
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (date of earliest event reported): February 24, 2022



Merit Medical Systems, Inc.

(Exact name of registrant as specified in its charter)

Utah
(State or other jurisdiction of
incorporation or organization)

0-18592
(Commission
File Number)

87-0447695
(I.R.S. Employer
Identification No.)

1600 West Merit Parkway
South Jordan, Utah
(Address of principal executive offices)

84095
(Zip Code)

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

N/A
(Former name or former address, if changed since last report)

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

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

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

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

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

Emerging growth company

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

Item 2.02. Results of Operations and Financial Condition.

On February 24, 2022, Merit Medical Systems, Inc. (the "Company") issued a press release announcing its operating and financial results for the fourth quarter and year ended December 31, 2021. A copy of the press release is furnished as Exhibit 99.1 to this report and incorporated herein by reference.

Item 7.01. Regulation FD Disclosure.

On February 24, 2022, the Company is conducting a conference call to discuss its operating and financial results for the fourth quarter and year ended December 31, 2021. A live webcast and slide presentation will also be available for the conference call on the Company's website. A copy of the slide presentation is furnished as Exhibit 99.2 to this report.

The information contained in Item 2.02 and Item 7.01 of this Current Report on Form 8-K (including the exhibits attached hereto) is furnished pursuant to General Instruction B.2. of Form 8-K and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing made by the Company under the Securities Act of 1933, as amended, or the Exchange Act.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

EXHIBIT NUMBER	DESCRIPTION
99.1	Press Release, dated February 24, 2022, entitled "Merit Medical Reports Results for Fourth Quarter and Year Ended December 31, 2021, Issues FY 2022 guidance," including unaudited financial information.
99.2	Conference Call Presentation.
104	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MERIT MEDICAL SYSTEMS, INC.

Date: February 24, 2022

By: /s/ Brian G. Lloyd
Brian G. Lloyd
Chief Legal Officer and Corporate Secretary



PRESS RELEASE

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FOR IMMEDIATE RELEASE

**MERIT MEDICAL REPORTS RESULTS FOR
FOURTH QUARTER AND YEAR ENDED DECEMBER 31, 2021,
ISSUES FY 2022 GUIDANCE**

- Q4 2021 reported revenue of \$278.5 million, up 7.9% on a reported basis and up 8.4% on a constant currency revenue, organic* basis, compared to Q4 2020
- Q4 2021 GAAP EPS increased 32% year-over-year to \$0.36, compared to \$0.27 in Q4 2020
- Q4 2021 non-GAAP EPS* increased 31% year-over-year to \$0.71, compared to \$0.54 in Q4 2020
- FY21 reported revenue of \$1.075 billion, up 11.5% on a reported basis and up 10.4% on a constant currency revenue, organic* basis, compared to FY20
- FY21 GAAP EPS was \$0.84, compared to loss per share of (\$0.18) in FY20
- FY21 non-GAAP EPS* increased 43% year-over-year to \$2.37, compared to \$1.65 in FY20

* Constant currency revenue; constant currency revenue, organic; core revenue; non-GAAP EPS; non-GAAP net income; non-GAAP operating income and margin; non-GAAP gross margin; and free cash flow are non-GAAP financial measures. A reconciliation of these financial measures to their most directly comparable GAAP financial measures is included under the heading "Non-GAAP Financial Measures" below.

SOUTH JORDAN, Utah, February 24, 2022 -- Merit Medical Systems, Inc. (NASDAQ: MMSI), a leading manufacturer and marketer of proprietary medical devices used in interventional, diagnostic and therapeutic procedures, particularly in cardiology, radiology, oncology, critical care and endoscopy, today announced revenue of \$278.5 million for the quarter ended December 31, 2021, an increase of 7.9% compared to the quarter ended December 31, 2020. Constant currency revenue, organic for the fourth quarter of 2021 increased 8.4% compared to the prior year period. For the year ended December 31, 2021, Merit's revenue was \$1.075 billion, up 11.5% compared to 2020. Constant currency revenue, organic for the year ended December 31, 2021 increased 10.4% when compared to 2020.

Merit's revenue by operating segment and product category for the three and twelve-month periods ended December 31, 2021 and 2020 was as follows (unaudited; in thousands, except for percentages):

	% Change	Three Months Ended December 31,		% Change	Year Ended December 31,	
		2021	2020		2021	2020
Cardiovascular						
Peripheral Intervention	11.0 %	\$ 105,543	\$ 95,080	18.6 %	\$ 405,116	\$ 341,568
Cardiac Intervention	11.7 %	80,438	71,986	14.6 %	320,641	279,671
Custom Procedural Solutions	(6.3)%	50,450	53,827	(4.6)%	193,942	203,196
OEM	15.8 %	33,794	29,175	12.5 %	123,528	109,767
Total	8.1 %	270,225	250,068	11.7 %	1,043,227	934,202
Endoscopy						
Endoscopy devices	4.2 %	8,267	7,936	6.2 %	31,524	29,673
Total	7.9 %	\$ 278,492	\$ 258,004	11.5 %	\$ 1,074,751	\$ 963,875

Merit's GAAP gross margin for the fourth quarter of 2021 was 46.3%, compared to GAAP gross margin of 43.1% for the prior year period. Merit's non-GAAP gross margin for the fourth quarter of 2021 was 50.0%, compared to non-GAAP gross margin of 47.9% for the prior year period. Merit's GAAP gross margin for the year ended December 31, 2021 was 45.2%, compared to GAAP gross margin of 41.6% for the prior year. Merit's non-GAAP gross margin for the year ended December 31, 2021 was 49.3%, compared to non-GAAP gross margin of 47.1% for the prior year.

Merit's GAAP net income for the fourth quarter of 2021 increased 34% year-over-year to \$20.6 million, or \$0.36 per share, compared to GAAP net income of \$15.4 million, or \$0.27 per share, for the fourth quarter of 2020. Merit's non-GAAP net income for the fourth quarter of 2021 increased 33% year-over-year to \$40.8 million, or \$0.71 per share, compared to non-GAAP net income of \$30.8 million, or \$0.54 per share, for the prior year period.

Merit's GAAP net income for the year ended December 31, 2021 was \$48.5 million, or \$0.84 per share, compared to GAAP net loss of (\$9.8) million, or (\$0.18) per share, for 2020. Merit's non-GAAP net income for the year ended December 31, 2021 increased 46% year-over-year to \$136.2 million, or \$2.37 per share, compared to non-GAAP net income of \$93.3 million, or \$1.65 per share, for 2020.

"We delivered fourth quarter performance that drove our 2021 financial results above the high end of our revenue and non-GAAP EPS guidance ranges, reflecting strong execution from our team despite the challenging operating environment," said Fred P. Lampropoulos, Merit's Chairman and Chief Executive Officer. "Fourth quarter total revenue increased 8.4% on a constant currency, organic basis, driven by 6.6% growth in the U.S. and 10.8% growth outside the U.S. during the period. By product category, fourth quarter sales growth was driven primarily by low double-digit growth year-over-year in sales of our peripheral intervention and cardiac intervention products and mid-teens growth year-over-year in sales of OEM products. We delivered strong non-GAAP gross margin performance in the fourth quarter driven, in part, by early benefits attributable to our Foundations for Growth initiatives, which offset inflationary pressures in raw materials, freight and logistics expenses in the period. The strong increase in non-GAAP gross margins, combined with prudent operating expense control, resulted in growth in our non-GAAP net income and non-GAAP EPS of 33% and 31%, respectively, year-over-year."

Mr. Lampropoulos continued: "Our operating and financial performance in fiscal year 2021 was impressive. We delivered more than 10% constant currency revenue growth, expanded our non-GAAP gross and operating margins approximately 220 basis points year-over-year, grew non-GAAP EPS 43% year-over-year and generated more than \$119 million of free cash flow. We also made considerable progress in the first year of our Foundations for Growth Program in 2021 and remain committed to the significant improvements in profitability and notable free cash flow generation we have targeted over the course of this multi-year strategic initiative. We introduced our financial guidance for fiscal year 2022 in this afternoon's press release which calls for total revenue growth, on a constant currency basis, of approximately 4% to 6% year-over-year, continued expansion in our non-GAAP gross and operating margins and strong free cash flow generation."

