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)

Dere-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

D 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 Common Stock, no par value Trading Symbol(s) MMSI Name of each exchange on which registered 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

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. Conference Call Presentation. 99.1 99.2 104

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

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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, December 31, 2021, an increase of 7.9% compared to the quarter ended December 31, 2020. Constant currency revenue, organic 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, Merit's revenue was \$1.075 billion, up 11.5% compared to 2020. Constant currency revenue, organic 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, Merit's revenue was \$1.075 billion, up 11.5% compared to 2020. Constant currency revenue, organic 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, Merit's revenue was \$1.075 billion, up 11.5% compared to 2020. Constant currency revenue, organic 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, Merit's revenue was \$1.075 billion, up 11.5% compared to 2020. Constant currency revenue, organic 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, Merit's revenue was \$1.075 billion, up 11.5% compared to 2020. Constant currency revenue, organic 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, Merit's revenue was \$1.075 billion, up 11.5% compared to 2020. Constant currency revenue, organic 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, Merit's revenue was \$1.075 billion, up 11.5% compared to 2020. Constant currency revenue, organic for the year ended 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 Mo Decem 2021		% Change		Year Decem	Ended ber 31,	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, Meri'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 met increase in non-GAAP erg or 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:
 - 0 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.
 - 0 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	\$ 67,75) \$	56,916
Trade receivables, net	152,30		146,641
Other receivables	17,76		7,774
Inventories	221,92		198,019
Prepaid expenses and other assets	16,14		13,12
Prepaid income taxes	3,55		3,68
Income tax refund receivables	2,77		3,54
Total current assets	482,21	!	429,70
Property and equipment, net	371,65		382,72
intangible assets, net	319,26		367,91
Goodwill	361,74		363,533
Deferred income tax assets	6,08		4,59
Operating lease right-of-use assets	65,91		78,24
Other assets	41,42		37,67
Total Assets	\$ 1,648,29	1 \$	1,664,39
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Trade payables	\$ 55,624	4 \$	49,83
Accrued expenses	159,014	L I	111,94
Current portion of long-term debt	8,43	\$	7,50
Current operating lease liabilities	10,66		12,90
Income taxes payable	2,53		2,82
Total current liabilities	236,28	,	185,00
Long-term debt	234,39	,	343,72
Deferred income tax liabilities	31,50	3	33,31
Long-term income taxes payable	34'	1	34
Liabilities related to unrecognized tax benefits	93	2	1,01
Deferred compensation payable	18,11	1	16,80
Deferred credits	1,81	;	1,92
Long-term operating lease liabilities	61,52	; ;	70,94
Other long-term obligations	23,58	t	52,74
Total liabilities	608,49	5	705,82
Stockholders' Equity			
Common stock	641,53	\$	606,22
Retained earnings	406,25	t	357,80
Accumulated other comprehensive loss	(7,99	.)	(5,452
Total stockholders' equity	1,039,79)	958,575
Total Liabilities and Stockholders' Equity	\$ 1,648,29	1 \$	1,664,396

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

		Three Months Ended December 31,			Year F Decemi			
		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		128,806		111,163		485,333		401,177
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		106,910		95,156	_	424,417	_	402,739
Income (loss) from operations		21,896		16,007		60,916		(1,562)
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		(1,715)		(2,762)		(6,999)		(11,669)
Income (loss) before income taxes		20,181		13,245		53,917		(13,231)
Income tax expense (benefit)		(432)		(2,133)		5,463		(3,388)
Net income (loss)	<u>\$</u>	20,613	\$	15,378	\$	48,454	\$	(9,843)
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)

		ar Ended ember 31,	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	147,231		165,270
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	(37,161)		(58,652)
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	(98,435)		(95,706)
Effect of exchange rates on cash	(801)		1,684
Net increase in cash and cash equivalents	10,834		12,596
CASH AND CASH EQUIVALENTS:			
Beginning of period	56,916		44,320
End of period	\$ 67,750	\$	56,916

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 ne 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 emanage per share, non-GAAP genose margin, 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 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 comparable GAAP financial measures, and not to rely on any single financial measures 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, 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 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 CulturaTM 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 and intangible acsets, 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.

