

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Date of Report (date of earliest event reported): October 1, 2018



Merit Medical Systems, Inc.
(Exact name of registrant as specified in its charter)

Utah
(State or other jurisdiction of
incorporation or organization)

0-18592
(Commission
File Number)

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

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

84095
(Zip Code)

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

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

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

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

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

Emerging growth company

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

Item 1.01 Entry into a Material Definitive Agreement.

On October 1, 2018, Merit Medical Systems, Inc., a Utah corporation (“Merit”), entered into an Agreement and Plan of Merger (the “Agreement”) by and among Merit, Cianna Medical, Inc. (the “Cianna”), CMI Transaction Co. (“Merger Sub”) and Fortis Advisors LLC, as the Securityholders’ Representative, related to the prospective acquisition by Merit of Cianna.

Pursuant to the terms of the Agreement, Merger Sub will merge with and into Cianna, with Cianna continuing as the surviving corporation and a wholly-owned subsidiary of Merit (the “Merger”). Completion of the Merger is subject to customary closing conditions, including, among others, (i) obtaining antitrust approvals in the United States, (ii) subject to certain exceptions, the accuracy of the representations and warranties of the other party and (iii) material compliance by the other party with its pre-closing obligations under the Agreement. The Agreement contains customary representations and warranties that survive the closing of the Merger for eighteen (18) months, with certain exceptions, as well as customary indemnification provisions and covenants, including covenants relating to the conduct of business between the execution of the Agreement and the closing of the Merger. The Agreement also contains certain termination rights for both Merit and Cianna.

Subject to the terms and conditions of the Agreement, Merit proposes to pay up to \$200 million in connection with its acquisition of Cianna, as follows:

- \$135 million in cash at closing, subject to standard adjustments for working capital and other matters;
- an earn-out payment of \$15 million payable upon the achievement by Cianna of certain manufacturing capacity and manufacturing cost milestones on or before June 30, 2019; and
- earn-out payments of up to \$50 million in the aggregate, payable at the rate of 175% of the amount which annual net sales of Cianna products in each of 2019, 2020, 2021 and 2022 exceed annual net sales of Cianna products in the preceding fiscal year.

The foregoing summary of the principal terms of the Agreement is not complete and is qualified in its entirety by the actual terms and conditions of that agreement, a copy of which Merit intends to file in a future filing with the U.S. Securities & Exchange Commission (the “Commission”). The representations, warranties, and other terms contained in the Agreement were made solely for the purposes of such agreement and as of specified dates, were solely for the benefit of the parties to that agreement, and may be subject to limitations agreed upon by the contracting parties. Those representations and warranties may have been made for the purposes of allocating contractual risk between the parties to the Agreement instead of establishing these matters as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. Investors are not third-party beneficiaries under the Agreement and should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of Merit, Cianna or any of their respective subsidiaries or affiliates. Accordingly, investors should not rely on the representations and warranties as characterizations of the actual state of facts, since (i) they were made only as of the date of the Agreement or prior, specified dates, (ii) in some cases they are subject to qualifications with respect to materiality, knowledge and/or other matters, and (iii) they may be modified in important party by the underlying exhibits and schedules.

Safe Harbor for Forward-Looking Statements

This Current Report contains statements which are not purely historical, including, without limitation, statements regarding Merit’s forecasted plans, revenues, gross margin, financial results or expectations of closing the proposed Merger described in the press release filed as Exhibit 99.1 to this Current Report, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are subject to risks and uncertainties such as those described in Merit’s Annual Report on Form 10-K for the year ended December 31, 2017 and subsequent filings with the Securities and Exchange Commission. Such risks and uncertainties include the following: the possibility that conditions to the closing of the proposed Merger, including regulatory conditions, will not be satisfied; Merit’s potential inability to successfully manage the proposed Merger and integration of the two companies and achieve anticipated financial results, product development and other anticipated benefits; uncertainties as to whether Merit will achieve sales, gross margin, cost of goods sold, cash flow and other results from the proposed Merger which are comparable to the experience of Cianna; unknown costs and risks associated with the business and operations of Cianna; Merit’s internal models or the projections referenced in this release; governmental scrutiny and regulation of the medical device industry, including governmental inquiries, investigations and proceedings involving Merit or the business and operations proposed to be acquired; how the occurrence of any unanticipated event or cost in connection with the proposed transaction or subsequent integration of Cianna may affect Merit’s projected ability to comply with debt covenants; infringement of acquired technology or the assertion that acquired technology infringes the rights of other parties; the potential of fines, penalties or other adverse consequences if Merit’s or Cianna’s employees or agents violate the U.S. Foreign Corrupt Practices Act or other