As of December 31, 2021, Merit had cash on hand of \$68 million, long term debt obligations of \$243 million, and available borrowing capacity of \$490 million, compared to cash on hand of \$57 million, long term debt obligations of \$352 million, and available borrowing capacity of \$389 million as of December 31, 2020.

Fiscal Year 2022 Financial Guidance

Based upon information currently available to Merit's management, Merit estimates for the year ending December 31, 2022, absent material acquisitions, non-recurring transactions or other factors beyond Merit's current expectations, the following:

- Net revenue in the range of \$1.117 billion to \$1.140 billion, representing an increase of approximately 4% to 6% year over year, as compared to net revenue of \$1.075 billion for the twelve months ended December 31, 2021. The fiscal year 2022 revenue guidance range assumes:
 - Net revenue from the cardiovascular segment of between \$1.083 billion and \$1.106 billion, representing an increase of approximately 4% to 6% year-over-year as compared to net revenue of \$1.043 billion for the twelve months ended December 31, 2021.
 - Net revenue from the endoscopy segment of between \$33.5 million and \$34.1 million, representing an increase of approximately 6% to 8% year-over-year as compared to net revenue of \$31.5 million for the twelve months ended December 31, 2021.
- GAAP net income in the range of \$75.4 million to \$84.0 million, or \$1.30 to \$1.45 per diluted share, compared to GAAP net income of \$48.5 million, or \$0.84 per diluted share, for the twelve months ended December 31, 2021.
- Non-GAAP net income in the range of \$140.0 million to \$148.7 million, or \$2.41 to \$2.56 per diluted share, compared to non-GAAP net income of \$136.2 million, or \$2.37 per diluted share, for the twelve months ended December 31, 2021.

Merit's financial guidance for the year ending December 31, 2022 is subject to risks and uncertainties identified in this release and Merit's filings with the U.S. Securities and Exchange Commission (the "SEC").

CONFERENCE CALL

Merit will hold its investor conference call (conference ID 5259615) today, Thursday, February 24, 2022, at 5:00 p.m. Eastern (4:00 p.m. Central, 3:00 p.m. Mountain, and 2:00 p.m. Pacific). The domestic telephone number is (844) 578-9672 and the international number is (508) 637-5656. A live webcast and slide deck will also be available at merit.com.

CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31, 2021 (Unaudited)	December 31, 2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 67,750	\$ 56,916
Trade receivables, net	152,301	146,641
Other receivables	17,763	7,774
Inventories	221,922	198,019
Prepaid expenses and other assets	16,149	13,120
Prepaid income taxes	3,550	3,688
Income tax refund receivables	2,777	3,549
Total current assets	<u>482,212</u>	<u>429,707</u>
Property and equipment, net	371,658	382,728
Intangible assets, net	319,269	367,915
Goodwill	361,741	363,533
Deferred income tax assets	6,080	4,597
Operating lease right-of-use assets	65,913	78,240
Other assets	41,421	37,676
Total Assets	<u>\$ 1,648,294</u>	<u>\$ 1,664,396</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade payables	\$ 55,624	\$ 49,837
Accrued expenses	159,014	111,944
Current portion of long-term debt	8,438	7,500
Current operating lease liabilities	10,668	12,903
Income taxes payable	2,536	2,820
Total current liabilities	<u>236,280</u>	<u>185,004</u>
Long-term debt	234,397	343,722
Deferred income tax liabilities	31,503	33,312
Long-term income taxes payable	347	347
Liabilities related to unrecognized tax benefits	932	1,016
Deferred compensation payable	18,111	16,808
Deferred credits	1,815	1,923
Long-term operating lease liabilities	61,526	70,941
Other long-term obligations	23,584	52,748
Total liabilities	<u>608,495</u>	<u>705,821</u>
Stockholders' Equity		
Common stock	641,533	606,224
Retained earnings	406,257	357,803
Accumulated other comprehensive loss	(7,991)	(5,452)
Total stockholders' equity	<u>1,039,799</u>	<u>958,575</u>
Total Liabilities and Stockholders' Equity	<u>\$ 1,648,294</u>	<u>\$ 1,664,396</u>

CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(Unaudited; in thousands except per share amounts)

	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Net sales	\$ 278,492	\$ 258,004	\$ 1,074,751	\$ 963,875
Cost of sales	149,686	146,841	589,418	562,698
Gross profit	<u>128,806</u>	<u>111,163</u>	<u>485,333</u>	<u>401,177</u>
Operating expenses:				
Selling, general and administrative	76,629	79,934	335,690	297,724
Research and development	20,406	15,133	71,247	57,537
Legal settlement	10,036	484	10,036	18,684
Impairment charges	—	8,199	4,283	36,504
Contingent consideration expense (benefit)	(161)	(8,844)	3,161	(7,960)
Acquired in-process research and development	—	250	—	250
Total operating expenses	<u>106,910</u>	<u>95,156</u>	<u>424,417</u>	<u>402,739</u>
Income (loss) from operations	<u>21,896</u>	<u>16,007</u>	<u>60,916</u>	<u>(1,562)</u>
Other income (expense):				
Interest income	101	370	769	604
Interest expense	(1,105)	(1,938)	(5,261)	(9,994)
Other expense - net	(711)	(1,194)	(2,507)	(2,279)
Total other expense — net	<u>(1,715)</u>	<u>(2,762)</u>	<u>(6,999)</u>	<u>(11,669)</u>
Income (loss) before income taxes	20,181	13,245	53,917	(13,231)
Income tax expense (benefit)	<u>(432)</u>	<u>(2,133)</u>	<u>5,463</u>	<u>(3,388)</u>
Net income (loss)	<u>\$ 20,613</u>	<u>\$ 15,378</u>	<u>\$ 48,454</u>	<u>\$ (9,843)</u>
Earnings (loss) per common share				
Basic	\$ 0.36	\$ 0.28	\$ 0.86	\$ (0.18)
Diluted	\$ 0.36	\$ 0.27	\$ 0.84	\$ (0.18)
Weighted average shares outstanding				
Basic	56,489	55,577	56,145	55,434
Diluted	57,624	56,736	57,359	55,434

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands - unaudited)

	Year Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 48,454	\$ (9,843)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	84,066	94,070
Write-off of certain intangible assets and other long-term assets	4,412	36,609
Amortization of right-of-use operating lease assets	11,718	12,746
Fair value adjustments to contingent consideration	3,161	(7,960)
Deferred income taxes	(4,631)	(11,295)
Stock-based compensation expense	16,090	14,339
Other adjustments	1,799	2,366
Changes in operating assets and liabilities, net of acquisitions and divestitures	(17,838)	34,238
Total adjustments	98,777	175,113
Net cash provided by operating activities	<u>147,231</u>	<u>165,270</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures for property and equipment	(27,939)	(45,988)
Cash paid in acquisitions, net of cash acquired	(7,171)	(10,953)
Other investing, net	(2,051)	(1,711)
Net cash used in investing activities	<u>(37,161)</u>	<u>(58,652)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	21,306	6,635
Payments on long-term debt, net	(108,500)	(88,375)
Contingent payments related to acquisitions	(10,665)	(13,100)
Payment of taxes related to an exchange of common stock	(576)	(866)
Net cash used in financing activities	<u>(98,435)</u>	<u>(95,706)</u>
Effect of exchange rates on cash	(801)	1,684
Net increase in cash and cash equivalents	<u>10,834</u>	<u>12,596</u>
CASH AND CASH EQUIVALENTS:		
Beginning of period	56,916	44,320
End of period	<u>\$ 67,750</u>	<u>\$ 56,916</u>

Non-GAAP Financial Measures

Although Merit's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), Merit's management believes that certain non-GAAP financial measures referenced in this release provide investors with useful information regarding the underlying business trends and performance of Merit's ongoing operations and can be useful for period-over-period comparisons of such operations. Non-GAAP financial measures used in this release include:

- constant currency revenue;
- constant currency revenue, organic;
- core revenue;
- non-GAAP gross margin;
- non-GAAP operating income and margin;
- non-GAAP net income;
- non-GAAP earnings per share; and
- free cash flow.

