
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549
FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED

March 31, 2021

OR

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

FOR THE TRANSITION PERIOD FROM TO

Commission File Number 0-18592



MERIT MEDICAL SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Utah

(State or other jurisdiction of incorporation or organization)

87-0447695

(IRS Employer Identification No.)

1600 West Merit Parkway, South Jordan, Utah 84095

(Address of principal executive offices, including zip code)

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Reporting Company Emerging Growth Company

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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

Common Stock	55,997,284
Title or class	Number of Shares
	Outstanding at May 5, 2021

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PART I - FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2021 AND DECEMBER 31, 2020
(In thousands)**

	March 31, 2021	December 31, 2020
ASSETS		
	(unaudited)	
CURRENT ASSETS:		
Cash and cash equivalents	\$ 58,519	\$ 56,916
Trade receivables — net of allowance for credit losses — 2021 — \$5,953 and 2020 — \$5,313	150,314	146,641
Other receivables	8,719	7,774
Inventories	200,308	198,019
Prepaid expenses and other current assets	13,617	13,120
Prepaid income taxes	3,680	3,688
Income tax refund receivables	3,331	3,549
Total current assets	<u>438,488</u>	<u>429,707</u>
PROPERTY AND EQUIPMENT:		
Land and land improvements	28,087	28,400
Buildings	187,774	188,878
Manufacturing equipment	270,754	268,894
Furniture and fixtures	61,422	61,586
Leasehold improvements	48,319	48,800
Construction-in-progress	47,735	46,889
Total property and equipment	<u>644,091</u>	<u>643,447</u>
Less accumulated depreciation	<u>(265,914)</u>	<u>(260,719)</u>
Property and equipment — net	378,177	382,728
OTHER ASSETS:		
Intangible assets:		
Developed technology — net of accumulated amortization — 2021 — \$203,308 and 2020 — \$193,164	307,713	318,059
Other — net of accumulated amortization — 2021 — \$59,025 and 2020 — \$56,943	48,312	49,856
Goodwill	362,500	363,533
Deferred income tax assets	4,529	4,597
Right-of-use operating lease assets	74,714	78,240
Other assets	37,286	37,676
Total other assets	<u>835,054</u>	<u>851,961</u>
TOTAL ASSETS	<u>\$ 1,651,719</u>	<u>\$ 1,664,396</u>

See condensed notes to consolidated financial statements.

(continued)

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2021 AND DECEMBER 31, 2020
(In thousands)

LIABILITIES AND STOCKHOLDERS' EQUITY	March 31,	December 31,
	2021	2020
	(unaudited)	
CURRENT LIABILITIES:		
Trade payables	\$ 52,986	\$ 49,837
Accrued expenses	132,173	111,944
Current portion of long-term debt	7,500	7,500
Short-term operating lease liabilities	12,246	12,903
Income taxes payable	2,773	2,820
Total current liabilities	<u>207,678</u>	<u>185,004</u>
Long-term debt	312,875	343,722
Deferred income tax liabilities	33,252	33,312
Long-term income taxes payable	347	347
Liabilities related to unrecognized tax benefits	1,016	1,016
Deferred compensation payable	16,227	16,808
Deferred credits	1,896	1,923
Long-term operating lease liabilities	67,980	70,941
Other long-term obligations	33,756	52,748
Total liabilities	<u>675,027</u>	<u>705,821</u>
Commitments and contingencies		
STOCKHOLDERS' EQUITY:		
Preferred stock — 5,000 shares authorized as of March 31, 2021 and December 31, 2020; no shares issued	—	—
Common stock, no par value; shares authorized — 2021 and 2020 - 100,000; issued and outstanding as of March 31, 2021 - 55,933 and December 31, 2020 - 55,623	615,113	606,224
Retained earnings	368,761	357,803
Accumulated other comprehensive loss	(7,182)	(5,452)
Total stockholders' equity	<u>976,692</u>	<u>958,575</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 1,651,719</u>	<u>\$ 1,664,396</u>

See condensed notes to consolidated financial statements.

(concluded)

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020
(In thousands, except per share amounts - unaudited)

	Three Months Ended	
	March 31,	
	2021	2020
NET SALES	\$ 248,913	\$ 243,525
COST OF SALES	137,019	139,741
GROSS PROFIT	111,894	103,784
OPERATING EXPENSES:		
Selling, general and administrative	81,024	78,808
Research and development	16,274	14,872
Impairment charges	—	3,845
Contingent consideration expense	402	4,897
Total operating expenses	97,700	102,422
INCOME FROM OPERATIONS	14,194	1,362
OTHER INCOME (EXPENSE):		
Interest income	472	79
Interest expense	(1,537)	(3,144)
Other expense — net	(435)	(289)
Total other expense — net	(1,500)	(3,354)
INCOME (LOSS) BEFORE INCOME TAXES	12,694	(1,992)
INCOME TAX EXPENSE	1,736	1,162
NET INCOME (LOSS)	\$ 10,958	\$ (3,154)
EARNINGS (LOSS) PER COMMON SHARE:		
Basic	\$ 0.20	\$ (0.06)
Diluted	\$ 0.19	\$ (0.06)
WEIGHTED AVERAGE SHARES OUTSTANDING:		
Basic	55,717	55,246
Diluted	56,978	55,246

See condensed notes to consolidated financial statements.

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020
(In thousands - unaudited)

	Three Months Ended	
	March 31,	
	2021	2020
Net income (loss)	\$ 10,958	\$ (3,154)
Other comprehensive income (loss):		
Cash flow hedges	2,921	(7,182)
Income tax benefit (expense)	(724)	1,849
Foreign currency translation adjustment	(4,462)	(4,125)
Income tax benefit (expense)	535	(7)
Total other comprehensive loss	(1,730)	(9,465)
Total comprehensive income (loss)	<u>\$ 9,228</u>	<u>\$ (12,619)</u>

See condensed notes to consolidated financial statements.

MERIT MEDICAL SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020
(In thousands - unaudited)

	Total	Common Stock		Retained Earnings	Accumulated Other Comprehensive Loss
		Shares	Amount		
BALANCE — January 1, 2021	\$ 958,575	55,623	\$ 606,224	\$ 357,803	\$ (5,452)
Net income	10,958			10,958	
Other comprehensive loss	(1,730)				(1,730)
Stock-based compensation expense	3,310		3,310		
Options exercised	5,897	291	5,897		
Issuance of common stock under Employee Stock Purchase Plan	263	5	263		
Shares issued from time-vested restricted stock units	—	25	—		
Shares surrendered in exchange for payment of payroll tax liabilities	(488)	(9)	(488)		
Shares surrendered in exchange for exercise of stock options	(93)	(2)	(93)		
BALANCE — March 31, 2021	<u>\$ 976,692</u>	<u>55,933</u>	<u>\$ 615,113</u>	<u>\$ 368,761</u>	<u>\$ (7,182)</u>
	Total	Common Stock Shares	Common Stock Amount	Retained Earnings	Accumulated Other Comprehensive Loss
BALANCE — January 1, 2020	\$ 949,944	55,213	\$ 587,017	\$ 368,221	\$ (5,294)
Net loss	(3,154)			(3,154)	
Cumulative effect adjustment upon adoption of ASU 2016-13, <i>Credit Losses</i>	(575)			(575)	
Other comprehensive loss	(9,465)				(9,465)
Stock-based compensation expense	2,641		2,641		
Options exercised	2,369	174	2,369		
Issuance of common stock under Employee Stock Purchase Plan	371	13	371		
Shares surrendered in exchange for payment of payroll tax liabilities	(866)	(23)	(866)		
Shares surrendered in exchange for exercise of stock options	(1,467)	(39)	(1,467)		
BALANCE — March 31, 2020	<u>\$ 939,798</u>	<u>55,338</u>	<u>\$ 590,065</u>	<u>\$ 364,492</u>	<u>\$ (14,759)</u>

See condensed notes to consolidated financial statements.

(concluded)

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020
(In thousands - unaudited)

	Three Months Ended March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 10,958	\$ (3,154)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	21,400	23,320
Loss on sales and/or abandonment of property and equipment	(28)	37
Write-off of certain intangible assets and other long-term assets	—	3,925
Amortization of right-of-use operating lease assets	3,070	3,134
Fair value adjustments to contingent consideration	402	4,897
Amortization of deferred credits	(27)	(35)
Amortization of long-term debt issuance costs	151	151
Stock-based compensation expense	3,595	2,777
Changes in operating assets and liabilities, net of acquisitions and divestitures:		
Trade receivables	(5,284)	3,445
Other receivables	(597)	613
Inventories	(3,396)	(4,983)
Prepaid expenses and other current assets	(1,071)	(3,126)
Income tax refund receivables	199	(2,475)
Other assets	80	(577)
Trade payables	4,237	4,340
Accrued expenses	5,393	(1,621)
Income taxes payable	(174)	2,109
Deferred compensation payable	(581)	(789)
Operating lease liabilities	(3,151)	(2,945)
Other long-term obligations	56	(179)
Total adjustments	<u>24,274</u>	<u>32,018</u>
Net cash provided by operating activities	<u>35,232</u>	<u>28,864</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures for:		
Property and equipment	(6,171)	(13,950)
Intangible assets	(692)	(1,062)
Proceeds from the sale of property and equipment	873	—
Cash received for settlement of current note receivable	—	250
Cash paid in acquisitions, net of cash acquired	(358)	—
Net cash used in investing activities	<u>\$ (6,348)</u>	<u>\$ (14,762)</u>

(continued)

See condensed notes to consolidated financial statements.