laws or regulations; laws and regulations targeting fraud and abuse in the healthcare industry; potential for significant adverse changes in governing regulations; changes in tax laws and regulations in the United States or other countries; increases in the prices of commodity components; negative changes in economic and industry conditions in the United States or other countries; termination or interruption of relationships with Merit's or Cianna's suppliers, or failure of such suppliers to perform; the effects of fluctuations in exchange rates on projected financial results; development of new products and technology that could render Merit's existing or acquired products obsolete; changes in healthcare policies or markets related to healthcare reform initiatives; failure to comply with applicable environmental laws; changes in key personnel; work stoppage or transportation risks; price and product competition; availability of labor and materials; fluctuations in and obsolescence of inventory; and other factors referred to in Merit's Annual Report on Form 10-K for the year ended December 31, 2017 and other materials filed with the Securities and Exchange Commission. All subsequent forward-looking statements attributable to Merit or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Actual results will likely differ, and may differ materially, from anticipated results. Financial estimates are subject to change and are not intended to be relied upon as predictions of future operating results, and Merit assumes no obligation to update or disclose revisions to those estimates.

Item 7.01 Regulation FD Disclosure

On October 1, 2018, Merit issued a press release, entitled "Merit Medical Signs Agreement to Acquire Cianna Medical, Inc." related to the Agreement and the potential Merger, a copy of which is filed as Exhibit 99.1 to this Current Report.

Additionally, Merit intends for its management to use the materials attached to this Current Report as Exhibit 99.2 (the "Presentation Materials") in connection with a conference call, meetings and other communications with shareholders and members of the financial and investment community with respect to the Asset Purchase. Information about a scheduled conference call, including date, time and access information, is included in the press release filed as Exhibit 99.1 to this Current Report.

The information set forth in the Presentation Materials is summary information that is intended to be considered in the context of Merit's filings with the Commission and other public announcements that Merit may make, from time to time, by press release or otherwise. Merit undertakes no duty or obligation to publicly update the information contained in the Presentation Materials, although it may do so from time to time as it determines is necessary. Any updates may be made through the filing of other reports with the Commission, through press releases, or by other public disclosures. Actual results will likely differ, and may differ materially, from anticipated results. Financial estimates and projections are subject to change and are not intended to be relied upon as predictions of future operating or financial results or financial position, and Merit assumes no obligation to update or disclose revisions to those estimates or projections. The information set forth in this Item 7.01 and in Exhibit 99.2 attached hereto is qualified in all respects by, and is subject in all respects to, the statements set forth in the "Safe Harbor for Forward-Looking Statements" section set forth above.

The information contained in this Item 7.01 and in the attached Exhibits 99.1 and 99.2 is being furnished and shall not be deemed "filed" for purposes of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not deemed incorporated by reference by any general statements incorporating by reference this Current Report or future filings into any filings under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that Merit specifically incorporates the information by reference. By filing this Current Report and furnishing this information, Merit makes no admission or statement as to the materiality of any information in this Current Report that is required to be disclosed solely by reason of Regulation FD.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

99.1 Press release issued by Merit Medical Systems, Inc., dated October 1, 2018, entitled "Merit Medical Signs Agreement to Acquire Cianna Medical, Inc."

99.2 Management presentation of Merit Medical Systems, Inc., dated October 1, 2018 entitled "Transaction Summary."

SIGNATURES

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

MERIT MEDICAL SYSTEMS, INC.