Merit's management team uses these non-GAAP financial measures to evaluate Merit's profitability and efficiency, to compare operating and financial results to prior periods, to evaluate changes in the results of its operating segments, and to measure and allocate financial resources internally. However, Merit's management does not consider such non-GAAP measures in isolation or as an alternative to measures determined in accordance with GAAP.

Readers should consider non-GAAP measures used in this release in addition to, not as a substitute for, financial reporting measures prepared in accordance with GAAP. These non-GAAP financial measures generally exclude some, but not all, items that may affect Merit's net income. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by management about which items are excluded. Merit believes it is useful to exclude such items in the calculation of non-GAAP earnings per share, non-GAAP gross margin, non-GAAP operating income and margin, and non-GAAP net income (in each case, as further illustrated in the reconciliation tables below) because such amounts in any specific period may not directly correlate to the underlying performance of Merit's business operations and can vary significantly between periods as a result of factors such as acquisition or other extraordinary transactions, non-cash expenses related to amortization or write-off of previously acquired tangible and intangible assets, certain severance expenses, expenses resulting from non-ordinary course litigation or administrative proceedings and resulting settlements, corporate transformation expenses, governmental proceedings or changes in tax or industry regulations, gains or losses on disposal of certain assets, and debt issuance costs. Merit may incur similar types of expenses in the future, and the non-GAAP financial information included in this release should not be viewed as a statement or indication that these types of expenses will not recur. Additionally, the non-GAAP financial measures used in this release may not be comparable with similarly titled measures of other companies. Merit urges readers to review the reconciliations of its non-GAAP financial measures to the comparable GAAP financial measures, and not to rely on any single financial measure to evaluate Merit's business or results of operations.

Constant Currency Revenue

Merit's constant currency revenue is prepared by converting the current-period reported revenue of subsidiaries whose functional currency is a currency other than the U.S. dollar at the applicable foreign exchange rates in effect during the comparable prior-year period, and adjusting for the effects of hedging transactions on reported revenue, which are recorded in the U.S. The constant currency revenue adjustments of \$1.1 million and (\$10.3) million to reported revenue for the three and twelve-month periods ended December 31, 2021 were calculated using the applicable average foreign exchange rates for the three and twelve-month periods ended December 31, 2020, respectively.

Constant Currency Revenue, Organic

Merit's constant currency revenue, organic, is defined, with respect to prior fiscal year periods, as GAAP revenue. With respect to current fiscal year periods, constant currency revenue, organic, is defined as constant currency revenue (as defined above), less revenue from certain acquisitions. For the three and twelve-month periods ended December 31, 2021, Merit's constant

currency revenue, organic, excludes revenues attributable to the acquisition of KA Medical, LLC in November 2020 (excluded through October 2021).

Core Revenue

For the three and twelve-month periods ended December 31, 2020, Merit's core revenue excludes revenues attributable to its distribution agreement with NinePoint Medical, Inc., which was suspended during the first quarter of 2020, revenues attributable to the manufacture of Merit's Hypotube product which was divested in August 2020, revenues attributable to the ITL Healthcare Pty Ltd ("ITL") procedure pack business in Australia which was closed in December 2020, and revenue attributable to sales of the Cultura™ nasopharyngeal swabs and test kits (which benefited from high demand in 2020 resulting from the COVID-19 pandemic but which are not expected to contribute significant revenue in the future).

With respect to the three and twelve-month periods ended December 31, 2021, core revenue is defined as constant currency revenue, organic (as defined above), less revenue attributable to sales of the Cultura nasopharyngeal swabs and test kits and revenue attributable to the final sales of products from the closed ITL procedure pack business.

Non-GAAP Gross Margin

Non-GAAP gross margin is calculated by reducing GAAP cost of sales by amounts recorded for amortization of intangible assets, certain inventory write-offs, and inventory mark-up related to acquisitions, divided by reported net sales.

Non-GAAP Operating Income and Margin

Non-GAAP operating income is calculated by adjusting GAAP operating income (loss) for certain items which are deemed by Merit's management to be outside of core operations and vary in amount and frequency among periods, such as expenses related to acquisitions or other extraordinary transactions, non-cash expenses related to amortization or write-off of previously acquired tangible and intangible assets, certain severance expenses, performance-based stock compensation expenses, corporate transformation expenses, expenses resulting from non-ordinary course litigation or administrative proceedings and resulting settlements, governmental proceedings or changes in industry regulations, as well as other items referenced in the tables below. Non-GAAP operating margin is calculated by dividing non-GAAP operating income by reported net sales.

Non-GAAP Net Income

Non-GAAP net income is calculated by adjusting GAAP net income (loss) for the items set forth in the definition of non-GAAP operating income above, as well as for expenses related to debt issuance costs, gains or losses on disposal of certain assets, changes in tax regulations, and other items set forth in the tables below.

Non-GAAP EPS

Non-GAAP EPS is defined as non-GAAP net income divided by the diluted shares outstanding for the corresponding period.

Free Cash Flow

Free cash flow is defined as cash flow from operations calculated in accordance with GAAP, less capital expenditures for property and equipment calculated in accordance with GAAP, as set forth in the consolidated statement of cash flows.

Non-GAAP Financial Measure Reconciliations

The following tables set forth supplemental financial data and corresponding reconciliations of non-GAAP financial measures to Merit's corresponding financial measures prepared in accordance with GAAP, in each case, for the three and twelve-month periods ended December 31, 2021 and 2020. The non-GAAP income adjustments referenced in the following tables do not reflect non-performance-based stock compensation expense of approximately \$3.5 million and \$3.0 million for the three-month periods ended December 31, 2021 and 2020, respectively, and approximately \$11.1 million and \$10.6 million for the twelve-month periods ended December 31, 2021 and 2020.

Reconciliation of GAAP Net Income (Loss) to Non-GAAP Net Income
(Unaudited; in thousands except per share amounts)

	Three Months Ended December 31, 2021			Per Share Impact
	Pre-Tax	Tax Impact	After-Tax	
GAAP net income	\$ 20,181	\$ 432	\$ 20,613	\$ 0.36
<i>Non-GAAP adjustments:</i>				
Cost of Sales				
Amortization of intangibles	10,570	(2,625)	7,945	0.14
Operating Expenses				
Contingent consideration benefit	(161)	53	(108)	(0.00)
Amortization of intangibles	1,786	(447)	1,339	0.02
Performance-based share-based compensation (a)	1,036	(110)	926	0.02
Corporate transformation and restructuring (b)	1,605	(398)	1,207	0.02
Acquisition-related	(2)	—	(2)	(0.00)
Medical Device Regulation expenses (c)	1,513	(375)	1,138	0.02
Other (d)	10,118	(2,508)	7,610	0.13
Other (Income) Expense				
Amortization of long-term debt issuance costs	151	(37)	114	0.00
Non-GAAP net income	\$ 46,797	\$ (6,015)	\$ 40,782	\$ 0.71
Diluted shares				57,624

	Three Months Ended December 31, 2020			Per Share Impact
	Pre-Tax	Tax Impact	After-Tax	
GAAP net income	\$ 13,245	\$ 2,133	\$ 15,378	\$ 0.27
<i>Non-GAAP adjustments:</i>				
Cost of Sales				
Amortization of intangibles	12,543	(3,233)	9,310	0.16
Inventory write-off (e)	(24)	7	(17)	(0.00)
Inventory mark-up related to acquisitions	4	(1)	3	0.00
Operating Expenses				
Contingent consideration benefit	(8,844)	(93)	(8,937)	(0.16)
Impairment charges	8,199	(2,751)	5,448	0.10
Amortization of intangibles	1,893	(508)	1,385	0.02
Performance-based share-based compensation (a)	1,112	(141)	971	0.02
Corporate transformation and restructuring (b)	7,890	(1,985)	5,905	0.10
Acquisition-related	393	(101)	292	0.01
Medical Device Regulation expenses (c)	365	(98)	267	0.00
Other (d)	962	(304)	658	0.01
Other (Income) Expense				
Amortization of long-term debt issuance costs	151	(39)	112	0.00
Gain on disposal of business unit	(10)	2	(8)	(0.00)
Non-GAAP net income	\$ 37,879	\$ (7,112)	\$ 30,767	\$ 0.54
Diluted shares				56,736

Note: Certain per share impacts may not sum to totals due to rounding.