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020
(In thousands - unaudited)

	Three Months Ended March 31,	
	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	\$ 5,520	\$ 1,261
Proceeds from issuance of long-term debt	9,694	30,665
Payments on long-term debt	(40,569)	(24,540)
Contingent payments related to acquisitions	(403)	(12,754)
Payment of taxes related to an exchange of common stock	(488)	(866)
Net cash used in financing activities	<u>(26,246)</u>	<u>(6,234)</u>
EFFECT OF EXCHANGE RATES ON CASH	<u>(1,035)</u>	<u>(2,108)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>1,603</u>	<u>5,760</u>
CASH AND CASH EQUIVALENTS:		
Beginning of period	56,916	44,320
End of period	<u>\$ 58,519</u>	<u>\$ 50,080</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest (net of capitalized interest of \$120 and \$392, respectively)	<u>\$ 1,539</u>	<u>\$ 3,198</u>
Income taxes	<u>\$ 1,660</u>	<u>\$ 1,637</u>
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Property and equipment purchases in accounts payable	<u>\$ 1,688</u>	<u>\$ 5,383</u>
Current note receivable converted to equity investment	<u>\$ —</u>	<u>\$ 899</u>
Merit common stock surrendered (2 and 39 shares, respectively) in exchange for exercise of stock options	<u>\$ 93</u>	<u>\$ 1,467</u>
Right-of-use operating lease assets obtained in exchange for operating lease liabilities	<u>\$ 131</u>	<u>\$ 2,800</u>

See condensed notes to consolidated financial statements.

(concluded)

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

1. Basis of Presentation and Other Items. The interim consolidated financial statements of Merit Medical Systems, Inc. ("Merit," "we" or "us") for the three months ended March 31, 2021 and 2020 are not audited. Our consolidated financial statements are prepared in accordance with the requirements for unaudited interim periods and, consequently, do not include all disclosures required to be made in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). In the opinion of our management, the accompanying consolidated financial statements contain all adjustments, consisting of normal recurring accruals, necessary for a fair presentation of our financial position as of March 31, 2021 and December 31, 2020, and our results of operations and cash flows for the three-month periods ended March 31, 2021 and 2020. The results of operations for the three-month periods ended March 31, 2021 and 2020 are not necessarily indicative of the results for a full-year period. Percentages and earnings per share amounts presented are calculated from the underlying amounts. These interim consolidated financial statements should be read in conjunction with the financial statements and risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2020 (the "2020 Annual Report on Form 10-K").

2. Recently Issued Financial Accounting Standards.

Not Yet Adopted

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

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

3. Revenue from Contracts with Customers. We recognize revenue when a customer obtains control of promised goods. The amount of revenue recognized reflects the consideration we expect to receive in exchange for these goods. Our revenue recognition policies have not changed from those disclosed in Note 1 to our consolidated financial statements in Item 8 of the 2020 Annual Report on Form 10-K.

Disaggregation of Revenue

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

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The following tables present revenue from contracts with customers by reporting segment, product category and geographical region for the three-month periods ended March 31, 2021 and 2020 (in thousands):

	Three Months Ended March 31, 2021			Three Months Ended March 31, 2020		
	United States	International	Total	United States	International	Total
Cardiovascular						
Peripheral Intervention	\$ 56,866	\$ 36,048	\$ 92,914	\$ 55,803	\$ 31,272	\$ 87,075
Cardiac Intervention	29,251	45,486	74,737	28,595	43,996	72,591
Custom Procedural Solutions	24,892	20,529	45,421	25,414	22,207	47,621
OEM	22,890	5,044	27,934	23,666	4,591	28,257
Total	133,899	107,107	241,006	133,478	102,066	235,544
Endoscopy						
Endoscopy devices	7,473	434	7,907	7,578	403	7,981
Total	\$ 141,372	\$ 107,541	\$ 248,913	\$ 141,056	\$ 102,469	\$ 243,525

4. Acquisitions. On November 6, 2020, we entered into a unit purchase agreement to acquire KA Medical, LLC (“KA Medical”). Subject to the terms and conditions of the unit purchase agreement, we paid \$10.4 million in cash at closing, net of cash acquired, subject to adjustments for working capital and other matters, with an additional \$4 million payable no later than 12 months following the agreement. KA Medical developed the Micro Plug™ Set, a self-expanding nitinol vascular occlusion device, which is FDA-cleared in the US and CE marked in Europe. We accounted for this acquisition as a business combination. The sales and results of operations related to the acquisition have been included in our cardiovascular segment since the acquisition date and were not material. Acquisition-related costs associated with the KA Medical acquisition, which were included in selling, general and administrative expenses, were not material. The purchase price was preliminarily allocated as follows (in thousands):

Assets Acquired	
Trade receivables	\$ 24
Other receivables	13
Inventories	216
Property and equipment	298
Other long-term assets	147
Intangible assets	
Developed technology	6,000
Goodwill	8,283
Total assets acquired	14,981
Liabilities Assumed	
Trade payables	(31)
Accrued expenses	(507)
Total liabilities assumed	(538)
Total net assets acquired	\$ 14,443

We are amortizing the developed technology intangible asset acquired from KA Medical over 17 years. The goodwill consists largely of the synergies expected from combining operations and is expected to be deductible for income tax purposes. The pro forma impact of the KA Medical acquisition was not significant to our financial results for the three-month period ended March 31, 2020. Operating results attributable to the KA Medical acquisition were included in our consolidated statements of income (loss) for the three-month period ended March 31, 2021.

5. **Inventories.** Inventories at March 31, 2021 and December 31, 2020 consisted of the following (in thousands):

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Finished goods	\$ 120,969	\$ 110,933
Work-in-process	24,750	19,308
Raw materials	54,589	67,778
Total inventories	<u>\$ 200,308</u>	<u>\$ 198,019</u>

6. **Goodwill and Intangible Assets.** The change in the carrying amount of goodwill for the three-month period ended March 31, 2021 is detailed as follows (in thousands):

	<u>March 31, 2021</u>
Goodwill balance at January 1	\$ 363,533
Effect of foreign exchange	(1,033)
Goodwill balance at March 31	<u>\$ 362,500</u>

Total accumulated goodwill impairment losses aggregated to approximately \$8.3 million as of March 31, 2021 and December 31, 2020. We did not have any goodwill impairments for the three-month periods ended March 31, 2021 and 2020. The total goodwill balance as of March 31, 2021 and December 31, 2020 was related to our cardiovascular segment.

Other intangible assets at March 31, 2021 and December 31, 2020 consisted of the following (in thousands):

	<u>March 31, 2021</u>		
	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
Patents	\$ 24,362	\$ (6,929)	\$ 17,433
Distribution agreements	3,250	(2,369)	881
License agreements	14,418	(7,010)	7,408
Trademarks	30,255	(13,131)	17,124
Customer lists	35,052	(29,586)	5,466
Total	<u>\$ 107,337</u>	<u>\$ (59,025)</u>	<u>\$ 48,312</u>

	<u>December 31, 2020</u>		
	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
Patents	\$ 23,669	\$ (6,460)	\$ 17,209
Distribution agreements	3,250	(2,319)	931
License agreements	14,453	(6,647)	7,806
Trademarks	30,273	(12,414)	17,859
Customer lists	35,154	(29,103)	6,051
Total	<u>\$ 106,799</u>	<u>\$ (56,943)</u>	<u>\$ 49,856</u>

Aggregate amortization expense the three-month periods ended March 31, 2021 and 2020 was approximately \$12.5 million and \$15.0 million, respectively.

We evaluate long-lived assets, including amortizing intangible assets, for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. We perform the impairment analysis at the asset group for which the lowest level of identifiable cash flows is largely independent of the cash flows of other assets and liabilities. We determine the fair value of our amortizing assets based on estimated future cash flows discounted back to their present value using a discount rate that reflects the risk profiles of the underlying activities. We did not identify indicators of impairment in any intangible assets based on our qualitative assessment for the three-month periods ended March 31, 2021 and 2020.

Estimated amortization expense for the developed technology and other intangible assets for the next five years consisted of the following as of March 31, 2021 (in thousands):

<u>Year Ending December 31,</u>	<u>Estimated Amortization Expense</u>
Remaining 2021	\$ 37,320
2022	48,634
2023	47,454
2024	44,404
2025	42,548

7. Income Taxes. Our provision for income taxes for the three-month periods ended March 31, 2021 and 2020 was a tax expense of approximately \$1.7 million and \$1.2 million, respectively, which resulted in an effective tax rate of 13.7% and (58.3)%, respectively. The increase in the income tax expense and the corresponding change in the effective tax rate for the three-month period ended March 31, 2021, when compared to the prior-year period, was primarily due to a pre-tax loss during the 2020 period, as well as a change in the jurisdictional mix of earnings. Our effective tax rate differs from the U.S. statutory rate primarily due to the impact of global intangible low-taxed income ("GILTI") inclusions, state income taxes, foreign taxes, other non-deductible permanent items and discrete items (such as share-based compensation).

8. Revolving Credit Facility and Long-Term Debt. Principal balances outstanding under our long-term debt obligations as of March 31, 2021 and December 31, 2020 consisted of the following (in thousands):

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Term loans	\$ 138,750	\$ 140,625
Revolving credit loans	182,000	211,000
Less unamortized debt issuance costs	(375)	(403)
Total long-term debt	320,375	351,222
Less current portion	7,500	7,500
Long-term portion	<u>\$ 312,875</u>	<u>\$ 343,722</u>

Third Amended and Restated Credit Agreement

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

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

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

	<u>Covenant Requirement</u>
Consolidated Total Leverage Ratio ⁽¹⁾	4.0 to 1.0
Consolidated Interest Coverage Ratio ⁽²⁾	3.0 to 1.0
Facility Capital Expenditures ⁽³⁾	\$50 million

- (1) Maximum Consolidated Total Net Leverage Ratio (as defined in the Third Amended Credit Agreement) as of any fiscal quarter end.
- (2) Minimum ratio of Consolidated EBITDA (as defined in the Third Amended Credit Agreement and adjusted for certain expenditures) to Consolidated interest expense (as defined in the Third Amended Credit Agreement) for any period of four consecutive fiscal quarters.
- (3) Maximum level of the aggregate amount of all Facility Capital Expenditures (as defined in the Third Amended Credit Agreement) in any fiscal year.