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

GAAP net income \$ Von-GAAP adjustments: Cost of Sales Amortization of intangibles Operating Expenses Contingent consideration benefit Amortization of intangibles Performance-based share-based compensation (a) Corporate transformation and restructuring (b) Adjustition-related Corporate transformation and restructuring (b) Corporate transformation for the transformation of transformation of transformation of the transformation of tr	20,181 10,570 (161) 1,786 1,036 1,036 (2) 1,513 10,118 151 46,797	\$ 43 (2,62 5 (4) (11) (33 (2,50 (3 (2,50 (3 (3 (3 (3) (2,50)) (3 (3) (2,50)) (3 (3) (2,50)) (3 (3) (2,50)) (3 (3) (2,50)) (3 (3) (2,50)) (3 (3) (3) (3) (3) (3) (3) (3) (3) (3	5) 3 77 5) 5) 5) 7) 5) \$	20,613 7,945 (108) 1,339 926 1,207 (2) 1,138 7,610 114 40,782	\$ <u></u> \$	0.36 0.14 (0.00) 0.02 0.02 (0.00) 0.02 0.13 0.00 0.71 57,624
Cost of Sales Amorization of intangibles Operating Expenses Contingent consideration benefit Amorization of intangibles Performance-based advergensation (a) Coporate transformation and restructuring (b) Acquisition-related Medical Device Regulation expenses (c) Other (d) Other (d) Other (d) Other (d) Diluted shares S Non-GAAP net income S Non-GAAP net income Pre- S Non-GAAP net income Pre- S Non-GAAP net income Pre- S Non-GAAP adjustments: Cost of Sales Amorization of intagibles Inventory write-off (e) I	(161) 1,786 1,036 1,605 (2) 1,513 10,118 151	5 (44 (11) (32) (37) (2,50) (3 (5) (5) (6,01)	3 7) 3) 3) 5) 3) 5) 3) 7) 5) \$	(108) 1,339 926 1,207 (2) 1,138 7,610 114 40,782	\$	(0.00) 0.02 0.02 (0.00) 0.02 0.13 0.02 0.13 0.00 0.71
Cost of Sales Amorization of intangibles Operating Expenses Contingent consideration benefit Amorization of intangibles Performance-based advergensation (a) Coporate transformation and restructuring (b) Acquisition-related Medical Device Regulation expenses (c) Other (d) Other (d) Other (d) Other (d) Diluted shares S Non-GAAP net income S Non-GAAP net income Pre- S Non-GAAP net income Pre- S Non-GAAP net income Pre- S Non-GAAP adjustments: Cost of Sales Amorization of intagibles Inventory write-off (e) I	(161) 1,786 1,036 1,605 (2) 1,513 10,118 151	5 (44 (11) (32) (37) (2,50) (3 (5) (5) (6,01)	3 7) 3) 3) 5) 3) 5) 3) 7) 5) \$	(108) 1,339 926 1,207 (2) 1,138 7,610 114 40,782	\$	(0.00) 0.02 0.02 (0.00) 0.02 0.13 0.02 0.13 0.00 0.71
Operating Expenses Contingent consideration benefit Amortization of intangibles Performance-based chargemensation (a) Corporate transformation and restructuring (b) Acquisition-related Medical Device Regulation expenses (c) Other (d) Other (d) Other (d) Diluted shares S Diluted shares S Non-GAAP net income S Non-GAAP net income S Diluted shares Pre- GAAP net income S Non-GAAP adjustments: Cost of Sales Cost of Sales Amortization of the cost of the	(161) 1,786 1,036 1,605 (2) 1,513 10,118 151	5 (44 (11) (32) (37) (2,50) (3 (5) (5) (6,01)	3 7) 3) 3) 5) 3) 5) 3) 7) 5) \$	(108) 1,339 926 1,207 (2) 1,138 7,610 114 40,782	<u>\$</u>	(0.00) 0.02 0.02 (0.00) 0.02 0.13 0.02 0.13 0.00 0.71
Operating Expenses Contingent consideration benefit Amoritzation of intangibles Performance-based charmensation (a) Corporate transformation and restructuring (b) Acquisition-related Medical Device Regulation expenses (c) Other (d) Other (d) Other (d) Other (a) S Diluted shares S Diluted shares S Non-GAAP net income S Non-GAAP net income S Diluted shares S Non-GAAP adjustments: Cost of Sales Cost of Sales Amoritation of intagibles Inventory write-off (e) Inventory write-off (e) Inventory write-off (e) Inventory write-off (e) Inventory mark-up related to acquisitions Coperating Expenses Contingent consideration benefit Impairment charges Amoritzation of intagibles Amoritzation of intagibles	1,786 1,036 1,605 (2) 1,513 10,118 151	5 (44 (11) (32) (37) (2,50) (3 (5) (5) (6,01)	3 7) 3) 3) 5) 3) 5) 3) 7) 5) \$	1,339 926 1,207 (2) 1,138 7,610 114 40,782	<u>\$</u>	0.02 0.02 (0.00) 0.02 0.13 0.00 0.71
Contingent consideration benefit Amorization of intangibles Performance-based share-based compensation (a) Coporate transformation and restructuring (b) Acquisition-related Medical Device Regulation expenses (c) Other (Income) Expense Amorization of long-term debt issuance costs Non-GAAP net income Diluted shares GAAP net income S Non-GAAP and income S Other (Income) Expense Amorization of intangibles Inventory mark-up related to acquisitions Operating Expenses Contright consideration benefit Inventory write-off (e) Inventory write-off (e) Inventory nurk-up related to acquisitions Operating Expenses Contingent consideration benefit Impairment charges Amorization of intangibles	1,786 1,036 1,605 (2) 1,513 10,118 151	(44 (11 (35 	7) 33) - 55) 33) 7) 5 <u>5)</u> 5 <u>5</u> 5 <u>5</u> 5 <u>5</u>	1,339 926 1,207 (2) 1,138 7,610 114 40,782	<u>\$</u>	0.02 0.02 (0.00) 0.02 0.13 0.00 0.71
Performance-based share-based compensation (a) Corporate transformation and restructuring (b) Acquisition-related Medical Device Regulation expenses (c) Other (Income) Expense Amonization of long-term debt issuance costs Non-GAAP net income Diluted shares GAAP net income S Other (Income) Expense Amonization of Long-term debt issuance costs Non-GAAP net income S Obter (a) Other (Income) Expense Amonization of Long-term debt issuance costs Non-GAAP net income S OwnerGound Device Regulation expenses (c) Intervent of the comparison of intrangibles Inventory write-off (e) Inventory mark-up related to acquisitions Operating Expenses Contingent consideration benefit Impairment charges Amonization of intrangibles <	1,036 1,605 (2) 1,513 10,118 151	(11 (32 (37 (2,50 (37 (2,50) (3 (3 (3) (4)))))))))))))))))))))))))))) 3) - 5) 3) 7) 5) <u>\$</u>	926 1,207 (2) 1,138 7,610 114 40,782	\$	0.02 0.02 (0.00) 0.02 0.13 0.00 0.71