Date: October 1, 2018

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

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
99.1	Press release issued by Merit Medical Systems, Inc., dated October 1, 2018, entitled "Merit Medical Signs Agreement to Acquire Cianna Medical, Inc."
99.2	Management presentation of Merit Medical Systems, Inc., dated October 1, 2018 entitled "Transaction Summary."



FOR IMMEDIATE RELEASE

Date: October 1, 2018
Contact: Anne-Marie Wright, Vice President, Corporate Communications
Phone: (801) 208-4167 e-mail: awright@merit.com Fax: (801) 253-1688

**MERIT MEDICAL SIGNS AGREEMENT
TO ACQUIRE CIANNA MEDICAL, INC.**

SOUTH JORDAN, UTAH- Merit Medical Systems, Inc. (NASDAQ: MMSI), a leading manufacturer and marketer of proprietary disposable devices used in interventional, diagnostic and therapeutic procedures, particularly in cardiology, radiology, oncology, critical care and endoscopy, today announced that it has signed a definitive merger agreement to acquire Cianna Medical, Inc., headquartered in Aliso Viejo, California. The transaction has been approved by the board of directors of both companies, and is subject to the satisfaction or waiver (in accordance with the provisions of the merger agreement) of certain closing conditions, including the approval of Cianna Medical stockholders, clearance under the Hart-Scott-Rodino Antitrust Improvements Act and other customary closing conditions. It is anticipated that the transaction will close during the fourth quarter of 2018.

The deal structure includes an upfront payment of \$135 million with potential earn-out payments of an additional \$15 million for achievement of supply chain and scalability metrics, and up to an additional \$50 million for achievement of sales milestones.

Based on management's current estimates, in 2019 the proposed transaction, if consummated, would be non-accretive to Merit earnings per share on a GAAP basis in the range of (\$0.06-\$0.10) per common share and accretive to Merit earnings per share on a non-GAAP basis in the range of \$0.08-\$0.13 per common share, with anticipated GAAP gross margins of 55-65% and non-GAAP gross margins of 70-75% on the Cianna Medical products, accretive to both Merit's GAAP gross margin and non-GAAP gross margin in the range of 55-130 basis points, and add revenues in the range of \$50-\$56 million. NOTE: Non-GAAP earnings per share accretion and non-GAAP gross margin are non-GAAP financial measures. Information about how Merit uses non-GAAP measures in its business, and an explanation of how these measures relate to their most directly comparable GAAP financial measures, is included under the heading "Non-GAAP Financial Measures" below.

Cianna Medical is a leader in wire-free breast localization and has been focused on breast conservation for 11 years. Cianna Medical develops, manufactures and markets innovative medical products designed to reduce costs, improve quality and reduce the anxiety and stress breast cancer treatments place on women and their families. Its research, development and commercialization teams developed the first non-radioactive, wire-free breast localization system and the world's only technology that utilizes RADAR in human tissue. Its SCOUT® and SAVI® Brachy technologies are FDA-cleared and address unmet needs in the delivery of radiation therapy, tumor localization and surgical guidance.

The SCOUT® device has grown from \$1 million in revenues in its 2015 debut to a projected \$29 million in revenues in 2018. Current estimated market share is approximately 5% with no revenues currently outside the United States.

“This transaction adds to Merit a technology leader in breast tumor localization that is precise, highly directional, and visible,” said Merit’s Chairman and Chief Executive Officer Fred P. Lampropoulos. “With more than 350 initiations and 45,000 wire-free localizations to date, the SAVI SCOUT® is complementary to Merit’s strategic biopsy initiatives. The product has FDA clearance and is the subject of a pending application for CE mark approval. We believe there are substantial global growth opportunities for the Cianna Medical products, especially considering Merit’s expansive global footprint.”

“Merit plans to keep substantially all of Cianna Medical’s commercial and R&D teams in place and to enhance overall coverage in areas currently underserved by Cianna Medical,”

Lampropoulos said. “We want to maintain the momentum of the Cianna Medical team while adding enhanced logistical and clinical support.”