We believe we were in compliance with all covenants set forth in the Third Amended Credit Agreement as of March 31, 2021.

As of March 31, 2021, we had outstanding borrowings of approximately \$320.8 million under the Third Amended Credit Agreement, with additional available borrowings of approximately \$418 million, based on the maximum net leverage ratio and the aggregate revolving credit commitment pursuant to the Third Amended Credit Agreement. Our interest rate as of March 31, 2021 was a fixed rate of 2.12% on \$175 million as a result of an interest rate swap (see Note 9) and a variable floating rate of 1.11% on \$145.8 million. Our interest rate as of December 31, 2020 was a fixed rate of 2.37% on \$175 million as a result of an interest rate swap and a variable floating rate of 1.40% on \$176.6 million. The foregoing fixed rates are exclusive of changes in the notional amount and fixed rate associated with our interest rate swaps beginning July 6, 2021 as described in Note 9 and potential future changes in the applicable margin.

Future minimum principal payments on our long-term debt, as of March 31, 2021, were as follows (in thousands):

<u>Years Ending December 31,</u>	<u>Future Minimum Principal Payments</u>
Remaining 2021	\$ 5,625
2022	8,438
2023	11,250
2024	295,437
Total future minimum principal payments	<u>\$ 320,750</u>

9. Derivatives.

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

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

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

Derivative Instruments Designated as Cash Flow Hedges

On August 5, 2016, we entered into a pay-fixed, receive-variable interest rate swap with a current notional amount of \$175 million with Wells Fargo to fix the one-month LIBOR rate at 1.12%. The variable portion of the interest rate swap is tied to the one-month LIBOR rate (the benchmark interest rate). On a monthly basis, the interest rates under both the interest rate swap and the underlying debt reset, the swap is settled with the counterparty, and interest is paid. The interest rate swap is scheduled to expire on July 6, 2021.

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

At March 31, 2021 and December 31, 2020, our interest rate swaps qualified as cash flow hedges. The fair value of our interest rate swaps at March 31, 2021 was a liability of approximately \$3.2 million, which was partially offset by approximately \$0.8 million in deferred taxes. The fair value of our interest rate swaps at December 31, 2020 was a liability of \$4.4 million, partially offset by approximately \$1.1 million in deferred taxes.

Foreign Currency Risk. We operate on a global basis and are exposed to the risk that our financial condition, results of operations, and cash flows could be adversely affected by changes in foreign currency exchange rates. To reduce the potential effects of foreign currency exchange rate movements on net earnings, we enter into derivative financial instruments in the form of foreign currency exchange forward contracts with major financial institutions. Our policy is to enter into foreign currency derivative contracts with maturities of up to two years. We are primarily exposed to foreign currency exchange rate risk with respect to transactions and balances denominated in Chinese Renminbi, Euros, British Pounds, Mexican Pesos, Brazilian Reals, Australian Dollars, Hong Kong Dollars, Swiss Francs, Swedish Krona, Canadian Dollars, Danish Krone, Japanese Yen, and South Korean Won, among others. We do not use derivative financial instruments for trading or speculative purposes. We do not believe we are subject to any credit risk contingent features related to our derivative contracts, and we seek to manage counterparty risk by allocating derivative contracts among several major financial institutions.

Derivative Instruments Designated as Cash Flow Hedges

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

We enter into approximately 150 cash flow foreign currency hedges every month. As of March 31, 2021 and December 31, 2020, we had entered into foreign currency forward contracts, which qualified as cash flow hedges, with aggregate notional amounts of approximately \$128.6 million and \$168.2 million, respectively.

Derivative Instruments Not Designated as Cash Flow Hedges

We forecast our net exposure in various receivables and payables to fluctuations in the value of various currencies, and we enter into foreign currency forward contracts to mitigate that exposure. We enter into approximately 20 foreign currency fair value hedges every month. As of March 31, 2021 and December 31, 2020, we had entered into foreign currency forward contracts related to those balance sheet accounts with aggregate notional amounts of approximately \$93.7 million and \$74.8 million, respectively.

Balance Sheet Presentation of Derivative Instruments. As of March 31, 2021 and December 31, 2020, all derivative instruments, both those designated as hedging instruments and those that were not designated as hedging instruments, were recorded at fair value on a gross basis on our consolidated balance sheets. We are not subject to any master netting agreements.

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

<i>Fair Value of Derivative Instruments Designated as Hedging Instruments</i>			
	Balance Sheet Location	March 31, 2021	December 31, 2020
<i>Assets</i>			
Foreign currency forward contracts	Prepaid expenses and other assets	1,247	1,777
Foreign currency forward contracts	Other assets (long-term)	314	424
<i>(Liabilities)</i>			
Interest rate swaps	Accrued expenses	(471)	(896)
Interest rate swaps	Other long-term obligations	(2,733)	(3,462)
Foreign currency forward contracts	Accrued expenses	(3,302)	(5,281)
Foreign currency forward contracts	Other long-term obligations	(432)	(866)
<i>Fair Value of Derivative Instruments Not Designated as Hedging Instruments</i>			
	Balance Sheet Location	March 31, 2021	December 31, 2020
<i>Assets</i>			
Foreign currency forward contracts	Prepaid expenses and other assets	\$ 2,183	\$ 877
<i>(Liabilities)</i>			
Foreign currency forward contracts	Accrued expenses	(2,073)	(2,120)

Income Statement Presentation of Derivative Instruments.

Derivative Instruments Designated as Cash Flow Hedges

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

Derivative instrument	Amount of Gain/(Loss) Recognized in OCI		Location in statements of income	Consolidated Statements of Income (Loss)		Amount of Gain/(Loss) Reclassified from AOCI	
	Three Months Ended March 31,			Three Months Ended March 31,		Three Months Ended March 31	
	2021	2020		2021	2020	2021	2020
Interest rate swaps	\$ 721	\$ (5,463)	Interest expense	\$ (1,537)	\$ (3,144)	\$ (432)	\$ 251
Foreign currency forward contracts	516	(1,494)	Revenue	248,913	243,525	(1,602)	78
			Cost of sales	(137,019)	(139,741)	350	(104)

As of March 31, 2021, approximately \$(2.9) million, or \$(2.2) million after taxes, was expected to be reclassified from accumulated other comprehensive income (loss) to earnings in revenue and cost of sales over the succeeding twelve months. As of March 31, 2020, approximately \$(1.3) million, or \$(1.0) million after taxes, was expected to be reclassified from accumulated other comprehensive income (loss) to earnings in interest expense over the succeeding twelve months.

Derivative Instruments Not Designated as Hedging Instruments

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

Derivative Instrument	Location in statements of income (loss)	Three Months Ended March 31,	
		2021	2020
Foreign currency forward contracts	Other income (expense)	\$ 229	\$ 3,418

10. Commitments and Contingencies.

Loan Commitment. On October 11, 2019, we acquired shares of stock in Selio Medical Limited (“Selio”) representing an ownership interest of approximately 19.5%, as well as an option to purchase all ordinary shares of Selio throughout a 45-day period commencing from the date Selio receives FDA 510(k) approval of a medical device it is currently developing, and an option to purchase all remaining shares of Selio on the third anniversary date of the agreement if we elect to purchase all ordinary shares. We have also made a loan of \$250,000 to Selio and committed to provide additional loans of up to €2 million at a rate of 5% per annum until one year and 45 days have passed from the date Selio receives FDA Section 510(k) approval of a medical device it is currently developing. Additional loans made to Selio pursuant to our loan agreement, together with the initial advance and all other amounts owed to us by Selio, would be securitized by Selio’s assets.

Litigation. In the ordinary course of business, we are involved in various proceedings, legal actions and claims. These proceedings, actions and claims may involve product liability, intellectual property, contract disputes, employment, governmental inquiries or other matters, including those more fully described below. The outcomes of these matters will generally not be known for prolonged periods of time. In certain proceedings, the claimants may seek damages as well as other compensatory and equitable relief that could result in the payment of significant claims and settlements and/or the imposition of injunctions or other equitable relief. For legal matters for which our management had sufficient information

to reasonably estimate our future obligations, a liability representing management’s best estimate of the probable loss, or the minimum of the range of probable losses when a best estimate within the range is not known, is recorded. The estimates are based on consultation with legal counsel, previous settlement experience and settlement strategies. If actual outcomes are less favorable than those estimated by management, additional expense may be incurred, which could unfavorably affect our financial position, results of operations and cash flows. The ultimate cost to us with respect to such proceedings, actions and claims could be materially different than the amount of the current estimates and accruals and could have a material adverse effect on our financial position, results of operations and cash flows.

Securities Litigation

On December 5, 2019, the Bucks County Employees Retirement Fund filed a complaint against Merit, our Chief Executive Officer and our Chief Financial Officer in the United States District Court for the Central District of California, individually and on behalf of all purchasers of our common stock between February 26, 2019 and October 30, 2019. On February 24, 2020, the court appointed the City of Atlanta Police Pension Fund, the Atlanta Firefighters’ Pension Fund, and the Employees’ Retirement System of the City of Baton Rouge and Parish of East Baton Rouge as Lead Plaintiffs. This action is now captioned In re Merit Medical Systems, Inc. Securities Litigation (Master File No. 8:19-cv-02326-DOC-ADS). On June 30, 2020, Lead Plaintiffs filed a consolidated class action complaint for violations of federal securities laws against Merit, our Chief Executive Officer and our Chief Financial Officer in the United States District Court for the Central District of California, individually and on behalf of all purchasers of our common stock between February 26, 2019 and October 30, 2019. The consolidated class action complaint alleges that defendants violated Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder, and seeks unspecified damages, costs and attorneys’ fees, and equitable relief. We filed a motion to dismiss the action, which the Court denied. We intend to vigorously defend against the lawsuit. We have not recorded an expense related to this matter because any potential loss is not currently probable or reasonably estimable. Additionally, we cannot presently estimate the range of loss, if any, that may result from the matter. It is possible that the ultimate resolution of the foregoing matter, or other similar matters, if resolved in a manner unfavorable to us, may be materially adverse to our business, financial condition, results of operations or liquidity.