Reconciliation of GAAP Net Income (Loss) to Non-GAAP Net Income
(Unaudited; in thousands except per share amounts)

	Year Ended December 31, 2021			Per Share Impact
	Pre-Tax	Tax Impact	After-Tax	
GAAP net income	\$ 53,917	\$ (5,463)	\$ 48,454	\$ 0.84
<i>Non-GAAP adjustments:</i>				
Cost of Sales				
Amortization of intangibles	42,453	(10,543)	31,910	0.56
Inventory write-off (e)	1,620	(202)	1,418	0.02
Operating Expenses				
Contingent consideration expense	3,161	52	3,213	0.06
Impairment charges	4,283	(481)	3,802	0.07
Amortization of intangibles	7,183	(1,798)	5,385	0.09
Performance-based share-based compensation (a)	5,035	(604)	4,431	0.08
Corporate transformation and restructuring (b)	18,649	(4,620)	14,029	0.24
Acquisition-related	8,473	(2,100)	6,373	0.11
Medical Device Regulation expenses (c)	4,036	(1,001)	3,035	0.05
Other (d)	16,652	(2,977)	13,675	0.24
Other (Income) Expense				
Amortization of long-term debt issuance costs	604	(150)	454	0.01
Non-GAAP net income	\$ 166,066	\$ (29,887)	\$ 136,179	\$ 2.37
Diluted shares				57,359

	Year Ended December 31, 2020			Per Share Impact
	Pre-Tax	Tax Impact	After-Tax	
GAAP net loss	\$ (13,231)	\$ 3,388	\$ (9,843)	\$ (0.18)
<i>Non-GAAP adjustments:</i>				
Cost of Sales				
Amortization of intangibles	50,696	(13,065)	37,631	0.67
Inventory write-off (e)	1,752	(465)	1,287	0.02
Inventory mark-up related to acquisitions	191	(49)	142	0.00
Operating Expenses				
Contingent consideration benefit	(7,960)	466	(7,494)	(0.13)
Impairment charges	36,504	(7,115)	29,389	0.52
Amortization of intangibles	7,943	(2,141)	5,802	0.10
Performance-based share-based compensation (a)	3,735	(475)	3,260	0.06
Corporate transformation and restructuring (b)	14,175	(3,700)	10,475	0.19
Acquisition-related	1,229	(317)	912	0.02
Medical Device Regulation expenses (c)	1,379	(359)	1,020	0.02
Other (d)	24,438	(3,815)	20,623	0.37
Other (Income) Expense				
Amortization of long-term debt issuance costs	604	(155)	449	0.01
Gain on disposal of business unit	(517)	133	(384)	(0.01)
Non-GAAP net income	\$ 120,938	\$ (27,669)	\$ 93,269	\$ 1.65
Diluted shares (f)				56,374

Note: Certain per share impacts may not sum to totals due to rounding.

Reconciliation of Reported Operating Income (Loss) to Non-GAAP Operating Income
(Unaudited; in thousands except percentages)

	Three Months Ended December 31, 2021		Three Months Ended December 31, 2020		Year Ended December 31, 2021		Year Ended December 31, 2020	
	Amounts	% Sales	Amounts	% Sales	Amounts	% Sales	Amounts	% Sales
Net Sales as Reported	\$ 278,492		\$ 258,004		\$ 1,074,751		\$ 963,875	
GAAP Operating Income (Loss)	21,896	7.9 %	16,007	6.2 %	60,916	5.7 %	(1,562)	(0.2) %
Cost of Sales								
Amortization of intangibles	10,570	3.8 %	12,543	4.9 %	42,453	4.0 %	50,696	5.3 %
Inventory write-off (e)	—	—	(24)	(0.0) %	1,620	0.2 %	1,752	0.2 %
Inventory mark-up related to acquisitions	—	—	4	0.0 %	—	—	191	0.0 %
Operating Expenses								
Contingent consideration expense (benefit)	(161)	(0.1) %	(8,844)	(3.4) %	3,161	0.3 %	(7,960)	(0.8) %
Impairment charges	—	—	8,199	3.2 %	4,283	0.4 %	36,504	3.8 %
Amortization of intangibles	1,786	0.6 %	1,893	0.7 %	7,183	0.7 %	7,943	0.8 %
Performance-based share-based compensation (a)	1,036	0.4 %	1,112	0.4 %	5,035	0.5 %	3,735	0.4 %
Corporate transformation and restructuring (b)	1,605	0.6 %	7,890	3.1 %	18,649	1.7 %	14,175	1.5 %
Acquisition-related	(2)	(0.0) %	393	0.2 %	8,473	0.8 %	1,229	0.1 %
Medical Device Regulation expenses (c)	1,513	0.5 %	365	0.1 %	4,036	0.4 %	1,379	0.1 %
Other (d)	10,118	3.6 %	962	0.4 %	16,652	1.5 %	24,438	2.5 %
Non-GAAP Operating Income	\$ 48,361	17.4 %	\$ 40,500	15.7 %	\$ 172,461	16.0 %	\$ 132,520	13.7 %

Note: Certain percentages may not sum to totals due to rounding

- a) Represents performance-based share-based compensation expense, including stock-settled and cash-settled awards.
- b) Includes severance related to corporate initiatives, write-offs and valuation adjustments of other long-term assets associated with restructuring activities, expenses related to the Foundations for Growth Program, and other transformation costs.
- c) Represents incremental expenses incurred to comply with the Medical Device Regulation (“MDR”) in Europe.
- d) The 2021 periods include accrued class action litigation settlement costs in the fourth quarter of approximately \$10 million, net of expected insurance proceeds, accrued contract termination costs of approximately \$6 million to renegotiate certain terms of an acquisition agreement, and costs to comply with Merit’s settlement agreement with the U.S. Department of Justice (the “DOJ”). The 2020 periods include \$18.7 million of settlement costs to fully resolve an investigation conducted by the DOJ, costs incurred in responding to the DOJ inquiry, activist shareholder settlement fees, and expense from abandoned patents.
- e) Represents the write-off of inventory related to the divestiture or exit of certain businesses or product lines.
- f) For the twelve-month period ended December 31, 2020, the non-GAAP net income per diluted share calculation includes approximately 940,000 shares that were excluded from the GAAP net loss per diluted share calculation.

Reconciliation of Reported Revenue to Constant Currency Revenue (Non-GAAP), Constant Currency Revenue, Organic (Non-GAAP), and Core Revenue (Non-GAAP)
(Unaudited; in thousands except percentages)

	% Change	Three Months Ended		% Change	Year Ended	
		2021	2020		2021	2020
Reported Revenue	7.9 %	\$ 278,492	\$ 258,004	11.5 %	\$ 1,074,751	\$ 963,875
<i>Add: Impact of foreign exchange</i>		1,135	—		(10,307)	—
Constant Currency Revenue (a)	8.4 %	\$ 279,627	\$ 258,004	10.4 %	\$ 1,064,444	\$ 963,875
<i>Less: Revenue from certain acquisitions</i>		(18)	—		(227)	—
Constant Currency Revenue, Organic (a)	8.4 %	\$ 279,609	\$ 258,004	10.4 %	\$ 1,064,217	\$ 963,875
<i>Less: Revenue from certain dispositions</i>		—	(2,532)		(179)	(11,273)
<i>Less: Revenue from Cultura</i>		(951)	(4,946)		(3,257)	(19,115)
Core Revenue (a)	11.2 %	\$ 278,658	\$ 250,526	13.6 %	\$ 1,060,781	\$ 933,487

(a) A non-GAAP financial measure. For a definition of this and other non-GAAP financial measures, see the Non-GAAP Financial Measures section above in this release.

Reconciliation of Reported Gross Margin to Non-GAAP Gross Margin (Non-GAAP)
(Unaudited; as a percentage of reported revenue)

	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Reported Gross Margin	46.3 %	43.1 %	45.2 %	41.6 %
<i>Add back impact of:</i>				
Amortization of intangibles	3.8 %	4.9 %	4.0 %	5.3 %
Inventory write-off (a)	—	(0.0)%	0.2 %	0.2 %
Inventory mark-up related to acquisitions	—	0.0 %	—	0.0 %
Non-GAAP Gross Margin	50.0 %	47.9 %	49.3 %	47.1 %

Note: Certain percentages may not sum to totals due to rounding

(a) Represents the write-off of inventory related to the divestiture or exit of certain businesses or product lines.