“Additionally, Merit intends to market the SAVI® BRACHY, which uses thin tubes to deliver radiation to lumpectomy sites,” Lampropoulos said. “Merit only markets the catheter and is not involved in radiation seeds or the transport thereof. The product has both FDA clearance and CE mark approval. Merit’s medical advisors believe this is an underutilized technology.”

Cianna Medical President & CEO Jill Anderson said, “The planned merger is a fusion of shared values focused on addressing real healthcare needs that improve lives. Our companies share a rich history of developing technologies that put patients’ needs first. Merit Medical brings exceptional resources to the Cianna Medical team that will intensify its growth and broaden its focus beyond breast cancer. I am delighted that Mr. Lampropoulos will lead an efficient integration of our companies for the benefit of our employees, physicians, hospitals and the women we serve.”

Piper Jaffray & Co. and Raymond James & Associates acted as financial advisors to Merit, and J.P. Morgan Securities LLC acted as financial advisor to Cianna Medical. Parr Brown Gee & Loveless P.C. served as the legal advisor to Merit. Wilson Sonsini Goodrich & Rosati, P.C. served as legal advisor to Cianna Medical.

CONFERENCE CALL

Merit will host a conference call to discuss the proposed transaction (conference ID 3077047) today, Monday, October 1, 2018 at 5:00 p.m. Eastern (4:00 p.m. Central, 3:00 p.m. Mountain, and 2:00 a.m. Pacific). The domestic telephone number is (844) 578-9672 and the international number is (508) 637-5656. A live webcast and slide deck will also be available at merit.com.

ABOUT MERIT

Founded in 1987, Merit Medical Systems, Inc. is engaged in the development, manufacture and distribution of proprietary disposable medical devices used in interventional, diagnostic and therapeutic procedures, particularly in cardiology, radiology, oncology, critical care and endoscopy. Merit serves client hospitals worldwide with a domestic and international sales force and clinical support team totaling in excess of 300 individuals. Merit employs approximately 5,500 people worldwide with facilities in South Jordan, Utah; Pearland, Texas; Richmond, Virginia; Malvern, Pennsylvania; Rockland, Massachusetts; San Jose,

California; Maastricht and Venlo, The Netherlands; Paris, France; Galway, Ireland; Beijing, China; Tijuana, Mexico; Joinville, Brazil; Markham, Ontario, Canada; Melbourne, Australia; Tokyo, Japan; and Singapore.

FORWARD-LOOKING STATEMENTS

Statements contained in this release which are not purely historical, including, without limitation, statements regarding Merit's forecasted plans, revenues, gross margins, financial results or anticipated or completed acquisitions, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are subject to risks and uncertainties such as those described in Merit's Annual Report on Form 10-K for the year ended December 31, 2017 and subsequent filings with the Securities and Exchange Commission. Such risks and uncertainties include the following: the possibility that conditions to the closing of the proposed merger, including regulatory conditions, will not be satisfied; Merit's potential inability to successfully manage the proposed merger and integration of the two companies and achieve anticipated financial results, product development and other anticipated benefits; uncertainties as to whether Merit will achieve sales, gross margin, cost of goods sold, cash flow and other results from the proposed merger which are comparable to the experience of Cianna Medical; unknown costs and risks associated with the business and operations of Cianna Medical, Merit's internal models or the projections in this release; governmental scrutiny and regulation of the medical device industry, including governmental inquiries, investigations and proceedings involving Merit or the business and operations proposed to be acquired; how the occurrence of any unanticipated event or cost in connection with the proposed transaction or subsequent integration of Cianna may affect Merit's projected ability to comply with debt covenants; infringement of acquired technology or the assertion that acquired technology infringes the rights of other parties; the potential of fines, penalties or other adverse consequences if Merit's or Cianna Medical's employees or agents violate the U.S. Foreign Corrupt Practices Act or other laws or regulations; laws and regulations targeting fraud and abuse in the healthcare industry; potential for significant adverse changes in governing regulations; changes in tax laws and regulations in the United States or other countries; increases in the prices of commodity components; negative changes in economic and industry conditions in the United States or other countries; termination or interruption of relationships with Merit's or Cianna Medical's suppliers, or failure of such suppliers to perform; the effects of fluctuations in exchange rates on projected financial results; development of new products and technology that could render Merit's or Cianna Medical's products obsolete; changes in healthcare policies or markets related to healthcare reform initiatives; failure to comply with applicable environmental laws; changes in key personnel; work stoppage or transportation risks; price and product competition; availability of labor and materials; fluctuations in and obsolescence of inventory; and other factors referred to in Merit's Annual Report on Form 10-K for the year ended December 31, 2017 and other materials filed with the Securities and Exchange Commission. All subsequent forward-looking statements attributable to Merit or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Actual results will likely differ,