Corporate transformation and restructuring (b) Acquisition-related Medical Device Regulation expenses (c) Other (a) Other (a) Non-GAAP net income S Diluted shares S Son-GAAP net income S Non-GAAP adjustments: Cost of Sales Amortization of inagibles Inventory write-off (e) Inventory mark-up related to acquisitions Operating Expenses Contingent consideration benefit Impairment charges Amortization of intagibles	1,605 (2) 1,513 10,118 151	(39 	3) - 5) 3) 7) 5) \$	1,207 (2) 1,138 7,610 114 40,782	<u>\$</u>	0.02 (0.00) 0.02 0.13 0.00 0.71
Acquisition-related Control Medical Device Regulation expenses (c) Other (fl.come) Expense Amortization of long-term debt issuance costs S Non-GAAP net income S Diluted shares Pre-: GAAP net income S Other (fl.come) Expense S Non-GAAP adjustments: Cost of Sales Cost of Sales Inventory write-off (e) Inventory write-off (e) Inventory write-off (e) Inventory write-off (e) Cost ignets Contingent consideration benefit Impairment charges Amortization of intagibles Contingent consideration benefit	(2) 1,513 10,118 151	(37 (2,50 (3 \$ (6,01	- 5) 3) 7) 5) \$	(2) 1,138 7,610 114 40,782	<u>\$</u>	(0.00) 0.02 0.13 0.00 0.71
Medical Device Regulation expenses (c) Other (d) Other (d) Amortization of long-term debt issuance costs Non-GAAP net income Diluted shares GAAP net income S Divertors GAAP net income Non-GAAP adjustments: Cost of Sales Inventory write-off (e) Inventory write-off (e) Inventory write-off (e) Inventory write-off (e) Contingent consideration benefit Impairment charges Amortization of intagibles Amortization of intagibles	1,513 10,118 151	(2,50 (3 \$ (6,01	3) 7) 5) \$	1,138 7,610 114 40,782	<u>\$</u>	0.02 0.13 0.00 0.71
Other (n) Control (non-Expense Amortization of long-term debt issuance costs Non-GAAP net income S Diluted shares Pre-7 GAAP net income S Own-GAAP adjustments: Cost of Sales S Control Sales Amortization of intangibles Inventory write-off (e) Inventory write-off (e) Inventory write-off (c) Inventory write-off (c) Contingent consideration benefit Impairment charges Amortization of intangibles	10,118 151	(2,50 (3 \$ (6,01	3) 7) 5) \$	7,610 114 40,782	<u>\$</u>	0.13 0.00 0.71
Other (Income) Espense Amorization of long-term debt issuance costs Non-GAAP net income Diluted shares GAAP net income S Ono-GAAP adjustments: Cost of Sales Inventory write-off (e) Inventory write-off (e) Inventory write-off (e) Inventory write-off (e) Contingent consideration benefit Impairment charges Amoritation of intanibles	151	(3	7) 5) \$	114 40,782	\$	0.00
Amortization of long-term debt issuance costs Non-GAAP net income Diluted shares GAAP net income S Own-GAAP adjustments: Cost of Sales Amortization of intangibles Inventory write-off (e) Inventory write-off (e) Inventory write-off (e) Inventory write-off (e) Contingent consideration benefit Impairment charges Amortization of intangibles		\$ (6,01	5) \$	40,782	<u>\$</u>	0.71
Non-GAAP net income \$ Diluted shares \$ GAAP net income \$ Son-GAAP adjustments: \$ Cost of Sales \$ Amorization of intangibles \$ Inventory write-off (e) \$ Inventory mark-up related to acquisitions \$ Operating Expenses \$ Contingent consideration benefit \$ Impairment charges Amorization of intangibles		\$ (6,01	5) \$	40,782	\$	0.71
Diluted shares Pre- GAAP net income \$ Non-GAAP adjustments: \$ Cost of Sales \$ Amonization of intangibles Inventory write-off (e) Inventory write-off (e) Inventory mark-up related to acquisitions Operating Expenses Contingent consideration benefit Impairment charges Amonization of intangibles	46,797	·		<u> </u>	\$	
GAAP net income Pre- S Non-GAAP adjustments: Cost of Sales Amonization of intangibles Inventory write-off (e) Inventory write-off (e) Contingent consideration benefit Impairment charges Amonization of intangibles			ee Mont	ns Ended		57,624
GAAP net income Pre- GAAP adjustments: Cost of Sales Amoritization of intangibles Inventory write-off (e) Inventory write-off (e) Inventory write-off (e) Inventory write-off (e) Inventory mark-up related to acquisitions Operating Expenses Contingent consideration benefit Impairment charges Amoritization of intangibles		71	ee Mont	ns Ended		37,024
Cost of Sales Amoritation of intangibles Inventory write-off (e) Inventory mark-up related to acquisitions Operating Expenses Contingent consideration benefit Impairment charges Amoritation of intangibles		Tax Impact \$ 2,13	cember	After-Tax 15,378	<u>Р</u> \$	Per Share Impact 0.27
Cost of Sales Amoritation of intangibles Inventory write-off (e) Inventory mark-up related to acquisitions Operating Expenses Contingent consideration benefit Impairment charges Amoritation of intangibles						
Anorization of intangibles Inventory write-off (e) Inventory mark-up related to acquisitions Operating Expenses Contingent consideration benefit Impairment charges Amorization of intangibles						
Inventory write-off (e) Inventory mark-up related to acquisitions Operating Expenses Contingent consideration benefit Impairment charges Amortization of intangibles	12.543	(3,23		9.310		0.16
Inventory mark-up related to acquisitions Operating Expenses Contingent consideration benefit Impairment charges Amortization of intangibles			5) 7			
Operating Expenses Contingent consideration benefit Impairment charges Amortization of intangibles	(24)		(L)	(17)		(0.00) 0.00
Contingent consideration benefit Impairment charges Amortization of intangibles	4		.)	5		0.00
Impairment charges Amortization of intangibles	(8,844)	(9	2)	(8,937)		(0.16)
Amortization of intangibles	8,199	(2,75))	(8,937)		0.10
Performance-based share-based compensation (a)	1.893	(50	2)	1.385		0.02
	1,112	(14		971		0.02
Corporate transformation and restructuring (b)	7.890	(1,98		5,905		0.10
Acquisition-related	393	(1,50		292		0.10
Medical Device Regulation expenses (c)		(10	2)	267		0.01
Other (d)	365	(30		658		0.01
Other (Income) Expense	365	(50	")	050		0.01
Amortization of long-term debt issuance costs	365 962	(3)	112		0.00
Gain on disposal of business unit	962		,	(8)		(0.00)
Non-GAAP net income \$		(3	-	. ,		0.54
Diluted shares	962 151	\$ (7,11		30,767	\$	0.54