ABOUT MERIT

Founded in 1987, Merit Medical Systems, Inc. is a leading manufacturer and marketer of proprietary medical devices used in interventional, diagnostic and therapeutic procedures, particularly in cardiology, radiology, oncology, critical care and endoscopy. Merit serves client hospitals worldwide with a domestic and international sales force and clinical support team totaling in excess of 500 individuals. Merit employs approximately 6,700 people worldwide with facilities in South Jordan, Utah; Pearland, Texas; Richmond, Virginia; Aliso Viejo, California; Maastricht and Venlo, The Netherlands; Paris, France; Galway, Ireland; Beijing, China; Tijuana, Mexico; Joinville, Brazil; Ontario, Canada; Melbourne, Australia; Tokyo, Japan; Reading, United Kingdom; Johannesburg, South Africa; and Singapore.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Statements contained in this release which are not purely historical, including, without limitation, statements regarding Merit's forecasted plans, net sales, net income or loss (GAAP and non-GAAP), operating income and margin (GAAP and non-GAAP), gross margin (GAAP and non-GAAP), earnings per share (GAAP and non-GAAP), free cash flow, and other financial measures, the potential impact, scope and duration of, and Merit's response to, the COVID-19 pandemic and the potential for recovery from that pandemic, future growth and profit expectations or forecasted economic conditions, or the implementation of, and results achieved through, Merit's Foundations for Growth Program or other expense reduction initiatives, or the development and commercialization of new products, are 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, and are subject to risks and uncertainties such as those described in Merit's Annual Report on Form 10-K for the year ended December 31, 2020 (the "2020 Annual Report") and other filings with the SEC. Such risks and uncertainties include inherent risks and uncertainties relating to Merit's internal models or the projections in this release; risks and uncertainties associated with the COVID-19 pandemic and Merit's response thereto; disruptions in Merit's supply chain, manufacturing or sterilization processes; reduced availability of, and price increases associated with, commodity components; risks relating to Merit's potential inability to successfully manage growth through acquisitions generally, including the inability to effectively integrate acquired operations or products or commercialize technology developed internally or acquired through completed, proposed or future transactions; negative changes in economic and industry conditions in the United States or other countries; risks and uncertainties associated with Merit's information technology systems, including the potential for breaches of security and evolving regulations regarding privacy and data protection; governmental scrutiny and regulation of the medical device industry, including governmental inquiries, investigations and proceedings involving Merit; litigation and other judicial proceedings affecting Merit; restrictions on Merit's liquidity or business operations resulting from its debt agreements; infringement of Merit's technology or the assertion that Merit's technology infringes the rights of other parties; product recalls and product liability claims; changes in customer purchasing patterns or the mix of products Merit sells; expenditures relating to research, development, testing and regulatory approval or clearance of Merit's products and risks that such products may not be developed successfully or approved for commercial use; the potential of fines, penalties or other adverse consequences if Merit's employees or agents violate the U.S. Foreign Corrupt Practices Act or other laws or regulations; laws and regulations

targeting fraud and abuse in the healthcare industry; potential for significant adverse changes in governing regulations, including reforms to the procedures for approval or clearance of Merit's products by the U.S. Food & Drug Administration or comparable regulatory authorities in other jurisdictions; changes in tax laws and regulations in the United States or other countries; termination of relationships with Merit's suppliers, or failure of such suppliers to perform; fluctuations in exchange rates; concentration of a substantial portion of Merit's revenues among a few products and procedures; development of new products and technology that could render Merit's existing or future products obsolete; market acceptance of new products; volatility in the market price of Merit's common stock; modification or limitation of governmental or private insurance reimbursement policies; changes in healthcare policies or markets related to healthcare reform initiatives; failure to comply with applicable environmental laws; changes in key personnel; work stoppage or transportation risks; failure to introduce products in a timely fashion; price and product competition; availability of labor and materials; fluctuations in and obsolescence of inventory; and other factors referenced in the 2020 Annual Report and other materials filed with the SEC. All subsequent forward-looking statements attributable to Merit or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. 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. Those estimates and all other forward-looking statements included in this document are made only as of the date of this document, and except as otherwise required by applicable law, Merit assumes no obligation to update or disclose revisions to estimates and all other forward-looking statements.

TRADEMARKS

Unless noted otherwise, trademarks and registered trademarks used in this release are the property of Merit Medical Systems, Inc. and its subsidiaries in the United States and other jurisdictions.

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2021 Results and 2022 Guidance

Merit Medical Investor Call

February 24, 2022

Fred Lampropoulos

Chairman and CEO

Raul Parra

CFO



CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This presentation and any accompanying management commentary include “forward-looking statements,” as defined within applicable securities laws and regulations. All statements in this presentation, other than statements of historical fact, are “forward-looking statements”, including without limitation estimates and statements regarding Merit’s forecasted plans, net sales, income or loss (GAAP and non-GAAP), operating income and margin (GAAP and non-GAAP) gross margin (GAAP and non-GAAP), earnings per share (GAAP and non-GAAP), free cash flow, and other financial measures, the potential impact, scope and duration of, and Merit’s response to, the COVID-19 pandemic and the potential for recovery from that pandemic, future growth and product expectations or forecasted economic conditions, or the implementation of, and results achieved through, Merit’s Foundations for Growth program or other expense reduction initiatives, or development and commercialization of new products. In some cases, forward-looking statements can be identified by the use of terminology such as “may,” “will,” “likely,” “expects,” “plans,” “anticipates,” “intends,” “believes,” “estimates,” “projects,” “forecast,” “potential,” “plan,” or other comparable terminology. Merit’s future financial and operating results and condition, as well as any forward-looking statements, are subject to inherent risks and uncertainties such as those described in its Annual Report on Form 10-K for the year ended December 31, 2020 (the “2020 Annual Report”) and other filings with the U.S. Securities and Exchange Commission. Such risks and uncertainties include inherent risks and uncertainties relating to Merit’s internal models or projections in this presentation; risks and uncertainties associated with the COVID-19 pandemic and Merit’s response thereto; disruptions in Merit’s supply chain, manufacturing or sterilization processes; reduced availability of, and price increases associated with, commodity components; risks relating to Merit’s potential inability to successfully manage growth through acquisitions generally, including the inability to effectively integrate acquired operations or products or commercialize technology developed internally or acquired through completed, proposed or future transactions; negative changes in economic and industry conditions in the United States or other countries; risks and uncertainties associated with Merit’s information technology systems, including the potential for breaches of security and evolving regulations regarding privacy and data protection; governmental scrutiny and regulation of the medical device industry, including government inquiries, investigations and proceedings involving Merit; litigation and other judicial proceedings affecting Merit; restrictions on Merit’s liquidity or business operations resulting from its distribution agreements; infringement of Merit’s technology or the assertion that Merit’s technology infringes the rights of other parties; product recalls and product liability claims; changes in customer purchasing patterns or the mix of products Merit sells; expenditures relating to research, development, testing and regulatory approval or clearance of Merit’s products and risks that such products may not be developed successfully or approved for commercial use; the potential of fines, penalties or other adverse consequences if Merit’s employees or agents violate the U.S. Foreign Corrupt Practices Act or other laws or regulations; laws and regulations targeting fraud and abuse in the healthcare industry; potential for significant adverse changes in governing regulations, including reforms to the procedures for approval or clearance of Merit’s products by the U.S. Food & Drug Administration or comparable regulatory authorities in other jurisdictions; changes in tax laws and regulations in the United States or other countries; termination of relationships with Merit’s suppliers, or failure of such suppliers to perform; fluctuations in exchange rates; concentration of a substantial portion of Merit’s revenues among a few products and procedures; development of new products and technology that could render Merit’s existing or future products obsolete; market acceptance of new products; volatility in the market price of Merit’s common stock; modification or limitation of governmental or private insurance reimbursement policies; changes in healthcare policies or markets related to healthcare reform initiatives; failure to comply with applicable environmental laws; changes in key personnel; work stoppage or transportation risks; failure to introduce products in a timely fashion; price and product competition; availability of labor and materials; fluctuations in and obsolescence of inventory; and other factors referenced in the 2020 Annual Report and other materials filed with the Securities and Exchange Commission.