and may differ materially, from anticipated results. Financial estimates are subject to change and are not intended to be relied upon as predictions of future operating results, and Merit assumes no obligation to update or disclose revisions to those estimates.

NON-GAAP FINANCIAL MEASURES

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

- non-GAAP gross margin;
- non-GAAP earnings per share.

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

Readers should consider non-GAAP measures used in this release in addition to, not as a substitute for, financial reporting measures prepared in accordance with GAAP. These non-GAAP financial measures generally exclude some, but not all, items that may affect Merit's net income. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by management about which items are excluded. Merit believes it is useful to exclude such items in the calculation of non-GAAP earnings per share and non-GAAP gross margin because such amounts in any specific period may not directly correlate to the underlying performance of Merit's business operations and can vary significantly between periods as a result of factors such as new acquisitions, non-cash expenses related to amortization of previously acquired tangible and intangible assets, unusual compensation expenses or expenses resulting from non-ordinary course litigation, governmental proceedings or changes in tax regulations. Merit may incur similar types of expenses in the future, and the non-GAAP financial information included in this release should not be viewed as a statement or indication that these types of expenses will not recur. Additionally, the non-GAAP financial measures used in this release may not be comparable with similarly titled measures of other companies.

Non-GAAP Gross Margin

Non-GAAP gross margin is calculated by reducing GAAP cost of sales by amounts recorded for amortization of intangible assets and inventory mark-up related to acquisitions.

Non-GAAP Net Income

Non-GAAP net income is calculated by adjusting GAAP net income for certain items which are deemed by Merit's management to be outside of core operations and vary in amount and frequency among periods, such as expenses related to new acquisitions, non-cash expenses related to amortization of acquired tangible and intangible assets, unusual compensation expenses or expenses resulting from non-ordinary course litigation, governmental proceedings or changes in tax regulations, as well as other items.

