Shares in payment of your PSUs. Notwithstanding anything in this Award Agreement to the contrary, any withholding tax payment with respect to your PSUs and issuance of Shares in payment of your PSUs described in this Award Agreement will be reduced by a number of Shares having a then Fair Market Value equal to the amount necessary to satisfy the minimum tax withholding obligations applicable to such PSUs and Share issuance.

(f) Unearned PSUs. All PSUs that are not earned at the end of the Performance Period will be forfeited.

6. Other Provisions

(a) Future Adjustments. In the event of any merger, acquisition, disposition or other corporate event affecting the Company during the Performance Period, the Committee, in addition to adjustments under Section 12.2 of the Plan, may make such adjustments to the applicable Metric performance amounts and levels set forth in Section 2 above as it may determine would most nearly carry out the original purposes and intent of this Award Agreement.

(b) No Guaranty of Future Awards. This Award Agreement in no way guarantees you the right to or expectation that you may receive similar awards with respect to any other similar performance Period or period which the Committee may, in its discretion, establish and as to which the Committee may elect to grant Awards under the Plan.

(c) No Rights as Shareholder. You will not be considered a shareholder of the Company with respect to the Shares covered by this Award Agreement unless and until such underlying Shares are issued to you in settlement of your PSUs.

(d) No Rights to Continued Employment. This Award Agreement will not be deemed to create a contract or other promise of continued employment with the Company and will not in any way prohibit or restrict the ability of the Company to terminate your employment at any time for any reason, with or without Cause, at will with or without notice.

(e) Compliance with Section 409A of the Code. This Award Agreement and your PSUs are intended to constitute and result in a “short-term deferral” that is exempt from the definition of a “nonqualified deferred compensation plan” under Section 409A of the Code. Notwithstanding anything in this Award Agreement to the contrary, if and to the extent that this Award Agreement constitutes a nonqualified deferred compensation plan to which Code Section 409A applies, this Award Agreement and your PSUs (including time and manner of payments under it) will be administered and interpreted to comply with Section 409A and the Treasury Regulations thereunder. Without limiting the foregoing, the payment provisions of Section 5(b) are intended to provide for payment upon: (i) a fixed date in conformity with Treasury Regulation Section 1.409A-3(a)(4) (i.e., by March 15 of the first calendar year commencing after the end of the applicable Performance Period); or (ii) if earlier, upon a Change in Control constituting a permissible payment event under Treasury Regulation Section 1.409A-3(a)(5).

(f) Clawback. If you are an officer of the Company, in addition to any other remedies available to the Company under the Plan or otherwise (but subject to applicable law), if the Committee determines that it is appropriate, the Company may recover (in whole or in part) from you any Shares (or the value thereof) paid pursuant to this Award Agreement if: (i) the payment was predicated upon achieving certain financial results that were subsequently the subject of a restatement of Company financial statements filed with the Securities and Exchange Commission; (ii) the Committee determines that you engaged in intentional misconduct, gross negligence or fraudulent or illegal conduct that caused or substantially caused the need for the financial statement restatement; and (iii) a lower amount would have been made to you pursuant to this Award Agreement based upon the restated financial results.

(g) Plan. All terms and conditions of the Plan are incorporated herein by reference and constitute an integral part hereof. In the event of any conflict between the provisions of this Award Agreement and the Plan, the provisions of the Plan, including without limitation Sections 4.2, 13.5, 13.6 (other than the requirement under

Section 13.6 of the Plan to deliver Shares within 30 days of vesting) and 13.15 of the Plan, will govern and be controlling.

(h) Transfers. Neither the PSUs nor the right to receive Shares hereunder may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by you. Any attempt to assign, alienate, pledge, attach, sell or otherwise transfer or encumber the PSUs or the rights relating thereto will be wholly ineffective. Notwithstanding the foregoing, in the event of your death, Shares deliverable with respect to the PSUs will be delivered to your designated beneficiary under the Plan (or if none, to your estate).

(i) Securities Law Restrictions. The issuance of Shares hereunder is conditioned upon compliance by the Company and you with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's Shares may be listed. No Shares will be issued or transferred unless and until any then applicable requirements of state and federal laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its counsel. In addition, the Company may require that prior to the issuance of Shares hereunder you enter into a written agreement to comply with any restrictions on subsequent disposition that the Company deems necessary or advisable under any applicable federal and state securities laws. The Shares issued hereunder may be legended to reflect such restrictions.

(j) Governing Law. This Award Agreement will be construed and interpreted in accordance with the laws of the State of Utah without regard to conflict of law principles.

(k) Effect on Other Benefits. Participation in the Plan is voluntary. The value of the PSUs is an extraordinary item of compensation outside the scope of your normal employment and compensation rights, if any. As such, the PSUs are not part of normal or expected compensation for purposes of calculating any severance, bonuses, awards, or retirement benefits or similar payments unless specifically and otherwise provided in the plans or agreements governing such compensation.