All forward-looking statements in this presentation or subsequent forward-looking statements attributable to Merit or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements. Actual results will likely differ, and may differ materially, from those projected or assumed in the forward-looking statements. Financial estimates are subject to change and are not intended to be relied upon as predictions of future operating results. All forward-looking statements, including financial estimates, included in this presentation are made as of the date of this presentation, and are based on information available to Merit as of such date, and Merit assumes no obligation to update or disclose revisions to any forward-looking statement, except as required by law or regulation.



NON-GAAP FINANCIAL MEASURES

Although Merit's financial statements are prepared in accordance with accounting principles generally accepted in the United States America ("GAAP"), Merit's management believes that certain non-GAAP financial measures provide investors with useful information regarding the underlying business trends and performance of Merit's ongoing operations and can be useful for period-over-period comparisons of such operations. Certain financial measures included in this presentation, or which may be referenced in management's discussion of Merit's historical and future operations and financial results, have not been calculated in accordance with GAAP, and, therefore, are referenced as non-GAAP financial measures. Readers should consider non-GAAP measures used in this presentation in addition to, not as a substitute for, financial reporting measures prepared in accordance with GAAP. These non-GAAP financial measures generally exclude some, but not all, items that may affect Merit's net income. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by management about which items are excluded. Additionally, non-GAAP financial measures used in this presentation may not be comparable with similarly titled measures of other companies. Merit urges readers to review the reconciliations of its non-GAAP financial measures to the comparable GAAP financial measures, and not to rely on any single financial measure to evaluate Merit's business or results of operations. Please refer to "Notes to Non-GAAP Financial Measures" at the end of these materials for more information.

TRADEMARKS

Unless noted otherwise, trademarks used in this presentation are the property of Merit Medical Systems, Inc., in the United States and other jurisdictions.



Financial Summary

GAAP

	Q4 2021	Q4 2020	YTD 2021	YTD 2020
Revenue	\$278.5M	\$258.0M	\$1,074.8M	\$963.9M
Gross Margin	46.3%	43.1%	45.2%	41.6%
Operating Margin	7.9%	6.2%	5.7%	(0.2%)
Net Income (Loss)	\$20.6M	\$15.4M	\$48.5M	(\$9.8M)
Earnings/(Loss) per Share	\$0.36	\$0.27	\$0.84	(\$0.18)



Financial Summary

NON-GAAP*

	Q4 2021	Q4 2020	YTD 2021	YTD 2020
Revenue <small>(constant currency, organic) †</small>	\$279.6M	\$258.0M	\$1,064.2M	\$963.9M
Gross Margin	50.0%	47.9%	49.3%	47.1%
Operating Margin	17.4%	15.7%	16.0%	13.7%
Net Income	\$40.8M	\$30.8M	\$136.2M	\$93.3M
Earnings per Share	\$0.71	\$0.54	\$2.37	\$1.65

* See "Notes to Non-GAAP Financial Measures" below for additional information regarding non-GAAP measures used in this presentation.

† A non-GAAP financial measure, representing constant currency revenue, organic.



Revenue Breakdown – QTD

In thousands, except percentages

Region	Q4 2021	Q4 2020	\$ Change	% Change	CC % Change*
U.S.	\$157,230	\$147,756	\$9,474	6.4%	6.6%
APAC	57,784	53,679	4,105	7.6%	7.2%
EMEA	54,258	48,455	5,803	12.0%	14.1%
Rest of World	9,220	8,114	1,106	13.6%	14.1%
Total International	121,262	110,248	11,014	10.0%	10.8%
Total	\$278,492	\$258,004	\$20,488	7.9%	8.4%

* A non-GAAP financial measure, representing revenue growth on a constant currency ("CC") basis. See "Notes to Non-GAAP Financial Measures" below for additional information regarding non-GAAP measures used in this presentation.



Revenue Breakdown – YTD

In thousands, except percentages

Region	YTD 2021	YTD 2020	\$ Change	% Change	CC % Change*
U.S.	\$608,878	\$550,061	\$58,817	10.7%	11.7%
APAC	227,402	201,520	25,882	12.8%	8.4%
EMEA	206,327	184,623	21,704	11.8%	8.2%
Rest of World	32,144	27,671	4,473	16.2%	15.0%
Total International	465,873	413,814	52,059	12.6%	8.7%
Total	\$1,074,751	\$963,875	\$110,876	11.5%	10.4%

* A non-GAAP financial measure, representing revenue growth on a constant currency ("CC") basis. See "Notes to Non-GAAP Financial Measures" below for additional information regarding non-GAAP measures used in this presentation.



Financial Metrics

Metric	Q4 2021	Q4 2020	YTD 2021	YTD 2020
Depreciation & Amortization	\$20.9M	\$23.6M	\$84.1M	\$94.1M
Stock Comp (performance-based)	1.0M	1.1M	5.0M	3.7M
Stock Comp (not performance-based)	3.5M	3.0M	11.1M	10.6M
Operating Cash Flow	45.8M	36.9M	147.2M	165.3M
Capital Expenditures-Property and Equipment	8.3M	10.4M	27.9M	46.0M



2022 Financial Guidance

Financial Measure	Guidance Range
Net Sales	\$1.117 billion to \$1.140 billion
Net Income (GAAP)	\$75.4 million to \$84.0 million
Earnings Per Share (GAAP)	\$1.30 to \$1.45
Net Income (Non-GAAP)*	\$140.0 million to \$148.7 million
Earnings Per Share (Non-GAAP)*	\$2.41 to \$2.56

* See "Notes to Non-GAAP Financial Measures" below for additional information regarding non-GAAP measures used in this presentation.

Merit's financial guidance for the year ending December 31, 2022, is subject to risks and uncertainties identified in this presentation and in Merit's filings with the U.S. Securities and Exchange Commission ("SEC"). See "Cautionary Statement Regarding Forward-Looking Statements."



2021 Revenue Guidance: Reconciliation from '21 GAAP Growth Range to '21 Core Growth Range

The following should be considered when evaluating the revenue growth range implied by our 2021 guidance:

	Actuals		FY	
	Q4	YTD	Forecasted	
			Low	High
Revenue Growth - GAAP	7.9%	11.5%	10.0%	11.0%
<i>Impact of FX</i>	0.4%	-1.1%	-1.2%	-1.1%
Revenue Growth - Constant Currency*	8.4%	10.4%	8.8%	9.9%
<i>Impact of Acquisitions (a)</i>	0.0%	0.0%	0.0%	0.0%
Revenue Growth - Constant Currency, Organic*	8.4%	10.4%	8.8%	9.9%
<i>Impact of Divestitures (b)</i>	1.1%	1.3%	1.2%	1.2%
<i>Impact of Cultura (c)</i>	1.8%	1.9%	1.9%	1.9%
Revenue Growth - Core*	11.2%	13.6%	11.9%	13.1%

Note: Certain percentages may not sum to totals due to rounding

* A non-GAAP financial measure. See "Notes to Non-GAAP Financial Measures" below for additional information regarding non-GAAP measures used in this presentation.

(a) Acquisitions relate to sales attributable to the acquisition of KA Medical, Inc. in November 2020 (excluded through October 2021).

(b) Divestitures include sales related to ITL Healthcare Pty Ltd, NinePoint Medical Inc., and Merit's Hypotube business.

(c) Represents the actual/forecasted impact of lower sales of Cultura™ nasopharyngeal swabs in 2021, which we developed in response to the COVID-19 pandemic.

Merit's financial guidance for the year ending December 31, 2021, is subject to risks and uncertainties identified in this presentation and in Merit's filings with the SEC, including the "Cautionary Statement Regarding Forward-Looking Statements."



Appendix



Notes to Non-GAAP Financial Measures

For additional details, please see the accompanying press release and forward-looking statement disclosure.

These presentation materials and associated commentary from Merit's management, as well as the press release issued today, use non-GAAP financial measures, including:

- constant currency revenue;
- constant currency revenue, organic;
- core revenue;
- non-GAAP gross margin;
- non-GAAP operating income and margin;
- non-GAAP net income;
- non-GAAP earnings per share; and
- free cash flow.