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)

Pre-Tax Tax Impact Atter-Tax Per Share Impact cors GAAP and income $\frac{1}{5}$ $$	5	53,917 42,453 1,620 3,161 4,283 7,183 5,035 18,649 8,473	\$ (5,463) (10,543) (202) 52 (481) (1,798) (604)	\$ 48,454 31,910 1,418 3,213 3,802 5,385	\$ 0.8 0.5 0.0 0.0 0.0 0.0
Case of SaleS 42,453 (10,543) 31,910 0.55 Inventory write-off (c) 1,620 (202) 1,418 0.00 Operating Expenses 3,630 (202) 1,418 0.00 Inventory write-off (c) 1,620 (202) 1,418 0.00 Impairmer charges 4,263 (481) 3,3602 0.00 Amotization of Intagibles 7,133 (1,798) 5,355 0.00 Corporate transformation and retruining (h) 18,649 (4,62) 1.022 0.23 Corporate transformation and retruining (h) 4,473 (2,100) 6,573 0.01 Other (income) Expense 644 100 4.54 0.00 Anotization of long-term det issuance costs 604 16.05 129,203 2.23 Anotization of long-term det issuance costs 604 10.00 6.05 2.02,807 2.02,807 2.02,807 AAP net loss 5 16,660 5 2.04,807 5 0.00 Cord Sale 5 1,3231 5 3.08 5 0.9,803 0.1 Cord		1,620 3,161 4,283 7,183 5,035 18,649 8,473	(202) 52 (481) (1,798) (604)	1,418 3,213 3,802 5,385	0.0 0.0 0.0
Amorization of intangibles 42,433 (10,543) 31,910 0.5 Diventiony with-off (r) (1,20) (202) 1,418 0.0 Operating Expenses 3,161 5 2,213 0.0 Amorization of intangibles 7,183 (1,798) 5,335 0.0 Amorization of intangibles 7,183 (1,798) 5,335 0.0 Corporate transformation and restructuring (b) 18,649 (4,620) 14,023 0.2 Corporate transformation and restructuring (b) 43,645 (2,00) 6,355 0.0 Other (d) 16,652 (2,977) 13,675 0.0 Other (d) 16,652 (2,987) 13,615 0.0 One-GAAP net income 5 166,066 5 29,893 5 (0,10) AAP net los 5 16,066 5 3,388 5 (0,10) One-GAAP and instance 5 1,3210 5 3,388 5 (0,10) Orace Advertignistenees 7,523 166,066		1,620 3,161 4,283 7,183 5,035 18,649 8,473	(202) 52 (481) (1,798) (604)	1,418 3,213 3,802 5,385	0.0 0.0 0.0
Inventory write-off (°) (1,20) (120) (1,41) 0.0 Operating Express 3,161 52 3,213 0.0 Commany express 7,133 (1,20) 3,325 0.00 Performance-based some-based compensation (a) 5,335 (604) 4,431 0.00 Constructions (b) 18,649 (4,620) 14,055 0.00 Acquisition-related 8,473 (2,100) 6,333 0.0 Medical Diver Regulation express (c) 40,656 (2,987) 19,675 0.2 Anomization of Insegnets 604 (159) 444 0.0 Gon-GAAP net income 166,666 (2,987) 19,6179 2,23 Numer shares 57,355 5,338 10,6129 2,23 AAP net loss 56,666 2,987) 19,6179 2,23 AAP net loss 56,666 37,631 60,61 1,020 Order filter shares 51,61,606 1,202 7,53 7,53 Cotof Sales 1,522 6,62,63		1,620 3,161 4,283 7,183 5,035 18,649 8,473	(202) 52 (481) (1,798) (604)	1,418 3,213 3,802 5,385	0.0 0.0 0.0
Operating Expenses 3,161 52 3,213 0.00 Impainment charges 4,283 (481) 3,402 0.00 Impainment charges 4,283 (481) 3,402 0.00 Impainment charges 4,283 (481) 3,402 0.00 Amotization of imanghits 7,183 (1,763) 5,353 0.00 Corporate transformation and restructuring (b) 8,869 (4,620) 14,029 0.02 Acquisition-related 8,473 (2,100) 6,373 0.00 Other (f) 16,652 (2,987) 5 3.5 0.00 Odd (150) 454 0.00 0.00 6.652 (2,987) 5 3.6 0.00 Oac GAAP net income 5 166,066 5 (2,987) 5 3.6 0.01 inventory witch searches 5 (13,231) 5 3.68 (0,15) 9 9 0.01 inventory witch searches 5 166,066 1,229 0.01 <td< td=""><td></td><td>3,161 4,283 7,183 5,035 18,649 8,473</td><td>52 (481) (1,798) (604)</td><td>3,213 3,802 5,385</td><td>0.0</td></td<>		3,161 4,283 7,183 5,035 18,649 8,473	52 (481) (1,798) (604)	3,213 3,802 5,385	0.0
Contigent consideration septese 3,161 52 3,213 0.00 Amotization of intagibles 7,183 (1,793) 5,385 0.00 Amotization of intagibles 7,183 (1,793) 5,385 0.00 Performance-based share-based compensation (a) 16,693 (604) 14,393 0.00 Comporte transform and restructuring (b) 4,036 (1,000) 14,393 0.00 Other (d) 16,652 (2,977) 13,675 0.02 Other (d) 16,652 (2,987) \$ 13,617 \$ 2,23 One-GAAP net income \$ 166,066 \$ (2,987) \$ 13,617 \$ 2,23 AAP net loss \$ 166,066 \$ (2,987) \$ 13,617 \$ 2,23 AAP net loss \$ 166,066 \$ 13,6179 \$ 2,33 \$ 0,01 Correctard and restructuring (b) \$ 1,3201 \$ 136,179 \$ 2,323 \$ 1,3201		4,283 7,183 5,035 18,649 8,473	(481) (1,798) (604)	3,802 5,385	0.0
Impairment charges 4,283 (441) 3,802 0.00 Amoritzation intangibies 7,183 (1,798) 5,585 0.00 Performance-based start-based compensation (a) 5,005 (604) 4,431 0.00 Corporate transformation and resputation (a) 8,449 (4,620) 1.4,029 0.2 Acquisition-related 8,473 (2,100) 6,573 0.1 Obmer (d) 1.652 (2,297) 1.3,675 0.2 Amoritzation of long-term debt issuance costs 604 (150) 4.54 0.0 on-GAAP net income 5 166,066 5 29,807 5 2.3 likted shares Vert Ended cor-GAAP net income 5 163,065 3,7,631 60 (0.1 on-GAAP adjustments: Cort of sales cort of sales 5 50,066 (13,065) 3,7,631 0.0 operating Expense 191 (49) 142 0.0 0.0 contrast on sitemation endition intangibies 5,0504 (7,15) 2,9,389 0.5 moritizat		4,283 7,183 5,035 18,649 8,473	(481) (1,798) (604)	3,802 5,385	0.0