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

11. Earnings (Loss) Per Common Share (EPS). The computation of weighted average shares outstanding and the basic and diluted earnings (loss) per common share consisted of the following (in thousands, except per share amounts):

	Three Months Ended March 31,	
	2021	2020
Net income (loss)	\$ 10,958	\$ (3,154)
Average common shares outstanding	55,717	55,246
Basic EPS	\$ 0.20	\$ (0.06)
Average common shares outstanding	55,717	55,246
Effect of dilutive stock awards	1,261	—
Total potential shares outstanding	56,978	55,246
Diluted EPS	\$ 0.19	\$ (0.06)
Equity awards excluded as the impact was anti-dilutive ⁽¹⁾	1,042	4,340

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

12. Stock-Based Compensation Expense. Stock-based compensation expense before income tax expense for the three-month periods ended March 31, 2021 and 2020 consisted of the following (in thousands):

	Three Months Ended March 31,	
	2021	2020
Cost of sales		
Nonqualified stock options	\$ 318	\$ 339
Research and development		
Nonqualified stock options	279	285
Selling, general and administrative		
Nonqualified stock options	1,627	1,706
Performance-based restricted stock units	731	312
Restricted stock units	355	—
Cash-settled share-based awards ("Liability Awards")	285	135
Total selling, general and administrative	2,998	2,153
Stock-based compensation expense before taxes	<u>\$ 3,595</u>	<u>\$ 2,777</u>

Nonqualified Stock Options

During the three-month periods ended March 31, 2021 and 2020, we granted stock options representing 125,850 and 216,494 shares of our common stock, respectively. We use the Black-Scholes methodology to value the stock-based compensation expense for options. In applying the Black-Scholes methodology to the option grants, the fair value of our stock-based awards granted was estimated using the following assumptions for the periods indicated below:

	Three Months Ended March 31,	
	2021	2020
Risk-free interest rate	0.6%	0.5% - 1.7%
Expected option term	4.0 years	4.0 - 5.0 years
Expected dividend yield	—	—
Expected price volatility	46.7%	38.7% - 43.2%

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

We recognize stock-based compensation expense (net of a forfeiture rate) for those awards which are expected to vest on a straight-line basis over the requisite service period. We estimate the forfeiture rate based on our historical experience and expectations about future forfeitures. As of March 31, 2021, the total remaining unrecognized compensation cost related to non-vested stock options was approximately \$22.4 million, which was expected to be recognized over a weighted average period of 2.5 years.

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

During the three-month periods ended March 31, 2021 and 2020 we granted performance stock units to certain of our executive officers which, as amended, represent up to 128,883 and 127,060 shares of our common stock, respectively. Conversion of the performance stock units occurs at the end of the relevant performance periods, or one year after the agreement date, whichever is later. The conversion ratio is based upon attaining targeted levels of free cash flow ("FCF") and relative shareholder return as compared to the Russell 2000 Index ("rTSR"), as defined in the award agreements.

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

	Three Months Ended	
	March 31,	
	2021	2020
Risk-free interest rate	0.1% - 0.3%	1.1% - 1.3%
Remaining performance period	1.8 - 2.8 years	0.8 - 2.8 years
Expected dividend yield	—	—
Expected price volatility	43.7% - 49.3%	40.2% - 56.1%

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

Compensation expense is recognized using the grant-date fair value for the number of shares that are probable of being awarded based on the performance conditions. Each reporting period, this probability assessment is updated, and cumulative catchups are recorded based on the level of FCF that is expected to be achieved. At the end of the performance period, cumulative expense is calculated based on the actual level of FCF achieved. As of March 31, 2021, the total remaining unrecognized compensation cost related to stock-settled performance stock units was approximately \$6.5 million, which is expected to be recognized over a weighted average period of 2.1 years.

Cash-Settled Performance-Based Share-Based Awards (“Liability Awards”)

During the three-month periods ended March 31, 2021 and 2020, we granted liability awards to our Chief Executive Officer with total target cash incentives of \$1.0 million and \$1.0 million, respectively. These awards entitle him to a target cash payment multiplied by rTSR and FCF multipliers, as defined in the award agreements. Settlement generally occurs based upon the same performance metrics, vesting period, and performance period as our performance stock units.

The fair value of these awards is remeasured at each reporting period until the awards are settled. These awards are classified as liabilities and reported in accrued expenses and other long-term liabilities within our consolidated balance sheet. As of March 31, 2021, the total remaining unrecognized compensation cost related to cash-settled performance-based share-based awards was approximately \$2.4 million, which is expected to be recognized over a weighted average period of 2.1 years.

Restricted Stock Units

On June 22, 2020, we granted restricted stock units to our non-employee directors representing 33,504 shares of our common stock. The expense recognized for restricted stock units is equal to the closing stock price on the date of grant, which is recognized over the vesting period. Restricted stock units granted to each director are subject to such director's continued service through the vesting date, which is one year from the date of grant. As of March 31, 2021, the total remaining unrecognized compensation cost related to restricted stock units was approximately \$0.3 million, which will be recognized over the remaining vesting period.

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

Financial information relating to our reportable operating segments and reconciliations to the consolidated totals for the three-month periods ended March 31, 2021 and 2020, were as follows (in thousands):

	Three Months Ended March 31,	
	2021	2020
Net Sales		
Cardiovascular	\$ 241,006	\$ 235,544
Endoscopy	7,907	7,981
Total net sales	<u>248,913</u>	<u>243,525</u>
Operating Income (Loss)		
Cardiovascular	12,201	1,502
Endoscopy	1,993	(140)
Total operating income	<u>14,194</u>	<u>1,362</u>
Total other expense - net	(1,500)	(3,354)
Income tax expense	1,736	1,162
Net income (loss)	<u>\$ 10,958</u>	<u>\$ (3,154)</u>

14. Fair Value Measurements.

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

Our financial assets and (liabilities) carried at fair value and measured on a recurring basis as of March 31, 2021 and December 31, 2020 consisted of the following (in thousands):

	Total Fair Value at March 31, 2021	Fair Value Measurements Using		
		Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Interest rate contract liabilities, current and long-term ⁽¹⁾	\$ (3,204)	\$ —	\$ (3,204)	\$ —
Foreign currency contract assets, current and long-term ⁽²⁾	\$ 3,744	\$ —	\$ 3,744	\$ —
Foreign currency contract liabilities, current and long-term ⁽³⁾	\$ (5,807)	\$ —	\$ (5,807)	\$ —
Contingent consideration liabilities	\$ (55,754)	\$ —	\$ —	\$ (55,754)

	Total Fair Value at December 31, 2020	Fair Value Measurements Using		
		Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Interest rate contract liabilities, current and long-term ⁽¹⁾	\$ (4,358)	\$ —	\$ (4,358)	\$ —
Foreign currency contract assets, current and long-term ⁽²⁾	\$ 3,078	\$ —	\$ 3,078	\$ —
Foreign currency contract liabilities, current and long-term ⁽³⁾	\$ (8,267)	\$ —	\$ (8,267)	\$ —
Contingent consideration liabilities	\$ (55,750)	\$ —	\$ —	\$ (55,750)

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

Certain of our business combinations involve the potential for the payment of future contingent consideration, generally based on a percentage of future product sales or upon attaining specified future revenue or other milestones. The contingent consideration liability is re-measured at the estimated fair value at the end of each reporting period with the change in fair value recognized within operating expenses in the accompanying consolidated statements of income (loss) for such period. We measure the initial liability and re-measure the liability on a recurring basis using Level 3 inputs as defined under authoritative guidance for fair value measurements. Changes in the fair value of our contingent consideration liabilities during the three-month periods ended March 31, 2021 and 2020 consisted of the following (in thousands):

	Three Months Ended March 31,	
	2021	2020
Beginning balance	\$ 55,750	\$ 76,709
Contingent consideration expense	402	4,897
Contingent payments made	(403)	(12,754)
Effect of foreign exchange	5	17
Ending balance	\$ 55,754	\$ 68,869

As of March 31, 2021, approximately \$19.5 million in contingent consideration liability was included in other long-term obligations and approximately \$36.2 million in contingent consideration liability was included in accrued expenses in our consolidated balance sheet. As of December 31, 2020, approximately \$36.9 million in contingent consideration liability was included in other long-term obligations and approximately \$18.8 million in contingent consideration liability was included in accrued expenses in our consolidated balance sheet. Cash paid to settle the contingent consideration liability recognized at fair value as of the applicable acquisition date (including measurement-period adjustments) has been reflected as a cash outflow from financing activities in the accompanying consolidated statements of cash flows.