Merit's management team uses these non-GAAP financial measures to evaluate Merit's profitability and efficiency, to compare operating and financial results to prior periods, evaluate changes in the results of its operating segments, and to measure and allocate financial resources internally. However, Merit's management does not consider such non-GAAP measures in isolation or as an alternative to measures determined in accordance with GAAP.

Readers should consider non-GAAP measures used in this presentation in addition to, not as a substitute for, financial reporting measures prepared in accordance with GAAP. The non-GAAP financial measures generally exclude some, but not all, items that may affect Merit's net income. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by management about which items are excluded. Merit believes it is useful to exclude such items in the calculation of non-GAAP earnings per share, non-GAAP gross margin, non-GAAP operating income and margin, and non-GAAP net income (in each case, as further illustrated in the reconciliation tables below) because such amounts in any specific period may not directly correlate to the underlying performance of Merit's business operations and can vary significantly between periods as a result of factors such as acquisition or other extraordinary transactions, non-cash expenses related to amortization or write-off of previously acquired tangible and intangible assets, severance expenses, expenses resulting from non-ordinary course litigation or administrative proceedings and resulting settlements, corporate transformation expenses, governmental proceedings or changes in tax or industry regulations, gains or losses on disposal of certain assets, and debt issuance costs. Merit may incur similar types of expenses in the future, and the non-GAAP financial information included in this presentation should not be viewed as a statement or indication that these types of expenses will not recur. Additionally, the non-GAAP financial measures used in this presentation may not be comparable with similarly titled measures of other companies. Merit urges investors and potential investors to review the reconciliations of its non-GAAP financial measures to the comparable GAAP financial measures, and not to rely on any single financial measure to evaluate Merit's business or results of operations.



Notes to Non-GAAP Financial Measures (cont.)

Constant Currency Revenue

Merit's constant currency revenue is prepared by converting the current-period reported revenue of subsidiaries whose functional currency is a currency other than the U.S. dollar to the applicable foreign exchange rates in effect during the comparable prior-year period, and adjusting for the effects of hedging transactions on reported revenue, which are recorded in the U.S. The constant currency revenue adjustments of \$1.1 million and (\$10.3) million to reported revenue for the three and twelve-month periods ended December 31, 2021, were calculated using the applicable average foreign exchange rates for the three and twelve-month periods ended December 31, 2020, respectively.

Constant Currency Revenue, Organic

Merit's constant currency revenue, organic, is defined, with respect to prior fiscal year periods, as GAAP revenue. With respect to current fiscal year periods, constant currency revenue, organic, is defined as constant currency revenue (as defined above), less revenue from certain acquisitions. For the three and twelve-month periods ended December 31, 2021, Merit's constant currency revenue, organic, excludes revenues attributable to the acquisition of KA Medical, LLC in November 2020 (excluded through October 2021).

Core Revenue

Merit's core revenue is defined, with respect to prior fiscal year periods, as GAAP revenue less revenue from certain dispositions. For the three and twelve-month periods ended December 31, 2020, Merit's core revenue excludes revenues attributable to its distribution agreement with NinePoint Medical, Inc., which was suspended during the first quarter 2020, revenues attributable to the manufacture of Merit's Hypotube product which was divested in August 2020, revenues attributable to the ITL Healthcare Pty Ltd ("ITL") procedure pack business in Australia which was closed in December 2020, and revenue attributable to sales of the Cultura™ nasopharyngeal swabs and test kits (which benefited from high demand in 2020 resulting from the COVID-19 pandemic but which are not expected to contribute significant revenue in the future).

With respect to the three and twelve-month periods ended December 31, 2021, core revenue is defined as constant currency revenue, organic (as defined above), less revenue attributable to sales of the Cultura nasopharyngeal swabs and test kits and revenue attributable to the final sales of products from the closed ITL procedure pack business.



Notes to Non-GAAP Financial Measures (cont.)

Non-GAAP Gross Margin

Non-GAAP gross margin is calculated by reducing GAAP cost of sales by amounts recorded for amortization of intangible assets, certain inventory write-offs, and inventory mark-related to acquisitions, divided by reported net sales.

Non-GAAP Operating Income and Margin

Non-GAAP operating income is calculated by adjusting GAAP operating income (loss) for certain items which are deemed by Merit's management to be outside of core operations and vary in amount and frequency among periods, such as expenses related to acquisitions or other extraordinary transactions, non-cash expenses related to amortization or write-off of previously acquired tangible and intangible assets, certain severance expenses, performance-based stock compensation expenses, corporate transformation expenses, expenses resulting from non-ordinary course litigation or administrative proceedings and resulting settlements, governmental proceedings or changes in industry regulations, as well as other items referenced in the tables below. Non-GAAP operating margin is calculated by dividing non-GAAP operating income by reported net sales.

Non-GAAP Net Income

Non-GAAP net income is calculated by adjusting GAAP net income (loss) for the items set forth in the definition of non-GAAP operating income above, as well as for expenses related to debt issuance costs, gains or losses on disposal of certain assets, changes in tax regulations, as well as other items set forth in the tables below.

Non-GAAP EPS

Non-GAAP EPS is defined as non-GAAP net income divided by the diluted shares outstanding for the corresponding period.

Free Cash Flow

Free cash flow is defined as cash flow from operations calculated in accordance with GAAP, less capital expenditures for property and equipment calculated in accordance with GAAP, as set forth in the consolidated statement of cash flows.

Other Non-GAAP Financial Measure Reconciliation

The following tables set forth supplemental financial data and corresponding reconciliations of non-GAAP financial measures to Merit's corresponding financial measures prepared in accordance with GAAP, in each case, for the three and twelve-month periods ended December 31, 2021 and 2020. The non-GAAP income adjustments referenced in the following tables do not reflect non-performance-based stock compensation expense of approximately \$3.5 million and \$3.0 million for the three-month periods ended December 31, 2021 and 2020, respectively, and approximately \$11.1 million and \$10.6 million for the twelve-month periods ended December 31, 2021 and 2020.



Reconciliation of GAAP Net Income to Non-GAAP Net Income (Unaudited; in thousands except per share amounts)

	Three Months Ended December 31, 2021				Three Months Ended December 31, 2020			
	Pre-Tax	Tax Impact	After-Tax	Per Share Impact	Pre-Tax	Tax Impact	After-Tax	Per Share Impact
GAAP net income	\$ 20,181	\$ 432	\$ 20,613	\$ 0.36	\$ 13,245	\$ 2,133	\$ 15,378	\$ 0.36
<i>Non-GAAP adjustments:</i>								
Cost of Sales								
Amortization of intangibles	10,570	(2,625)	7,945	0.14	12,543	(3,233)	9,310	0.14
Inventory write-off (c)	—	—	—	—	(24)	7	(17)	(0.00)
Inventory mark-up related to acquisitions	—	—	—	—	4	(1)	3	0.00
Operating Expenses								
Contingent consideration benefit	(161)	53	(108)	(0.00)	(8,844)	(93)	(8,937)	(0.00)
Impairment charges	—	—	—	—	8,199	(2,751)	5,448	0.00
Amortization of intangibles	1,786	(447)	1,339	0.02	1,893	(508)	1,385	0.02
Performance-based share-based compensation (a)	1,036	(110)	926	0.02	1,112	(141)	971	0.02
Corporate transformation and restructuring (b)	1,605	(398)	1,207	0.02	7,890	(1,985)	5,905	0.02
Acquisition-related	(2)	—	(2)	(0.00)	393	(101)	292	0.00
Medical Device Regulation expenses (c)	1,513	(375)	1,138	0.02	365	(98)	267	0.02
Other (d)	10,118	(2,508)	7,610	0.13	962	(304)	658	0.13
Other (Income) Expense								
Amortization of long-term debt issuance costs	151	(37)	114	0.00	151	(39)	112	0.00
Gain on disposal of business unit	—	—	—	—	(10)	2	(8)	(0.00)
Non-GAAP net income	\$ 46,797	\$ (6,015)	\$ 40,782	\$ 0.71	\$ 37,879	\$ (7,112)	\$ 30,767	\$ 0.56
Diluted shares				57,624				56,700

Note: Certain per share impacts may not sum to totals due to rounding.