Amontization of imangibles 7,133 (1,798) 5,285 0.00 Performance-based share-based compensation (a) 5,035 (604) 4,431 0.00 Corporate transformation and restructuring (b) 8,473 (2,100) 6,533 0.01 Mome (a) 4,643 (2,107) 3,635 0.02 Mome (a) 16,652 (2,197) 3,6675 0.02 Other (d) 16,652 (2,197) 3,675 0.02 Other (d) 16,652 (2,197) 3,675 0.02 Other (d) 16,652 (2,1987) \$ 136,175 \$ 2,23 Momotization of long-term debt issuance costs 604 (150) 454 0.00 Gone-GAAP net income \$ 166,066 \$ (13,211) \$ 138,08 \$ 4,161-13x \$ 9,043 \$ 5 (10,211) AAAP net los \$ 10,2211 \$ 13,338 \$ 4,161-13x \$ 9,043 \$ 5 (10,211) \$ 13,338 \$ 10,221 \$ 13,338 \$ 1,61,27 0.0 \$ 10,51 \$ 10,221 \$ 13,51 \$ 10,221 \$ 13,51 \$ 2,024 \$ 10,221 \$ 13,51 \$ 13,520 \$ 10,21 \$ 10,221 <td></td> <td>7,183 5,035 18,649 8,473</td> <td>(1,798) (604)</td> <td>5,385</td> <td></td>		7,183 5,035 18,649 8,473	(1,798) (604)	5,385	
performance-based sime-based compensation (a) 5,035 (604) 4,431 0.0 Corporate transformation and responses (c) 18,649 (4,620) 14,029 0.2 Acquisition-related 8,473 (2,100) 6,373 0.1 Other (d) 16,652 (2,977) 13,675 0.2 Other (d) 16,652 (2,977) 13,675 0.2 One-GAAP net income 5 166,066 5 29,887 5 2.2 Add that shares 5 136,179 5 2.2		5,035 18,649 8,473	(604)		0.0
Corporate transformation and restructuring (b) 18,649 $(4,520)$ $14,029$ 0.2 Acquisition-related 8,473 $(2,100)$ 6,373 0.01 Medical Device Regulation expenses (c) 4,036 $(1,001)$ 3,035 0.00 Other (d) 16,652 $(2,97)$ 31,675 0.22 Amontization of long-term debt issuance costs 604 (150) 454 0.00 ion-GAAP net income 5 166,066 5 (29,887) 5 136,179 5 2.33 ihuted shares Year Ended December 31, 2020 inco-GAAP adjustments: Ter-Tax Tax Impact December 31, 2020 inco-GAAP adjustments: To of Salis One file one one one one one one one one one on		18,649 8,473		4 431	
Acquisition-related 0.1^{-1} $0.$		8,473	(4.620)		
Medical Device Regulation expenses (c) 4.036 (1.001) 3.035 0.00 Other (income) Expense 16.652 (2.977) 13.675 0.20 Amoritization of long-term debt issuance costs 604 (150) 454 0.00 ion-GAAP net income \$ 166.066 \$ (2.987) \$ 136.179 \$ 2.23 that ess \$ 166.066 \$ (2.987) \$ 136.179 \$ 2.33 Year Ended December 31, 2020 Tax Impact After-Tax Pre-Tax Tax Impact Pre-Tax Pre-Tax December 31, 2020 Pre-Tax Pre-Tax December 31, 2020 Pre-Tax Pre-Tax December 31, 2020 December					0.2
Other (d) 16,652 $(2,977)$ 13,675 0.2 Other (d) 004 (150) 454 0.0 Other (Locume) 5 166,066 5 (29,887) 5 136,179 5 2.3 Under GAAP net income 5 166,066 5 (29,887) 5 136,179 5 2.3 Under GAAP net income 5 166,066 5 (29,887) 5 (20,987) 5 (20,987) 5 (20,987) 5 (20,987) 5 (20,987) 5 (20,987) 5 (20,987) 5 (20,987) 5 (20,987) 5 (20,987) 5 (20,987) 5 (20,987) 5 (20,987) 5 (20,98) 5 (20,977) (20,98) 5 (20,977) (20,977) (20,98) 5 (20,977) (20,977) (20,977) (20,977) (20,977) (20,977) (20,977) (20,977) (20,977) (20,977) (20,977) (20,977) (20,977) (20,977)		4.036	(2,100)	6,373	0.1
Other (fricme) Expense Anonization of long-term debi issuance costs 604 (150) 454 0.0 Inter-GAAP net income $$166.066$ $$2.937$ $$136.179$ $$2.23$ State made State made <td></td> <td></td> <td>(1,001)</td> <td>3,035</td> <td>0.0</td>			(1,001)	3,035	0.0
Amonization of long-term debt issuance costs 604 (150) 454 0.0 lon-GAAP net income \$166.066 \$(29.887) \$136.179 \$2.33 bitted shares 57,35 \$5.35 \$5.35 \$5.35 AAP net loss $Year Ended$ December 31, 2020 Per Share Impact \$6.47 \$6.13,065 \$7.631 \$6.13 \$6.14 \$6		16,652	(2,977)	13,675	0.2
$\frac{1}{1000-GAAP net income}$ $\frac{1}{1000-GAAP$					
AAP net loss Year Ended December 31, 2020 Year Ended December 31, 2020 Per Share Impact GAAP net loss \$ (13,23) \$ 3,388 \$ (9,943) \$ Per Share Impact Ion-GAAP adjustments: Cost of Sales Antorization te-off) 1,752 (465) 1,287 00 Impact on transmission of intangibles 50,696 (13,065) 37,631 0.6 Operating Expenses 191 (49) 142 0.0 Operating Expenses (175) (29,389) 0.05 Contigent consideration benefit (7,960) 466 (7,494) (0.1 Impairment charges 36,594 (7,115) 29,389 0.05 Performance-based share-based compensation (a) 7,373 (3700) 10,475 0.0 Contraction of intangibles 7,433 (2,141) 5,800 0.0 0.0 Contraction of intangibles 7,375 (3,735) (475) 0.1 0.1 Acquisition-related 1,229 (317) 912 0.0 0.0 Contraction of intangibles 1,373 (329) 1.020 0.0 Cot		604	(150)	454	0.0