Non-GAAP Earnings Per Share

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

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Transaction Summary

October 1, 2018



DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This presentation and any accompanying management commentary include “forward-looking statements,” as defined within applicable securities laws and regulations. All statements in this presentation, other than statements of historical fact, are “forward-looking statements”, including statements regarding the proposed transaction with Cianna Medical, Inc. (“Cianna”), projections of earnings, revenues or other financial items, statements regarding our plans and objectives for future operations (including the proposed merger and integration of Cianna’s operations), statements concerning proposed products or services (including the products offered by Cianna), statements regarding the integration, development or commercialization of our business or any business, assets or operations we have acquired or may acquire (including Cianna), statements regarding future economic conditions or performance, statements regarding governmental inquiries, investigations or proceedings and statements of assumptions underlying any of the foregoing. All forward-looking statements, including financial projections, included in this presentation are made as of the date of this presentation, and are based on information available to us as of such date. We assume no obligation to update or disclose revisions to any forward-looking statement, except as required by law or regulation. In some cases, forward-looking statements can be identified by the use of terminology such as “may,” “will,” “likely,” “expects,” “plans,” “anticipates,” “intends,” “believes,” “estimates,” “projects,” “forecast,” “potential,” “plan,” or other comparable terminology. Forward-looking statements are based on our current beliefs, expectations and assumptions regarding our business, domestic and global economies, regulatory and competitive environments and other conditions. There can be no assurance that such beliefs, expectations or assumptions or any of the forward-looking statements will prove to be correct. Actual results will likely differ, and may differ materially, from those projected or assumed in the forward-looking statements. Our future financial and operating results and condition, as well as any forward-looking statements, are subject to inherent risks and uncertainties such as those described in our Annual Report on Form 10-K for the year ended December 31, 2017 and other filings with the U.S. Securities and Exchange Commission. Such risks and uncertainties include the following: the possibility that conditions to the closing of the proposed merger, including regulatory conditions, will not be satisfied; Merit’s potential inability to successfully manage the proposed merger and integration of the two companies and achieve anticipated financial results, product development and other anticipated benefits; uncertainties as to whether Merit will achieve sales, gross margin, cost of goods sold, cash flow and other results from the proposed merger which are comparable to the experience of Cianna Medical; unknown costs and risks associated with the business and operations of Cianna Medical, Merit’s internal models or the projections in this presentation; governmental scrutiny and regulation of the medical device industry, including governmental inquiries, investigations and proceedings involving Merit or the business and operations proposed to be acquired; how the occurrence of any unanticipated event or cost in connection with the proposed transaction or subsequent integration of Cianna may affect Merit’s projected ability to comply with debt covenants, infringement of acquired technology or the assertion that acquired technology infringes the rights of other parties; the potential of fines, penalties or other adverse consequences if Merit’s or Cianna Medical’s employees or agents violate the U.S. Foreign Corrupt Practices Act or other laws or regulations; laws and regulations targeting fraud and abuse in the healthcare industry; potential for significant adverse changes in governing regulations; changes in tax laws and regulations in the United States or other countries; increases in the prices of commodity components; negative changes in economic and industry conditions in the United States or other countries; termination or interruption of relationships with Merit’s or Cianna Medical’s suppliers, or failure of such suppliers to perform; the effects of fluctuations in exchange rates on projected financial results; development of new products and technology that could render Merit’s or Cianna Medical’s products obsolete; changes in healthcare policies or markets related to healthcare reform initiatives; failure to comply with applicable environmental laws; changes in key personnel; work stoppage or transportation risks; price and product competition; availability of labor and materials; fluctuations in and obsolescence of inventory; and other factors referred to in Merit’s Annual Report on Form 10-K for the year ended December 31, 2017 and other materials filed with the Securities and Exchange Commission.

All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. The financial projections set forth in this presentation are based on a number of assumptions, estimates and forecasts. The inaccuracy of any one of those assumptions, estimates or forecasts could materially impact our financial results. Inevitably, some of those assumptions, estimates or forecasts will not occur and unanticipated events and circumstances will occur subsequent to the date of this presentation. In addition to changes in the underlying assumptions, our future performance is subject to a number of risks and uncertainties with respect to our existing and proposed business and other factors that may cause our actual results or performance to be materially different from any predicted or implied. Although we have attempted to identify important assumptions in the financial projections, there may be other factors that could materially affect our actual financial performance, and no assurance can be given that all material factors have been considered in the preparation of the financial projections. Accordingly, you should not place undue reliance on such projections. Future operating results are, in fact, impossible to predict, and we assume no obligation to update or disclose revisions to any forward-looking statement.



NON-GAAP FINANCIAL MEASURES

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



OVERVIEW

Cianna Medical is a women's health company dedicated to the innovative treatment of early-stage breast cancer. When diagnosed early, most women have the option to save their healthy breast tissue with breast conserving surgery. Cianna, a leader in wire-free breast localization, has developed advanced approaches to tumor localization, surgical guidance and targeted radiation therapy. Cianna offers better choices for better outcomes, reducing the burden of breast cancer.





SAVI SCOUT®

- ▶ Wire-free radar tumor localization system
- ▶ Adopted by over 320 Hospitals
- ▶ Used in over 42,000 procedures
- ▶ Modernizes breast surgery

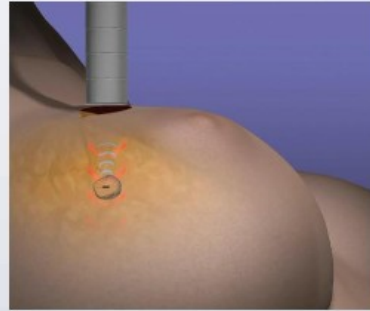


Better patient experience, scheduling flexibility, and real-time surgical guidance for better outcomes.