Reconciliation of GAAP Net Income (Loss) to Non-GAAP Net Income (Unaudited; in thousands except per share amounts)

	Year Ended December 31, 2021				Year Ended December 31, 2020			
	Pre-Tax	Tax Impact	After-Tax	Per Share Impact	Pre-Tax	Tax Impact	After-Tax	Per Share
GAAP net income (loss)	\$ 53,917	\$ (5,463)	\$ 48,454	\$ 0.84	\$ (13,231)	\$ 3,388	\$ (9,843)	\$ (
<i>Non-GAAP adjustments:</i>								
Cost of Sales								
Amortization of intangibles	42,453	(10,543)	31,910	0.56	50,696	(13,065)	37,631	
Inventory write-off (e)	1,620	(202)	1,418	0.02	1,752	(465)	1,287	
Inventory mark-up related to acquisitions	—	—	—	—	191	(49)	142	
Operating Expenses								
Contingent consideration expense (benefit)	3,161	52	3,213	0.06	(7,960)	466	(7,494)	
Impairment charges	4,283	(481)	3,802	0.07	36,504	(7,115)	29,389	
Amortization of intangibles	7,183	(1,798)	5,385	0.09	7,943	(2,141)	5,802	
Performance-based share-based compensation (a)	5,035	(604)	4,431	0.08	3,735	(475)	3,260	
Corporate transformation and restructuring (b)	18,649	(4,620)	14,029	0.24	14,175	(3,700)	10,475	
Acquisition-related	8,473	(2,100)	6,373	0.11	1,229	(317)	912	
Medical Device Regulation expenses (c)	4,036	(1,001)	3,035	0.05	1,379	(359)	1,020	
Other (d)	16,652	(2,977)	13,675	0.24	24,438	(3,815)	20,623	
Other (Income) Expense								
Amortization of long-term debt issuance costs	604	(150)	454	0.01	604	(155)	449	
Gain on disposal of business unit	—	—	—	—	(517)	133	(384)	
Non-GAAP net income	\$ 166,066	\$ (29,887)	\$ 136,179	\$ 2.37	\$ 120,938	\$ (27,669)	\$ 93,269	\$
Diluted shares (f)				57,359				56

Note: Certain per share impacts may not sum to totals due to rounding.



Reconciliation of GAAP Operating Income (Loss) to Non-GAAP Operating Income (Unaudited; in thousands except percentages)

	Three Months Ended December 31, 2021		Three Months Ended December 31, 2020		Year Ended December 31, 2021		Year Ended December 31, 2020	
	Amounts	% Sales	Amounts	% Sales	Amounts	% Sales	Amounts	% Sales
Net Sales as Reported	\$ 278,492		\$ 258,004		\$ 1,074,751		\$ 963,875	
GAAP Operating Income (Loss)	21,896	7.9 %	16,007	6.2 %	60,916	5.7 %	(1,562)	(0.2)
Cost of Sales								
Amortization of intangibles	10,570	3.8 %	12,543	4.9 %	42,453	4.0 %	50,696	5.3
Inventory write-off (e)	—	—	(24)	(0.0) %	1,620	0.2 %	1,752	0.2
Inventory mark-up related to acquisitions	—	—	4	0.0 %	—	—	191	0.0
Operating Expenses								
Contingent consideration expense (benefit)	(161)	(0.1) %	(8,844)	(3.4) %	3,161	0.3 %	(7,960)	(0.8)
Impairment charges	—	—	8,199	3.2 %	4,283	0.4 %	36,504	3.8
Amortization of intangibles	1,786	0.6 %	1,893	0.7 %	7,183	0.7 %	7,943	0.8
Performance-based share-based compensation (a)	1,036	0.4 %	1,112	0.4 %	5,035	0.5 %	3,735	0.4
Corporate transformation and restructuring (b)	1,605	0.6 %	7,890	3.1 %	18,649	1.7 %	14,175	1.5
Acquisition-related	(2)	(0.0) %	393	0.2 %	8,473	0.8 %	1,229	0.1
Medical Device Regulation expenses (c)	1,513	0.5 %	365	0.1 %	4,036	0.4 %	1,379	0.1
Other (d)	10,118	3.6 %	962	0.4 %	16,652	1.5 %	24,438	2.5
Non-GAAP Operating Income	\$ 48,361	17.4 %	\$ 40,500	15.7 %	\$ 172,461	16.0 %	\$ 132,520	13.7

Note: Certain percentages may not sum to totals due to rounding.



Footnotes to Reconciliations of GAAP Net Income (Loss) to Non-GAAP Net Income and GAAP Operating Income (Loss) to Non-GAAP Operating Income

- a) Represents performance-based share-based compensation expense, including stock-settled and cash-settled awards.
- b) Includes severance related to corporate initiatives, write-offs and valuation adjustments of other long-term assets associated with restructuring activities, expenses related to the Foundations for Growth Program, and other transformation costs.
- c) Represents incremental expenses incurred to comply with the Medical Device Regulation (“MDR”) in Europe.
- d) The 2021 periods include accrued class action litigation settlement costs in the fourth quarter of approximately \$10 million, net of expected insurance proceeds, accrued contract termination costs of approximately \$6 million to renegotiate certain terms of an acquisition agreement, and costs to comply with Merit’s settlement agreement with the U.S. Department of Justice (the “DOJ”). The 2020 periods include \$18.7 million of settlement costs to fully resolve an investigation conducted by the DOJ, costs incurred in responding to the DOJ inquiry, activist shareholder settlement fees, and expense from abandoned patents.
- e) Represents the write-off of inventory related to the divestiture or exit of certain businesses or product lines.
- f) For the twelve-month period ended December 31, 2020, the non-GAAP net income per diluted share calculation includes approximately 940,000 shares that were excluded from the GAAP net loss per diluted share calculation.



Reconciliation of Reported Revenue to Constant Currency Revenue (Non-GAAP), Constant Currency Revenue, Organic (Non-GAAP), and Core Revenue (Non-GAAP)
(Unaudited; in thousands except percentages)

	% Change	Three Months Ended December 31,		% Change	Year Ended December 31,	
		2021	2020		2021	2020
Reported Revenue	7.9 %	\$ 278,492	\$ 258,004	11.5 %	\$ 1,074,751	\$ 963,875
<i>Add: Impact of foreign exchange</i>		1,135	—		(10,307)	—
Constant Currency Revenue (a)	8.4 %	\$ <u>279,627</u>	\$ <u>258,004</u>	10.4 %	\$ <u>1,064,444</u>	\$ <u>963,875</u>
<i>Less: Revenue from certain acquisitions</i>		(18)	—		(227)	—
Constant Currency Revenue, Organic (a)	8.4 %	\$ <u>279,609</u>	\$ <u>258,004</u>	10.4 %	\$ <u>1,064,217</u>	\$ <u>963,875</u>
<i>Less: Revenue from certain dispositions</i>		—	(2,532)		(179)	(11,273)
<i>Less: Revenue from Cultura</i>		(951)	(4,946)		(3,257)	(19,115)
Core Revenue (a)	11.2 %	\$ <u>278,658</u>	\$ <u>250,526</u>	13.6 %	\$ <u>1,060,781</u>	\$ <u>933,487</u>

(a) A non-GAAP financial measure. For a definition of this and other non-GAAP financial measures, see the Non-GAAP Financial Measures section above in this presentation.



Reconciliation of GAAP Gross Margin to Non-GAAP Gross Margin

(Unaudited; as a percentage of reported revenue)

	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Reported Gross Margin	46.3 %	43.1 %	45.2 %	41.6 %
<i>Add back impact of:</i>				
Amortization of intangibles	3.8 %	4.9 %	4.0 %	5.3 %
Inventory write-off (a)	—	(0.0) %	0.2 %	0.2 %
Inventory mark-up related to acquisitions	—	0.0 %	—	0.0 %
Non-GAAP Gross Margin	50.0 %	47.9 %	49.3 %	47.1 %

Note: Certain percentages may not sum to totals due to rounding.

a) Represents the write-off of inventory related to the divestiture or exit of certain businesses or product lines.





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