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The recurring Level 3 measurement of our contingent consideration liabilities included the following significant unobservable inputs at March 31, 2021 and December 31, 2020 (amounts in thousands):

Contingent consideration liability	Fair value at March 31, 2021	Valuation technique	Unobservable inputs	Range	Weighted Average ⁽¹⁾
Revenue-based royalty payments contingent liability	\$ 4,047	Discounted cash flow	Discount rate	12% - 16%	15.4%
			Projected year of payments	2021-2034	2026
Revenue milestones contingent liability	\$ 46,807	Monte Carlo simulation	Discount rate	10% - 14%	10.4%
			Projected year of payments	2021-2030	2022
Regulatory approval contingent liability	\$ 4,900	Scenario-based method	Discount rate	1%	
			Probability of milestone payment	100%	
			Projected year of payment	2021-2024	2022
Contingent consideration liability	Fair value at December 31, 2020	Valuation technique	Unobservable inputs	Range	Weighted Average ⁽¹⁾
Revenue-based royalty payments contingent liability	\$ 4,545	Discounted cash flow	Discount rate	12% - 15%	13.5%
			Projected year of payments	2021-2034	2026
Revenue milestones contingent liability	\$ 46,305	Monte Carlo simulation	Discount rate	7.5% - 12%	9.0%
			Projected year of payments	2021-2030	2022
Regulatory approval contingent liability	\$ 4,900	Scenario-based method	Discount rate	1%	
			Probability of milestone payment	100%	
			Projected year of payment	2021-2024	2022

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

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

Contingent Payments to Related Parties

During the three-month period ended March 31, 2020, we made contingent payments of approximately \$800,000 to a current director of Merit and former shareholder of Cianna Medical, Inc. ("Cianna Medical"), which we acquired in 2018. We made no such payments during the three-month period ended March 31, 2021. The terms of the acquisition, including contingent consideration payments, were determined prior to the appointment of the former Cianna Medical shareholder as a Merit director. As a former shareholder of Cianna Medical, the Merit director may be eligible for additional payments for the achievement of sales milestones specified in our merger agreement with Cianna Medical.

Fair Value of Other Financial Instruments

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

Impairment Charges

We recognize or disclose the fair value of certain assets, such as non-financial assets, primarily property and equipment, right-of-use operating lease assets, equity investments, intangible assets and goodwill in connection with impairment evaluations. All our nonrecurring valuations use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy.

Intangible Assets. During the three-month periods ended March 31, 2021 and 2020, we had no losses related to acquired intangible assets (see Note 6).

Equity Investments and Purchase Options. During the three-month period ended March 31, 2021, we had no losses related to equity investments and purchase options. During the three-month period ended March 31, 2020 we recorded a charge of \$3.5 million due to our write-off of our purchase option to acquire Bluegrass Vascular Technologies, Inc. (“Bluegrass Vascular”) due to our decision not to exercise the option. Our equity investments in privately held companies, including options to acquire these companies, were approximately \$12.0 million and \$12.0 million as of March 31, 2021 and December 31, 2020, respectively, which are included within other long-term assets in our consolidated balance sheets. We analyze our investments in privately-held companies to determine if they should be accounted for using the equity method based on our ability to exercise significant influence over operating and financial policies of the company in which we have invested. Investments not accounted for under the equity method of accounting are accounted for at cost minus impairment, if applicable, plus or minus changes in valuation resulting from observable transactions for identical or similar investments.

Property and Equipment. During the three-month period ended March 31, 2021, we had no losses related to the measurement of property and equipment at fair value, compared to losses of \$359,000 for the three-month period ended March 31, 2020 based on restructuring activities associated with changes to our distribution agreement with NinePoint Medical, Inc. (“NinePoint”).

Notes Receivable

Our outstanding long-term notes receivable, including accrued interest and our allowance for current expected credit losses, were approximately \$2.0 million and \$2.2 million as of March 31, 2021 and December 31, 2020, respectively. As of March 31, 2021, we had an allowance for current expected credit losses of \$932,000 associated with these notes receivable and our contractual obligation to extend credit to Selio. We assess the allowance for current expected credit losses on an individual security basis, due to the limited number of securities, using a probability of default model, which is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the expected collectability of securities, and other security specific factors. During the three-month periods ended March 31, 2021 and 2020, respectively, we adjusted the probability of default for all notes receivable for certain periods during the loan term due to changes in current macroeconomic conditions and our expectations of collectability as a result of the COVID-19 pandemic. The table below presents a rollforward of the

allowance for current expected credit losses on our notes receivable for the three month periods ended March 31, 2021 and 2020, respectively (in thousands):

	Three Months Ended	
	March 31,	
	2021	2020
Beginning balance	\$ 730	\$ —
Cumulative effect adjustment upon adoption of ASU 2016-13, <i>Credit Losses</i>	—	575
Provision for credit loss expense	202	95
Ending balance	<u>\$ 932</u>	<u>\$ 670</u>

15. Accumulated Other Comprehensive Income (Loss). The changes in each component of accumulated other comprehensive income (loss) for the three-month periods ended March 31, 2021 and 2020 were as follows:

	Cash Flow Hedges	Foreign Currency Translation	Total
Balance as of December 31, 2020	\$ (6,940)	\$ 1,488	\$ (5,452)
Other comprehensive income (loss)	1,237	(4,462)	(3,225)
Income taxes	(724)	535	(189)
Reclassifications to:			
Revenue	1,602		1,602
Cost of sales	(350)		(350)
Interest expense	432		432
Net other comprehensive income (loss)	<u>2,197</u>	<u>(3,927)</u>	<u>(1,730)</u>
Balance as of March 31, 2021	<u>\$ (4,743)</u>	<u>\$ (2,439)</u>	<u>\$ (7,182)</u>
	Cash Flow Hedges	Foreign Currency Translation	Total
Balance as of December 31, 2019	\$ 218	\$ (5,512)	\$ (5,294)
Other comprehensive income (loss)	(6,957)	(4,125)	(11,082)
Income taxes	1,849	(7)	1,842
Reclassifications to:			
Revenue	(78)		(78)
Cost of sales	104		104
Interest expense	(251)		(251)
Net other comprehensive loss	<u>(5,333)</u>	<u>(4,132)</u>	<u>(9,465)</u>
Balance as of March 31, 2020	<u>\$ (5,115)</u>	<u>\$ (9,644)</u>	<u>\$ (14,759)</u>

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and related condensed notes thereto, which are included in Part I of this report. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to inherent risks and uncertainties that may adversely impact our operations and financial results. These risks and uncertainties are discussed in Part I, Item 1A “Risk Factors” in the Annual Report on Form 10-K filed on March 1, 2021 (the “2020 Annual Report on Form 10-K”).

OVERVIEW

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

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

For the three-month period ended March 31, 2021, we reported sales of approximately \$248.9 million, up approximately \$5.4 million or 2.2%, compared to sales for the three-month period ended March 31, 2020 of approximately \$243.5 million. Our net sales benefitted approximately \$3.8 million from foreign currency fluctuations (net of hedging) in the first quarter of 2021 assuming applicable foreign exchange rates in effect during the comparable prior-year period.

Gross profit as a percentage of sales increased to 45.0% for the three-month period ended March 31, 2021 compared to 42.6% for the three-month period ended March 31, 2020.

Net income for the three-month period ended March 31, 2021 was approximately \$11.0 million, or \$0.19 per share, compared to net loss of approximately (\$3.2) million, or (\$0.06) per share, for the three-month period ended March 31, 2020.

Recent Developments and Trends and Impact of the COVID-19 Pandemic

In addition to the trends identified in the 2020 Annual Report on Form 10-K under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Overview,” our business during the three months ended March 31, 2021 was impacted, and we believe it will continue to be impacted, by the following recent events and trends:

- We expanded our key executive team with the additions of Robert J. Fredericks as our Chief Strategy and Innovation Officer and Michel J. Voigt as our Chief Human Resources Officer. These new positions were established in connection with the implementation of our Foundations for Growth program, which we believe will support many years of strong growth, profitability, and cash flow generation going forward.
- In the three months ended March 31, 2021, sales growth in the U.S. was uneven, with slight growth year over year in our peripheral intervention and cardiac intervention product categories, which offset declines in sales of our custom procedural solutions and OEM product categories. Notably, we experienced strong demand for our breast cancer radar localization products (as elective procedures in the U.S. began to recover) and our Medallion® syringe products (which benefitted from higher demand as a result of COVID-19 vaccination programs).

- Internationally, sales in Europe, Middle East, and Africa (“EMEA”) were down in the first quarter of 2021 as compared to the first quarter of 2020 as that region of the world continued to experience impacts from the COVID-19 pandemic. In Asia Pacific (“APAC”), sales growth for the first quarter of 2021 was strong, led by increased unit demand in China. Although we expect unit volume growth in China in the second half of the year, we also expect downward pricing pressures in that market, due primarily to increased pricing sensitivity associated with product tender processes.
- During the three months ended March 31, 2021, the first patients were enrolled in our Wrapsody ArterioVenous (AV) Access Efficacy Pivotal Study (the “WAVE Study”) of the WRAPSODY™ Endovascular Stent Graft, an investigational device being studied for the treatment of stenosis or occlusion within dialysis outflow circuits.
- As of March 31, 2021, we had cash on hand of approximately \$58.5 million and net available borrowing capacity of approximately \$418 million.