SAVI SCOUT® REFLECTOR

- ▶ Transmits 50 million pulses per second
- ▶ Documented detection range of 60mm
- ▶ +/- 1mm accuracy
- ▶ Compatible with all imaging





SAVI SCOUT® DELIVERY SYSTEM

- ▶ Designed to precisely deploy the reflector
- ▶ Needle retracts during deployment to unsheathe the reflector
- ▶ Ultrasound, mammography & stereotactic delivery





SAVI® BRACHY

- ▶ Used after lumpectomy procedure
- ▶ Delivers highly-precise dose of radiation only to tissue where cancer likely to reoccur
- ▶ 30,000 patients treated
- ▶ 1,100 SAVI patient registry





STRATEGIC RATIONALE

- ▶ Strong strategic fit with high-margin, high growth pathway utilizing award-winning technology
- ▶ Cianna transaction structured to expand Merit's current Women's Health and Interventional Oncology Suite of products and therapies:
 - Embolotherapy Portfolio
 - STAR™ Tumor Ablation System
 - Delivery Systems
- ▶ Highly synergistic to Merit's "follow the patient" commercial strategy
- ▶ US-based revenue, but opportunity to utilize Merit's global infrastructure





FINANCIALS

- ▶ Anticipated annual revenues of \$50-\$56 million
- ▶ Anticipated non-GAAP gross margins of 70-75% on acquired business; GAAP gross margins of 55-65% on acquired business
- ▶ Anticipated combined GAAP and combined non-GAAP gross margin accretion of 55-130 basis points
- ▶ Anticipated 2019 non-GAAP EPS of \$0.08-\$0.13 and GAAP EPS of \$(0.06)-\$(0.10)
- ▶ Purchase Price: \$135 million with earn-out of an additional \$15 million for supply chain and scalability metrics as well as sales-based contingent payments capped at \$50 million over the next 4 years
- ▶ Financed out of existing credit facilities





USE OF NON-GAAP MEASURES

NON-GAAP FINANCIAL MEASURES

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non-GAAP gross margin;
non-GAAP earnings per share.

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

Readers should consider non-GAAP measures used in this presentation in addition to, not as a substitute for, financial reporting measures prepared in accordance with GAAP. These non-GAAP financial measures generally exclude some, but not all, items that may affect Merit's net income. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by management about which items are excluded. Merit believes it is useful to exclude such items in the calculation of non-GAAP earnings per share, and non-GAAP gross margin because such amounts in any specific period may not directly correlate to the underlying performance of Merit's business operations and can vary significantly between periods as a result of factors such as new acquisitions, non-cash expenses related to amortization of previously acquired tangible and intangible assets, unusual compensation expenses or expenses resulting from litigation, governmental proceedings or changes in tax regulations. Merit may incur similar types of expenses in the future, and the non-GAAP financial information included in this presentation should not be viewed as a statement or indication that these types of expenses will not recur. Additionally, the non-GAAP financial measures used in this presentation may not be comparable with similarly titled measures of other companies. Merit urges investors and potential investors to review the reconciliations of its non-GAAP financial measures to the comparable GAAP financial measures, and not to rely on any single financial measure to evaluate Merit's business or results of operations.



USE OF NON-GAAP MEASURES

Non-GAAP Gross Margin

Non-GAAP gross margin is calculated by reducing GAAP cost of sales by amounts recorded for amortization of intangible assets and inventory mark-up related to acquisitions.

Non-GAAP Net Income

Non-GAAP net income is calculated by adjusting GAAP net income for certain items which are deemed by Merit's management to be outside of core operations and vary in amount and frequency among periods, such as expenses related to new acquisitions, non-cash expenses related to amortization of acquired tangible and intangible assets, unusual compensation expenses or expenses resulting from litigation, governmental proceedings or changes in tax regulations, as well as other items.

Non-GAAP EPS

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