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	S	166,066	\$ (29,887)	\$ 136,179	\$ 2.3
$\begin{array}{c c c c c c c c c c c c c c c c c c c $					E7 20
Constraint Constraint <thconstraint< th=""> Constraint Constrai</thconstraint<>	5				
Cost of Sales	2	(15,251)	÷ 5,500	5 (5,045)	φ (0.1
Amorization of intangibles 50,696 (13,065) 37,631 0.60 Inventory virtue-off (e) 1,752 (465) 1,287 0.00 Inventory mark-up related to acquisitions 191 (49) 142 0.00 Operating Expenses 7,960 466 (7,494) (0.1 Impairment charges 36,504 (7,15) 29,389 0.65 Amorization of intangibles 7,943 (2,141) 5,802 0.1 Performance-based share-based compensation (a) 3,735 (475) 3,200 0.00 Comparter transformation and restructuring (b) 14,175 (3,700) 10,475 0.1 Adequisition-related 1,229 (317) 912 0.0 Other (d) 1,379 (329) 1,020 0.0 Other (d) 1,379 (339) 1,020 0.0 Gain on disposal of business unit 604 (155) 449 0.0 Gain on disposal of business unit (517) 133 (384) (0.00					
Inventory write-off (e) 1,75 (465) 1,287 0.00 Operating Expenses 191 (49) 142 0.00 Contingent consideration benefit (7,960) 466 (7,494) (0.11 Impairment charges 36,504 (7,115) 29,389 0.05 Amorization of intangübes 7,943 (2,141) 5,802 0.01 Performance-based share-based compensation (a) 3,735 (475) 3,260 0.00 Compose transformation and restructuring (b) 14,175 (3,700) 10.475 0.01 Acquisition-related 1,229 (317) 912 0.00 Other (i) 1,379 (335) 1,020 0.00 Other (i) 24,438 (3,815) 20,623 0.33 Other (income) Expense 604 (155) 449 0.00 Gain on disposal of business unit (517) 133 (384) (0.00		50.000	(12.005)	27 621	0.0
Inventory mark-up related to acquisitions 191 (49) 142 0.0 Operating Expenses Contingent consideration benefit (7,960) 466 (7,494) (0.1 Impairment consideration benefit 36,504 (7,15) 29,389 (0.5 Amontization of intragibles 7,943 (2,141) 5,802 (0.1 Performance-based share-based compensation (a) 3,735 (475) 3,200 (0.0 Comparte transformation and restructuring (b) 14,175 (3,700) 10,475 (0.1 Acquisition-related 1,229 (317) 912 (0.0 Medical Device Regulation expenses (c) 1,379 (339) 1,020 (0.0 Other (f) 24,438 (3,815) 20,623 (0.3 (361) (364) (0.0) Gain on disposal of business unit (517) 133 (384) (0.00		1 752	(15,005)	1 297	
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Amorization of intragibles 7,943 (2,141) 5,002 0.1 Performance-based share-based some-based s		26 504		(7,494)	
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Corporate transformation and restructuring (b) 14,175 (3,700) 10,475 0.1 Acquisition-related 1,229 (317) 912 0.0 Medical Device Regulation expenses (c) 1,379 (359) 1,020 0.0 Other (income) Expense 24,438 (3,815) 20,623 0.0 Amorization of long-term debt issuance costs 604 (155) 449 0.0 Gain on disposal of business unit (517) 133 (384) (0.0		7,945	(2,141)	3,002	
Acquisition-related 1,229 (317) 912 0.00 Medical Device Regulation expenses (c) 1,379 (359) 1,020 0.00 Other (d) 24,438 (3,815) 20,623 0.3 Other (none) Expense 604 (155) 449 0.0 Gain on disposal of business unit 604 (155) 449 0.0 Gain on disposal of business unit (517) 133 (384) (0.0					
Medical Device Regulation expenses (c) 1,379 (359) 1,020 0.0 Other (d) 24,438 (3,815) 20,623 0.3 Other (d) 24,438 (3,815) 20,623 0.3 Other (licrome) Expense 604 (155) 449 0.0 Gain on disposal of business unit (517) 133 (384) (0.0 Ion-GAAP net income \$ 120,938 \$ (27,669) \$ 93,269 \$ 1.6					
Other (d) 24,438 (3,815) 20,623 0.3 Other (d) 00+Cficome 604 (155) 449 0.0 Other (d) (517) 133 (384) (0.0 Gain on disposal of business unit \$ 120,938 \$ (27,669) \$ 93,269 \$ 1.6			(317)		
Other (Income) Expense Amorization of long-term debt issuance costs 604 (155) 449 0.0 Gain on disposal of business unit (517) 133 (384) (0.0 Ion-GAAP net income \$ 120,938 \$ (27,669) \$ 93,269 \$ 1.6					
Amorization of long-term debt issuance costs 604 (155) 449 0.0 Gain on disposal of business unit (517) 133 (384) (0.0 Ion-GAAP net income \$ 120,938 \$ (27,669) \$ 93,269 \$ 1.6		24,430	(5,015)	20,623	0.5
Gain on disposal of business unit (517) 133' (384) (0.0 Jon-GAAP net income \$ 120,938 \$ (27,669) \$ 93,269 \$ 1.6		604	(155)	440	0.0
			133		
					(0.0
	\$		\$ (27,669)		· · · · · · · · · · · · · · · · · · ·
Gain on disposal of business unit ion-GAAP net income		5	Pre-Tax 5 (13,231) 50,696 1,752 191 (7,960) 36,504 7,943 3,735 14,175 1,229 1,379 24,438	$\begin{array}{c c} & & & & & & & & & & & & & & & & & & &$	$\begin{array}{c c c c c c c c c c c c c c c c c c c $