RESULTS OF OPERATIONS

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

	Three Months Ended March 31,	
	2021	2020
Net sales	100 %	100 %
Gross profit	45.0	42.6
Selling, general and administrative expenses	32.6	32.4
Research and development expenses	6.5	6.1
Impairment charges	—	1.6
Contingent consideration expense	0.2	2.0
Income from operations	5.7	0.6
Other expense — net	(0.6)	(1.4)
Income (loss) before income taxes	5.1	(0.8)
Net income (loss)	4.4	(1.3)

Sales

Sales for the three-month period ended March 31, 2021 increased by 2.2%, or approximately \$5.4 million, compared to the corresponding period in 2020. Listed below are the sales by product category within each of our financial reporting segments for the three-month periods ended March 31, 2021 and 2020 (in thousands, other than percentage changes):

	% Change	Three Months Ended March 31,	
		2021	2020
Cardiovascular			
Peripheral Intervention	6.7 %	\$ 92,914	\$ 87,075
Cardiac Intervention	3.0 %	74,737	72,591
Custom Procedural Solutions	(4.6)%	45,421	47,621
OEM	(1.1)%	27,934	28,257
Total	2.3 %	241,006	235,544
Endoscopy			
Endoscopy devices	(0.9)%	7,907	7,981
Total	2.2 %	\$ 248,913	\$ 243,525

Cardiovascular Sales. Our cardiovascular sales for the three-month period ended March 31, 2021 were approximately \$241.0 million, up 2.3% when compared to the corresponding period of 2020 of approximately \$235.5 million. Sales for the three-month period ended March 31, 2021 were favorably affected by increased sales of:

- (a) Peripheral intervention products (particularly our embolotherapy, radar localization, angiography, access, and intervention products) which increased by approximately \$5.8 million, or 6.7%, from the corresponding period of 2020, and
- (b) Cardiac intervention products (particularly our intervention, fluid management, and cardiac rhythm management/electrophysiology ("CRM/EP") products) which increased by approximately \$2.1 million, or 3.0%, from the corresponding period of 2020;

The foregoing increase in sales for the three-month period ended March 31, 2021 was partially offset by decreased sales of:

- (c) Custom procedural solutions products (particularly our trays and kits, offset partially by an increase in sales of our critical care products) which decreased by approximately \$2.2 million, or (4.6)%, from the corresponding period of 2020.

Endoscopy Sales. Our endoscopy sales for the three-month period ended March 31, 2021 were approximately \$7.9 million, down (0.9)%, when compared to sales in the corresponding period of 2020 of approximately \$8.0 million. Sales for the three-month periods ended March 31, 2021 were unfavorably affected by decreased sales of the NinePoint NvisionVLE® Imaging System as a result of the suspension of our distribution agreement with NinePoint, offset partially by increased sales of probes and our EndoMAXX® fully covered esophageal stents.

International Sales. International sales for the three-month period ended March 31, 2021 were approximately \$107.5 million, or 43.2% of net sales, up 4.9% when compared to the corresponding period of 2020 of approximately \$102.5 million. The increase in our international sales for the first quarter of 2021 compared to the first quarter of 2020 included increased sales in APAC of \$8.7 million or 20.5%, partially offset by decreased sales in EMEA of \$(2.8) million or (5.4)%, and decreased sales in the rest of the world of \$(0.8) million or (10.6)%.

Gross Profit

Our gross profit as a percentage of sales increased to 45.0% for the three-month period ended March 31, 2021, compared to 42.6% for the three-month period ended March 31, 2020. The increase in gross profit percentage was primarily due to changes in product mix, decreased obsolescence expense, and lower amortization expense (as certain intangibles from prior acquisitions became fully amortized).

Operating Expenses

Selling, General and Administrative Expense. Selling, general and administrative ("SG&A") expenses increased approximately \$2.2 million, or 2.8%, for the three-month period ended March 31, 2021 compared to the corresponding period of 2020. As a percentage of sales, SG&A expenses were 32.6% for the three-month period ended March 31, 2021, compared to 32.4% for the corresponding period of 2020. For the three-month period ended March 31, 2021 compared to the corresponding period of 2020, outside consulting and other expenses were up in large part due to our implementation of our Foundations for Growth program, partially offset by lower compensation expenses as a result of reduced headcount from cost cutting initiatives in 2020 and lower discretionary spending as a result of reduced travel, training, and shows and conventions during the COVID-19 pandemic, among other items.

Research and Development Expenses. Research and development ("R&D") expenses for the three-month period ended March 31, 2021 were approximately \$16.3 million, up 9.4%, when compared to R&D expenses in the corresponding period of 2020 of approximately \$14.9 million. The increase in R&D expenses for the three-month period ended March 31, 2021 compared to the corresponding period in 2020 was largely due to increased outside expenses for certain R&D projects (including the WAVE study) and increased compensation expense, as new headcount were added since the layoffs

in 2020 to meet the demands of new projects and preparation for the implementation of the Medical Device Regulation (“MDR”) in the European Union.

Impairment Charges. For the three-month period ended March 31, 2021, we did not record any impairment charges. For the three-month period ended March 31, 2020, we recorded impairment charges of approximately \$3.8 million, which included a \$3.5 million write-off of our purchase option to acquire Bluegrass Vascular due to our decision not to exercise our option to purchase this company and a \$0.4 million impairment of property and equipment related to the suspension of our distribution agreement with NinePoint.

Contingent Consideration Expense. For the three-month periods ended March 31, 2021 and 2020, we recognized contingent consideration expense of approximately \$0.4 million and \$4.9 million, respectively, from changes in the estimated fair value of our contingent consideration obligations stemming from our previously disclosed business acquisitions. Expense in each period relates to changes in the probability and timing of achieving certain revenue and operational milestones, as well as expense for the passage of time.

Operating Income (Loss)

The following table sets forth our operating income (loss) by financial reporting segment for the three-month periods ended March 31, 2021 and 2020 (in thousands):

	Three Months Ended March 31,	
	2021	2020
Operating Income (Loss)		
Cardiovascular	\$ 12,201	\$ 1,502
Endoscopy	1,993	(140)
Total operating income	<u>\$ 14,194</u>	<u>\$ 1,362</u>

Cardiovascular Operating Income. Our cardiovascular operating income for the three-month period ended March 31, 2021 was approximately \$12.2 million, compared to cardiovascular operating income in the corresponding period of 2020 of approximately \$1.5 million. The increase in cardiovascular operating income during the three-month period ended March 31, 2021 compared to the corresponding period of 2020 was primarily a result of increased sales and gross margins, no impairment expense in the first quarter of 2021 compared to \$3.8 million in the first quarter of 2020, and lower contingent consideration expense, partially offset by increased SG&A and R&D expenses.

Endoscopy Operating Income (Loss). Our endoscopy operating income for the three-month period ended March 31, 2021 was approximately \$2.0 million, compared to endoscopy operating loss of approximately (\$0.1) million for the corresponding period of 2020. This increase in endoscopy operating income was primarily a result of improved gross margins (largely a result of the write-off of inventory related to the suspension of our distribution agreement with NinePoint in the first quarter of 2020, which did not repeat in the first quarter of 2021) and decreased operating expenses (including compensation, travel, and sales meeting expenses).

Other Expense

Our other expense for the three-month periods ended March 31, 2021 and 2020 was approximately (\$1.5) million and (\$3.4) million, respectively. The change in other expense for the three-month period ended March 31, 2021 was primarily related to decreased interest expense as a result of a lower effective interest rate and a lower average debt balance, as well as an increase in interest income due to partial recoveries of loan interest from NinePoint which had previously been written off.

Effective Tax Rate

Our provision for income taxes for the three-month periods ended March 31, 2021 and 2020 was a tax expense of approximately \$1.7 million and \$1.2 million, respectively, which resulted in an effective tax rate of 13.7% and (58.3)%.

respectively. The increase in the income tax expense and the corresponding change in the effective income tax rate for the three-month period ended March 31, 2021, when compared to the prior-year period, was primarily due to a pre-tax loss during the 2020 period, as well as a change in the jurisdictional mix of earnings. Our effective tax rate differs from the U.S. statutory rate primarily due to the impact of global intangible low-taxed income (“GILTI”) inclusions, state income taxes, foreign taxes, other non-deductible permanent items and discrete items (such as share-based compensation).

Net Income (Loss)

Our net income (loss) for the three-month periods ended March 31, 2021 and 2020 was approximately \$11.0 million and (\$3.2) million, respectively. This increase in our net income for the three-month period ended March 31, 2021 was primarily the result of several factors, including increased sales and improved gross margins, no impairment expense in the first quarter of 2021 compared to impairment expense of \$3.8 million in the first quarter of 2020, lower contingent consideration expense, and lower interest expense, partially offset by increased SG&A and R&D expenses.

LIQUIDITY AND CAPITAL RESOURCES

Capital Commitments, Contractual Obligations and Cash Flows

At March 31, 2021 and December 31, 2020, our current assets exceeded current liabilities by \$230.8 million and \$244.7 million, respectively, and we had cash and cash equivalents of approximately \$58.5 million and \$56.9 million, respectively, of which approximately \$49.4 million and \$42.3 million, respectively, were held by foreign subsidiaries. We currently believe future repatriation of cash and other property held by our foreign subsidiaries will generally not be subject to U.S. federal income tax. As a result, we are not permanently reinvested with respect to our historic unremitted foreign earnings. In addition, cash held by our subsidiary in China is subject to local laws and regulations that require government approval for the transfer of such funds to entities located outside of China. As of March 31, 2021, and December 31, 2020, we had cash and cash equivalents of approximately \$21.9 million and \$15.5 million, respectively, within our subsidiary in China.

Cash flows provided by operating activities. We generated cash from operating activities of approximately \$35.2 million and \$28.9 million during the three-month periods ended March 31, 2021 and 2020, respectively. Net cash provided by operating activities increased approximately \$6.4 million for the three-month period ended March 31, 2021 compared to the three-month period ended March 31, 2020. Significant factors affecting operating cash flows during these years included:

- Cash provided by (used for) accounts receivable was approximately (\$5.3) million and \$3.4 million for the three-month periods ended March 31, 2021 and 2020, respectively. Sales in the first quarter of 2021 were up compared to the corresponding period of 2020.
- Cash (used for) inventories was approximately (\$3.4) million and (\$5.0) million for the three-month periods ended March 31, 2021 and 2020, respectively, as inventory increased in each period relative to the prior quarter.
- Cash provided by (used for) accrued expenses was approximately \$5.4 million and (\$1.6) million for the three-month periods ended March 31, 2021 and 2020, respectively, due primarily to an increase in payroll-related accruals from timing of pay periods and an increase in accrued incentives from improved sales levels during the three-month period ended March 31, 2021.
- Cash flows related to compensation and discretionary spending were also lower during the three-month period ended March 31, 2021 compared to 2020, primarily as a result of discretionary spending reductions related to the COVID-19 pandemic and other initiatives. Cash inflows were also improved by increased sales and improved margins.