(l) Entire Agreement. This Award Agreement supersedes in its entirety all prior undertakings and agreements of the Company and you, whether oral or written, with respect to the PSUs granted hereunder.

By executing and accepting this Award Agreement, you agree to be bound as a Participant by the terms and conditions herein, the Plan and all conditions established by the Committee and the Company in connection with Awards issued under the Plan.

MERIT MEDICAL SYSTEMS, INC.

______________________________	______________________________
By: Fred Lampropoulos Its: Chairman and Chief Executive Officer	Participant

APPENDIX A

(Definitions)

For purposes of this Award Agreement, the following terms have the following meanings:

"Cause" has the meaning set forth in your Employment Agreement with the Company.

"Change in Control" has the meaning set forth in the Plan; provided, that no event will constitute a Change of Control unless it is described in Code Section 409A(a)(2)(A)(v) and the Treasury Regulations thereunder.

"Continuous Service" has the meaning set forth in the Plan and includes service with the Company as an employee or Director of the Company.

"Disability" has the meaning set forth in in your Employment Agreement with the Company; provided, that you will not be considered to have terminated employment on account of Disability unless you are also "Disabled" within the meaning of Code Section 409A(a)(2)(C) and the Treasury Regulations thereunder.

"Employment Agreement" means your Employment Agreement with the Company dated as of May 26, 2016, as amended.

"FCF" means, for the Performance Period, an amount equal to (i) Operating Cash Flow (as determined in accordance with GAAP and as presented in the Company's financial statements) for the Performance Period, less (ii) Capital Expenditures (as determined in accordance with GAAP and as presented in the Company's financial statements) for the Performance Period, adjusted up (or down), as approved by the Board of Directors, for the cash effect of any (iii) non-GAAP adjustments or "add-backs" to the Company's financial statements, such as acquisition and integration expenses, severance expenses, contingent payments and non-recurring expenses, among others. FCF constitutes a "Performance Measure" within the meaning of the Plan.

"Good Reason" has the meaning set forth in your Employment Agreement with the Company provided, that no event will constitute "Good Reason" hereunder unless it is described in the Treasury Regulation Section 1.409A-1(n)(2).

"Performance Period" means the time period specified in Section 1 of this Award Agreement.

"rTSR" means the percentile rank of the Company's Total Shareholder Return as compared to the Total Shareholder Return of each member of the Russell 2000 Index, determined by dividing the number of members of the Russell 2000 Index with Total Shareholder Return equal to or lower than the Company's Total Shareholder Return for the Performance Period by the total number of members of the Russell 2000 Index minus one (1). For such determination of percentile rank, the members of the Russell 2000 Index shall be those companies that are members of the Russell 2000 Index during the entire Performance Period. rTSR constitutes a "Performance Measure" within the meaning of the Plan.

"Total Shareholder Return" means the change in a company's stock price over the Performance Period (counting any dividends paid as if such dividends were reinvested at the time of issuance) divided by that company's stock price at the beginning of the Performance Period, expressed as a percentage. The stock price at the beginning of the Performance Period shall be calculated using the relevant company's closing stock price on the first trading day of the Performance Period. The stock price at the end of the Performance Period shall be calculated using the relevant company's closing stock price on the last trading day of the Performance Period.

"Total Target Number of Shares" means the number of Shares specified in Section 1 of this Award Agreement.

EXHIBIT 31.1

CERTIFICATION

I, Fred P. Lampropoulos, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (the “Report”) of Merit Medical Systems, Inc. (the “Registrant”);

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 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 general 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 the Registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in 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 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 the 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.

Date: May 6, 2022

/s/ Fred P. Lampropoulos
Fred P. Lampropoulos
President and Chief Executive Officer
(principal executive officer)

EXHIBIT 31.2

CERTIFICATION

I, Raul Parra, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (the “Report”) of Merit Medical Systems, Inc. (the “Registrant”);

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 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 controls 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 general 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 the Registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in 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 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 the 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.

Date: May 6, 2022

/s/ Raul Parra
Raul Parra
Chief Financial Officer
(principal financial officer)

EXHIBIT 32.1

Certification of Principal Executive Officer
Pursuant to 18 U.S.C. Section 1350, as Adopted
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Merit Medical Systems, Inc. (the “Company”) for the quarter ended March 31, 2022, as filed with the Securities and Exchange Commission (the “Report”), I, Fred P. Lampropoulos, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) 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.

Date: May 6, 2022

/s/ Fred P. Lampropoulos
Fred P. Lampropoulos
President and Chief Executive Officer
(principal executive officer)

This certification accompanies the foregoing Report pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. A signed original of this certification has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Certification of Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350, as Adopted
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Merit Medical Systems, Inc. (the “Company”) for the quarter ended March 31, 2022, as filed with the Securities and Exchange Commission (the “Report”), I, Raul Parra, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) 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.

Date: May 6, 2022

/s/ Raul Parra
Raul Parra
Chief Financial Officer
(principal financial officer)

This certification accompanies the foregoing Report pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. A signed original of this certification has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.