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)

Net Sales as Reported			Three Mor December Amounts \$ 258,004		Year En December 2 Amounts \$ 1.074.751		Year Decembe Amounts \$ 963,875	Ended 31, 2020 % Sales
Net Sales as Reported	φ 270,	+52	\$ 250,004		9 1,0/4,/31		\$ 505,075	
GAAP Operating Income (Loss) Cost of Sales	21,	396 7.9 %	16,007	6.2 %	60,916	5.7 %	(1,562)	(0.2) %
Amortization of intangibles	10,	570 3.8 %	12,543	4.9 %	42,453		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)		3,161	0.3 %	(7,960)	(0.8) %
Impairment charges			8,199	3.2 %	4,283	0.4 %	36,504	3.8 %
Amortization of intangibles		786 0.6 %	1,893	0.7 %	7,183		7,943	0.8 %
Performance-based share-based compensation (a)	1,	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)		513 0.5 %	365	0.1 %	4,036		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.

and other transformation costs. Represents incremental expenses incurred to comply with the Medical Device Regulation ("MDR") in Europe. 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 binardeed statester. c) d) abandoned patents.

e) f)

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

			Three Mo Decen	onths E aber 31				Year End December		
	% Change		2021		2020	% Change		2021		2020
Reported Revenue	7.9 %	\$	278,492	\$	258,004	11.5 %	\$	1,074,751	\$	963,875
Add: Impact of foreign exchange			1,135		—			(10,307)		—
Constant Currency Revenue (a)	8.4 %	\$	279,627	\$	258,004	10.4 %	\$	1,064,444	\$	963,875
Less: Revenue from certain acquisitions			(18)		—			(227)		—
Constant Commune Description	8.4 %	¢	270.000	¢ -	250.004	10.4 %	¢.	1.001.015	¢	0.02.075
Constant Currency Revenue, Organic (a)	8.4 %	ۍ 	279,609	<u>ہ</u>	258,004	10.4 %	۵ -	1,064,217	»	963,875
Torre Durante from and the distance					(2,522)			(170)		(11.272)
Less: Revenue from certain dispositions			—		(2,532)			(179)		(11,273)
Less: Revenue from Cultura			(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 Er December 31.		Year Ended December 31,	
	2021	2020	2021	2020
Reported Gross Margin	46.3 %	43.1 %	45.2 %	41.6 %
Add back impact of:				
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 include inherent risks and uncertainties relating to Merit's internal models or the projections in this release; risks and uncertainties include inherent risks and uncertainties relating to Merit's internal models or the projections in this release; risks and uncertainties include inherent risks and uncertainties relating to Merit's internal models or the projections in this release; risks and price increases 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 hrough acquisitions generally, including the inability 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

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 file 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 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.

2021 Results and 2022 Guidance

Merit Medical Investor Call February 24, 2022

Fred Lampropoulos Chairman and CEO

Raul Parra

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 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 ot 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 pr 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," "ikkely," "expects," "pla "anticipates," "intends," "believes," "estimates," "projects," "forecast," "potential," "plan," or other comparable terminology. Merit's future financial and operating results and condition, as we 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 Ani 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 steriliza processes; reduced availability of, and price increases associated with, commodity components; risks relating to Merit's potential inability to successfully manage growth through acquisit generally, including the inability to effectively integrate acquired operations or products or commercialize technology developed internally or acquired through completed, proposed or fut 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, include the potential for breaches of security and evolving regulations regarding privacy and data protection; governmental scrutiny and regulation of the medical device industry, including governme inquiries, investigations and proceedings involving Merit; litigation and other judicial proceedings affecting Merit; restrictions on Merit's liquidity or business operations resulting from its d 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 custo 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 produ 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 Corr 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, incluc 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 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; mai 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 healthc 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 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 2 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 th 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 a 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 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 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 informatic 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 management's discussion of Merit's historical and future operations and financial results, have not been calculated in accordance wi GAAP, and, therefore, are referenced as non-GAAP financial measures. Readers should consider non-GAAP measures used in the presentation in addition to, not as a substitute for, financial reporting measures prepared in accordance with GAAP. These non-GAA financial measures generally exclude some, but not all, items that may affect Merit's net income. In addition, they are subject inherent limitations as they reflect the exercise of judgment by management about which items are excluded. Additionally, non-GAA financial measures used in this presentation may not be comparable with similarly titled measures of other companies. Merit urg readers to review the reconciliations of its non-GAAP financial measures to the comparable GAAP financial measures, and not to re 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.

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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 (constant currency, organic) †	\$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 p † 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%

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

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:

			F	(
	Act	uals	Foreco	asted	
	Q4	YTD	Low	High	
Revenue Growth - GAAP	7.9%	11.5%	10.0%	11.0%	
Impact of FX	0.4%	-1.1%	-1.2%	-1.1%	
Revenue Growth - Constant Currency*	8.4%	10.4%	8.8%	9.9%	
Impact of Acquisitions (a)	0.0%	0.0%	0.0%	0.0%	
Revenue Growth - Constant Currency, Organic*	8.4%	10.4%	8.8%	9.9%	
Impact of Divestitures (b)	1.1%	1.3%	1.2%	1.2%	Note: Certain percentages may not sum to totals due to rounding
Impact of Cultura (c)	1.8%	1.9%	1.9%	1.9%	sum to totals due to rounding
Revenue Growth - Core*	11.2%	13.6%	11.9%	13.1%	

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

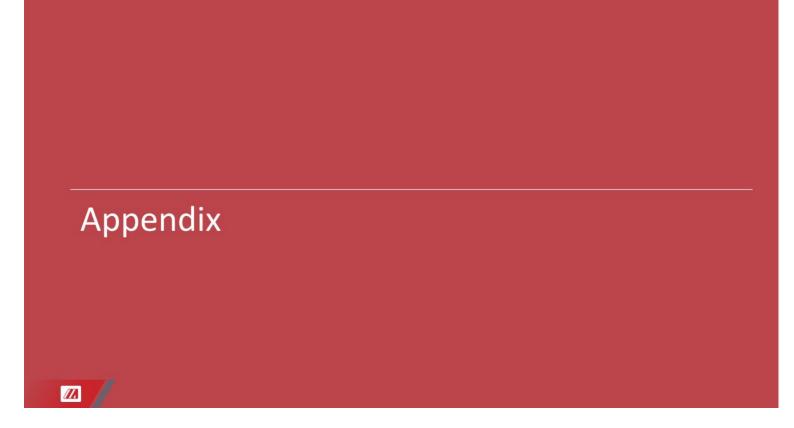
(a) Acquisitions relate to sales attributable to the acquisition of KA Medical, Inc. in November 2020 (excluded through October 2021).