Cash flows used in investing activities. We used cash in investing activities of approximately \$6.3 million and \$14.8 million for the three-month periods ended March 31, 2021 and 2020, respectively. We used cash for capital expenditures of property and equipment of approximately \$6.2 million and \$14.0 million in the three-month periods ended March 31,

2021 and 2020, respectively. Capital expenditures in each period were primarily related to investment in buildings, property and equipment to support development and production of new and expanded product lines and to facilitate growth in our distribution markets. Historically, we have incurred significant expenses in connection with facility construction, production automation, product development and the introduction of new products. We anticipate that we will spend approximately \$45 to \$50 million in 2021 for buildings, property and equipment.

Cash flows used in financing activities. Cash used in financing activities for the three-month periods ended March 31, 2021 and 2020 was approximately \$26.2 million and \$6.2 million, respectively. In the first quarter of 2021, we decreased our net borrowings by approximately \$30.9 million by paying down our debt. In the first quarter of 2020, we increased our net borrowings by approximately \$6.1 million to partially finance the payment of contingent consideration of \$12.8 million, which is classified as a financing activity, principally related to our acquisition of Cianna Medical.

As of March 31, 2021, we had outstanding borrowings of approximately \$321 million under the Third Amended Credit Agreement, with additional available borrowings of approximately \$418 million, based on the maximum net leverage ratio and the aggregate revolving credit commitment pursuant to the Third Amended Credit Agreement. Our interest rate as of March 31, 2021 was a fixed rate of 2.12% on \$175 million as a result of an interest rate swap (see Note 9 to our Condensed Notes to Consolidated Financial Statements set forth in Part I, Item 1 of this report) and a variable floating rate of 1.11% on \$145.8 million. Our interest rate as of December 31, 2020 was a fixed rate of 2.37% on \$175 million as a result of an interest rate swap and a variable floating rate of 1.40% on \$176.6 million. The foregoing fixed rates are exclusive of changes in the notional amount and fixed rate associated with our interest rate swaps beginning July 6, 2021 as described in Note 9 to our Condensed Notes to Consolidated Financial Statements set forth in Part I, Item 1 of this report and potential future changes in the applicable margin.

We currently believe that our existing cash balances, anticipated future cash flows from operations and borrowings under the Third Amended Credit Agreement will be adequate to fund our current and currently planned future operations for the next twelve months and the foreseeable future.

Off-Balance Sheet Arrangements

We have committed to provide loans of up to an additional €2 million at the discretion of Selio Medical Limited at a rate of 5% per annum until one year and 45 days have passed from the date Selio receives FDA Section 510(k) approval of a medical device it is currently developing. The current note receivable balance from Selio is \$250,000. If exercised, these loans would be securitized by all the present and future assets and property of the borrower. Aside from this arrangement, we do not have any off-balance sheet arrangements that have had, or are reasonably likely in the future to have, an effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our financial results are affected by the selection and application of accounting policies and methods. In the three months ended March 31, 2021, there were no changes to the application of critical accounting policies previously disclosed in Part II, Item 7 of the 2020 Annual Report on Form 10-K. In the event we pursue and complete significant transactions or acquisitions in the future, additional funds will likely be required to meet our strategic needs, which may require us to raise additional funds in the debt or equity markets.

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This report includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements in this report, other than statements of historical fact, are “forward-looking statements” for purposes of these provisions, including, without limitation, any projections of earnings, revenues or other financial items, any statements of the plans and objectives of our management for future operations, any statements concerning proposed new products or services, any statements regarding the integration, development or commercialization of the business or any assets acquired from other parties, any statements regarding future economic conditions or performance, and any statements of assumptions

underlying any of the foregoing. All forward-looking statements included in this report are made as of the date hereof and are based on information available to us as of such date. We assume no obligation to update any forward-looking statement. In some cases, forward-looking statements can be identified by the use of terminology such as “may,” “will,” “expects,” “plans,” “should,” “anticipates,” “intends,” “seeks,” “believes,” “estimates,” “potential,” “forecasts,” “continue,” or other forms of these words or similar words or expressions, or the negative thereof or other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements contained herein are reasonable, there can be no assurance that such expectations or any of the forward-looking statements will prove to be correct. Actual results will likely differ, and could differ materially, from those projected or assumed in the forward-looking statements. Prospective investors are cautioned not to unduly rely on any such forward-looking statements.

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

NOTICE REGARDING TRADEMARKS

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Quantitative and qualitative disclosures about exchange rate risk are included in Par II, Item 7A "Quantitative and Qualitative Disclosures About Market Risk" of the 2020 Annual Report on Form 10-K. There have been no material changes from the information provided therein.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining adequate disclosure controls and procedures for our company. Consequently, our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act as of March 31, 2021. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs. Based on that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

During the quarter ended March 31, 2021, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934).

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Note 10 "Commitments and Contingencies" set forth in the notes to our consolidated financial statements included in Part I, Item 1 of this report.

ITEM 1A. RISK FACTORS

In addition to other information set forth in this report, readers should carefully consider the factors discussed in Part I, Item 1A. "Risk Factors" of the 2020 Annual Report on Form 10-K, as updated and supplemented below. Any of the risk factors disclosed in our reports could materially affect our business, financial condition or future results. The risks described here and in our 2020 Annual Report on Form 10-K are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition and/or operating results, particularly in light of the precarious and unpredictable nature of the COVID-19 pandemic, containment measures, the potential for future waves of outbreaks and the related impacts to economic and operating conditions.

ITEM 6. EXHIBITS

Exhibit No.	Description
3.1	Second Amended and Restated Articles of Incorporation*
3.2	Third Amended and Restated Bylaws*
10.1	Form of Indemnification Agreement, dated January 1, 2021, between the company and Michel J. Voigt*†
10.2	Performance Stock Unit Award Agreement (Two Year Performance Period), dated March 19, 2021, by and between Merit Medical Systems, Inc. and Fred Lampropoulos.*†
10.3	Performance Stock Unit Award Agreement (Three Year Performance Period), dated March 19, 2021, by and between Merit Medical Systems, Inc. and Fred Lampropoulos.*†
10.4	Form of Performance Stock Unit Award Agreement (Two Year Performance Period), dated March 19, 2021, by and between Merit Medical Systems, Inc. and each of the following individuals: Raul Parra, Ronald A. Frost, Brian G. Lloyd, Michel J. Voigt, Joseph C. Wright, and Justin J. Lampropoulos.*†
10.5	Form of Performance Stock Unit Award Agreement (Three Year Performance Period), dated March 19, 2021, by and between Merit Medical Systems, Inc. and each of the following individuals: Raul Parra, Ronald A. Frost, Brian G. Lloyd, Michel J. Voigt, Joseph C. Wright, and Justin J. Lampropoulos.*†
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following financial information from the quarterly report on Form 10-Q for the quarter ended March 31, 2021, formatted in Inline Extensible Business Reporting Language (iXBRL): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income (Loss), (iii) Consolidated Statements of Comprehensive Income (Loss), (iv) Consolidated Statements of Stockholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) related Condensed Notes to the Unaudited Consolidated Financial Statements, tagged in detail.
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the Inline XBRL document).

* These exhibits are incorporated herein by reference.

† Indicates management contract or compensatory plan or arrangement.

SIGNATURES

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

MERIT MEDICAL SYSTEMS, INC.

REGISTRANT

Date: May 7, 2021

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

Date: May 7, 2021

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

MERIT MEDICAL SYSTEMS, INC 2018 LONG-TERM INCENTIVE PLAN

**Performance Stock Unit Award Agreement
(Two Year Performance Period)**

This Performance Stock Unit Award Agreement (this "Award Agreement"), dated as of March 19, 2021 (the "Grant Date"), is made by and between Merit Medical Systems, Inc. (the "Company"), and Fred Lampropoulos, an employee of the Company ("you").

1. Award of Performance Stock Units

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

Total Target Number of Shares	4,741
Target Cash Incentive	\$333,333
Performance Period	Calendar year 2021 through 2022

2. Conditions to Award

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

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

FCF Metric Level	FCF Metric Amount (in thousands)	FCF Multiplier
Maximum	\$228,000	200%
Target	\$190,000	100%
Threshold	\$152,000	50%

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

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

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

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

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

4. Effect of a Change in Control

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

5. Payment

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

(b) Timing of Settlement. Promptly following determination of the number of Shares and amount of Cash Incentive you have earned under your PSUs and this Award Agreement, such number of Shares and amount of Cash

Incentive, if any, will be issued and paid to you. Such issuance and payment will be made during the calendar year that commences immediately after the end of the Performance Period, and in no event later than March 15 of such calendar year, in accordance with Section 5(d) below; provided, however, that in the event of a Change in Control, your PSUs will be settled and paid within the thirty (30) day period specified in Section 4 above.

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

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

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

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

6. Other Provisions

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

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

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

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

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

(f) Clawback. If you are an officer of the Company, in addition to any other remedies available to the Company under the Plan or otherwise (but subject to applicable law), if the Committee determines that it is appropriate, the Company may recover (in whole or in part) from you any Shares and Cash Incentive (or the value thereof) paid pursuant to this Award Agreement if: (i) the payment was predicated upon achieving certain financial

results that were subsequently the subject of a restatement of Company financial statements filed with the Securities and Exchange Commission; (ii) the Committee determines that you engaged in intentional misconduct, gross negligence or fraudulent or illegal conduct that caused or substantially caused the need for the financial statement restatement; and (iii) a lower amount would have been made to you pursuant to this Award Agreement based upon the restated financial results.

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

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

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

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

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

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

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

MERIT MEDICAL SYSTEMS, INC.

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

/s/ Fred Lampropoulos
Participant

(Definitions)

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

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

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

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

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

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

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

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

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

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

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

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

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

MERIT MEDICAL SYSTEMS, INC 2018 LONG-TERM INCENTIVE PLAN

**Performance Stock Unit Award Agreement
(Three Year Performance Period)**

This Performance Stock Unit Award Agreement (this "Award Agreement"), dated as of March 19, 2021 (the "Grant Date"), is made by and between Merit Medical Systems, Inc. (the "Company"), and Fred Lampropoulos, an employee of the Company ("you").

1. Award of Performance Stock Units

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

Total Target Number of Shares	9,481
Target Cash Incentive	\$666,667
Performance Period	Calendar year 2021 through 2023

2. Conditions to Award

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

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

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

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

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

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

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

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

4. Effect of a Change in Control

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

5. Payment

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

(b) Timing of Settlement. Promptly following determination of the number of Shares and amount of Cash Incentive you have earned under your PSUs and this Award Agreement, such number of Shares and amount of Cash Incentive, if any, will be issued and paid to you. Such issuance and payment will be made during the calendar year that commences immediately after the end of the Performance Period, and in no event later than March 15 of such

calendar year, in accordance with Section 5(d) below; provided, however, that in the event of a Change in Control, your PSUs will be settled and paid within the thirty (30) day period specified in Section 4 above.

- (c) No Dividend Equivalents. No Dividend Equivalents will be paid on or with respect to the PSUs.
- (d) Form of Payment. All amounts payable with respect to your PSUs (other than the Cash Incentive) will be paid in the form of Shares. The Cash Incentive will be paid in cash equivalent funds by check or electronic funds transfer through the Company's payroll system.
- (e) Taxes. Taxes will be withheld as required by law at applicable United States federal, state and/or other tax rates (under the laws of the jurisdictions in which you reside or that may otherwise be applicable to you) with respect to your PSUs and the issuance of Shares and payment of the Cash Incentive in settlement of your PSUs. Notwithstanding anything in this Award Agreement to the contrary, any withholding tax payment with respect to the issuance of Shares in payment of your PSUs described in this Award Agreement will be reduced by a number of Shares having a then Fair Market Value equal to the amount necessary to satisfy the minimum tax withholding obligations applicable to such PSUs and Share issuance.
- (f) Unearned PSUs. All PSUs that are not earned at the end of the Performance Period will be forfeited.

6. Other Provisions

- (a) Future Adjustments. In the event of any merger, acquisition, disposition or other corporate event affecting the Company during the Performance Period, the Committee, in addition to adjustments under Section 12.2 of the Plan, may make such adjustments to the applicable Metric performance amounts and levels set forth in Section 2 above as it may determine would most nearly carry out the original purposes and intent of this Award Agreement.
- (b) No Guaranty of Future Awards. This Award Agreement in no way guarantees you the right to or expectation that you may receive similar awards with respect to any other similar performance Period or period which the Committee may, in its discretion, establish and as to which the Committee may elect to grant Awards under the Plan.
- (c) No Rights as Shareholder. You will not be considered a shareholder of the Company with respect to the Shares covered by this Award Agreement unless and until such underlying Shares are issued to you in settlement of your PSUs.
- (d) No Rights to Continued Employment. This Award Agreement will not be deemed to create a contract or other promise of continued employment with the Company and will not in any way prohibit or restrict the ability of the Company to terminate your employment at any time for any reason, with or without Cause, at will with or without notice.
- (e) Compliance with Section 409A of the Code. This Award Agreement and your PSUs are intended to constitute and result in a "short-term deferral" that is exempt from the definition of a "nonqualified deferred compensation plan" under Section 409A of the Code. Notwithstanding anything in this Award Agreement to the contrary, if and to the extent that this Award Agreement constitutes a nonqualified deferred compensation plan to which Code Section 409A applies, this Award Agreement and your PSUs (including time and manner of payments under it) will be administered and interpreted to comply with Section 409A and the Treasury Regulations thereunder. Without limiting the foregoing, the payment provisions of Section 5(b) are intended to provide for payment upon: (i) a fixed date in conformity with Treasury Regulation Section 1.409A-3(a)(4) (i.e., payment is to be made during and by March 15 of the first calendar year commencing after the end of the applicable Performance Period); or (ii) if earlier, upon a Change in Control constituting a permissible payment event under Treasury Regulation Section 1.409A-3(a)(5).
- (f) Clawback. If you are an officer of the Company, in addition to any other remedies available to the Company under the Plan or otherwise (but subject to applicable law), if the Committee determines that it is appropriate, the Company may recover (in whole or in part) from you any Shares and Cash Incentive (or the value thereof) paid pursuant to this Award Agreement if: (i) the payment was predicated upon achieving certain financial results that were subsequently the subject of a restatement of Company financial statements filed with the Securities and Exchange Commission; (ii) the Committee determines that you engaged in intentional misconduct, gross

negligence or fraudulent or illegal conduct that caused or substantially caused the need for the financial statement restatement; and (iii) a lower amount would have been made to you pursuant to this Award Agreement based upon the restated financial results.

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

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

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

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

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

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

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

MERIT MEDICAL SYSTEMS, INC.

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

/s/ Fred Lampropoulos
Participant

(Definitions)

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

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

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

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

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

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

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

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

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

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

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

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

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

MERIT MEDICAL SYSTEMS, INC 2018 LONG-TERM INCENTIVE PLAN

**Performance Stock Unit Award Agreement
(Two Year Performance Period)**

This Performance Stock Unit Award Agreement (this "Award Agreement"), dated as of March 19, 2021 (the "Grant Date"), is made by and between Merit Medical Systems, Inc. (the "Company"), and _____, an employee of the Company ("you").

1. Award of Performance Stock Units

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

Total Target Number of Shares	1,778
Performance Period	Calendar years 2021 through 2022

2. Conditions to Award

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

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

FCF Metric Level	FCF Metric Amount (in thousands)	FCF Multiplier
Maximum	\$228,000	200%
Target	\$190,000	100%
Threshold	\$152,000	50%

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

For the FCF Metric, the applicable Multiplier will be determined on an interpolated linear basis between (i) the Threshold 50% FCF Multiplier achievement level and Target 100% FCF Multiplier achievement level if Company actual performance falls between those two levels; or (ii) the Target 100% FCF Multiplier achievement level and the

Maximum 200% FCF Multiplier achievement level if Company actual performance falls between those two levels. For purposes of determining relative achievement, actual results are to be rounded to the nearest tenth of one percent (0.1%) and rounded upward from the midpoint. The number of Shares to be issued upon payment and settlement of your PSUs is to be rounded to the nearest whole Share and rounded upward from the midpoint.

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

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

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

4. Effect of a Change in Control

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

5. Payment

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

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

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

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

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

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

6. Other Provisions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MERIT MEDICAL SYSTEMS, INC.

By: Fred Lampropoulos
Its: Chairman and Chief Executive Officer

Participant

APPENDIX A

(Definitions)

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

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

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

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

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

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

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

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

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

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

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

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

MERIT MEDICAL SYSTEMS, INC 2018 LONG-TERM INCENTIVE PLAN

**Performance Stock Unit Award Agreement
(Three Year Performance Period)**

This Performance Stock Unit Award Agreement (this "Award Agreement"), dated as of March 19, 2021 (the "Grant Date"), is made by and between Merit Medical Systems, Inc. (the "Company"), and _____, an employee of the Company ("you").

1. Award of Performance Stock Units

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

Total Target Number of Shares	3,555
Performance Period	Calendar years 2021 through 2023

2. Conditions to Award

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

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

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

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

For the FCF Metric, the applicable Multiplier will be determined on an interpolated linear basis between (i) the Threshold 50% FCF Multiplier achievement level and Target 100% FCF Multiplier achievement level if Company actual performance falls between those two levels; or (ii) the Target 100% FCF Multiplier achievement level and the

Maximum 200% FCF Multiplier achievement level if Company actual performance falls between those two levels. For purposes of determining relative achievement, actual results are to be rounded to the nearest tenth of one percent (0.1%) and rounded upward from the midpoint. The number of Shares to be issued upon payment and settlement of your PSUs is to be rounded to the nearest whole Share and rounded upward from the midpoint.

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

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

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

4. Effect of a Change in Control

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

5. Payment

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

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

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

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

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

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

6. Other Provisions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MERIT MEDICAL SYSTEMS, INC.

By: Fred Lampropoulos
Its: Chairman and Chief Executive Officer

Participant

APPENDIX A

(Definitions)

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

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

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

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

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

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

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

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

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

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

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

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

CERTIFICATION

I, Fred P. Lampropoulos, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (the "Report") of Merit Medical Systems, Inc. (the "Registrant");
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with general accepted accounting principles;
 - c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
 - d) disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 7, 2021

/s/ Fred P. Lampropoulos

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

CERTIFICATION

I, Raul Parra, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (the "Report") of Merit Medical Systems, Inc. (the "Registrant");
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with general accepted accounting principles;
 - c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
 - d) disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 7, 2021

/s/ Raul Parra

Raul Parra
Chief Financial Officer
(principal financial officer)

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

In connection with the Quarterly Report on Form 10-Q of Merit Medical Systems, Inc. (the "Company") for the quarter ended March 31, 2021, as filed with the Securities and Exchange Commission (the "Report"), I, Fred P. Lampropoulos, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15 (d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 7, 2021

/s/ Fred P. Lampropoulos

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

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

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

In connection with the Quarterly Report on Form 10-Q of Merit Medical Systems, Inc. (the "Company") for the quarter ended March 31, 2021, as filed with the Securities and Exchange Commission (the "Report"), I, Raul Parra, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15 (d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 7, 2021

/s/ Raul Parra

Raul Parra
Chief Financial Officer
(principal financial officer)

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