(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 CulturaTM nasopharyngeal swabs in 2021, which we developed in response to the COVID-19 pandemi

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 ! "Cautionary Statement Regarding Forward-Looking Statements."





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 no 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 t 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, no 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 su 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 factors such as acquisition or other extraordinary transactions, non-cash expenses related to amortization or write-off of previously acquired tangible and intangible asse 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 expense in the future, and the non-GAAP financial information included in this presentation may not be comparable with similarly titled measures of other companies. Merit urges investors a 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 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 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 record 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, 20 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 current revenue, organic, is defined as constant currency revenue (as defined above), less revenue from certain acquisitions. For the three and twelve-month periods end December 31, 2021, Merit's constant currency revenue, organic, excludes revenues attributable to the acquisition of KA Medical, LLC in November 2020 (excluded through Octol 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 end 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 ("ITI procedure pack business in Australia which was closed in December 2020, and revenue attributable to sales of the CulturaTM nasopharyngeal swabs and test kits (which benefi 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 rever 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 markrelated 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 operatic 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 writeof previously acquired tangible and intangible assets, certain severance expenses, performance-based stock compensation expenses, corporate transformation expenses, expen resulting from non-ordinary course litigation or administrative proceedings and resulting settlements, governmental proceedings or changes in industry regulations, as well as ot 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 expen 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 w 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 prepa 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 follow 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 a 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 Mo Decembe								Three Mo Decembe				
	 Pre-Tax	Ta	x Impact	1	After-Tax	Per	Share Impact		Pre-Tax	Ta	x Impact	A	fter-Tax	Per S	hare In
GAAP net income	\$ 20,181	S	432	\$	20,613	S	0.36	S	13,245	\$	2,133	\$	15,378	\$	0
Non-GAAP adjustments:															
Cost of Sales															
Amortization of intangibles	10,570		(2,625)		7,945		0.14		12,543		(3,233)		9,310		0
Inventory write-off (e)	(<u>2</u>)		<u>6</u> 2		<u> </u>				(24)		7		(17)		(0
Inventory mark-up related to acquisitions	—		_		—		_		4		(1)		3		0
Operating Expenses															
Contingent consideration benefit	(161)		53		(108)		(0.00)		(8,844)		(93)		(8,937)		(0
Impairment charges	_		_		_				8,199		(2,751)		5,448		0
Amortization of intangibles	1,786		(447)		1,339		0.02		1,893		(508)		1,385		0
Performance-based share-based compensation (a)	1,036		(110)		926		0.02		1,112		(141)		971		0
Corporate transformation and restructuring (b)	1,605		(398)		1,207		0.02		7,890		(1,985)		5,905		0
Acquisition-related	(2)		—		(2)		(0.00)		393		(101)		292		0
Medical Device Regulation expenses (c)	1,513		(375)		1,138		0.02		365		(98)		267		0
Other (d)	10,118		(2,508)		7,610		0.13		962		(304)		658		0
Other (Income) Expense															
Amortization of long-term debt issuance costs	151		(37)		114		0.00		151		(39)		112		0
Gain on disposal of business unit	—		-		_		-		(10)		2		(8)		(0
Non-GAAP net income	\$ 46,797	\$	(6,015)	\$	40,782	s	0.71	\$	37,879	\$	(7,112)	\$	30,767	\$	0
Diluted shares							57,624								56,

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)

	D. 7	Year Ended December 31, 2021			D. 77	Year Decembe	P. Cl	
GAAP net income (loss)	Pre-Tax \$ 53,917	Tax Impact \$ (5,463)	After-Tax \$ 48,454	Per Share Impact \$ 0.84	Pre-Tax \$ (13,231)	Tax Impact \$ 3,388	After-Tax \$ (9,843)	Per Share
Non-GAAP adjustments:								
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				5

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 Mont December 3				Three Month December 3				Year Er December 3				Year Er December 3	
	Amounts	% Sale	es	A	mounts	% Sal	es	A	Amounts	% Sal	les	1	Amounts	% Sale:
Net Sales as Reported	\$ 278,492			S	258,004			\$	1,074,751			S	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)	(1	<u></u>			(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)

		Three Months Ended December 31,						Year Ended December 31,				
	% Change	2021		2020	% Change	2021		2020				
Reported Revenue	7.9 % \$	278,492	\$	258,004	11.5 % \$	1,074,751	\$	963,875				
Add: Impact of foreign exchange		1,135				(10,307)		—				
Constant Currency Revenue (a)	8.4 % \$	279,627	\$	258,004	10.4 % \$	1,064,444	\$	963,875				
Less: Revenue from certain acquisitions		(18)		_		(227)		_				
Constant Currency Revenue, Organic (a)	8.4 % \$	279,609	\$	258,004	10.4 % \$	1,064,217	\$	963,875				
Less: Revenue from certain dispositions Less: Revenue from Cultura		(951)		(2,532) (4,946)		(179) (3,257)		(11,273) (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 presentation.



Reconciliation of GAAP Gross Margin to Non-GAAP Gross Margin

(Unaudited; as a percentage of reported revenue)

	Three Months December 3		Year Ended December 31,			
	2021	2020	2021	2020		
Reported Gross Margin	46.3 %	43.1 %	45.2 %	41.6 %		
Add back impact of:						
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	<u></u>	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.



