

**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): April 27, 2022



Merit Medical Systems, Inc.

(Exact name of registrant as specified in its charter)

Utah
(State or other jurisdiction of
incorporation or organization)

0-18592
(Commission
File Number)

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

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

84095
(Zip Code)

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

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

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

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

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

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

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

Emerging growth company

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

Item 2.02. Results of Operations and Financial Condition.

On April 27, 2022, Merit Medical Systems, Inc. (the “Company”) issued a press release announcing its operating and financial results for the quarter ended March 31, 2022. A copy of the press release is furnished as Exhibit 99.1 to this report and incorporated herein by reference.

Item 7.01. Regulation FD Disclosure.

On April 27, 2022, the Company is conducting a conference call to discuss its operating and financial results for the quarter ended March 31, 2022. A live webcast and slide presentation will also be available for the conference call on the Company’s website. A copy of the slide presentation is furnished as Exhibit 99.2 to this report.

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

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

| <u>EXHIBIT NUMBER</u> | <u>DESCRIPTION</u> |
|-----------------------|---|
| 99.1 | Press Release, dated April 27, 2022, entitled "Merit Medical Reports Results for Quarter Ended March 31, 2022" including unaudited financial information. |
| 99.2 | Conference Call Presentation. |
| 104 | The cover page from this Current Report on Form 8-K, formatted in Inline XBRL. |

SIGNATURES

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

MERIT MEDICAL SYSTEMS, INC.

Date: April 27, 2022

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



PRESS RELEASE

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FOR IMMEDIATE RELEASE**MERIT MEDICAL REPORTS RESULTS FOR
QUARTER ENDED MARCH 31, 2022**

- Q1 2022 reported revenue of \$275.4 million, up 10.6% compared to Q1 2021
- Q1 2022 constant currency revenue, organic* up 11.3% compared to Q1 2021
- Q1 2022 GAAP EPS \$0.18, compared to \$0.19 in Q1 2021
- Q1 2022 non-GAAP EPS* of \$0.53, compared to \$0.52 in Q1 2021

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

SOUTH JORDAN, Utah, April 27, 2022 -- Merit Medical Systems, Inc. (NASDAQ: MMSI), a leading manufacturer and marketer of proprietary medical devices used in interventional, diagnostic and therapeutic procedures, particularly in cardiology, radiology, oncology, critical care and endoscopy, today announced revenue of \$275.4 million for the quarter ended March 31, 2022, an increase of 10.6% compared to the quarter ended March 31, 2021. Constant currency revenue, organic, for the first quarter of 2022 increased 11.3% compared to the prior year period.

Merit's revenue by operating segment and product category for the three-month periods ended March 31, 2022 and 2021 was as follows (unaudited; in thousands, except for percentages):

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

Merit's GAAP gross margin for the first quarter of 2022 was 43.9%, compared to GAAP gross margin of 45.0% for the prior year period. Merit's non-GAAP gross margin* for the first quarter of 2022 was 47.7%, compared to non-GAAP gross margin of 49.2% for the prior year period.

Merit's GAAP net income for the first quarter of 2022 was \$10.5 million, or \$0.18 per share, compared to GAAP net income of \$11.0 million, or \$0.19 per share, for the first quarter of 2021. Merit's non-GAAP net income* for the first quarter of 2022 was \$30.4 million, or \$0.53 per share, compared to non-GAAP net income of \$29.9 million, or \$0.52 per share, for the prior year period.

"We delivered better-than-expected revenue results for the first quarter of 2022, driven by solid execution from our team, stronger-than-anticipated demand during the month of March, particularly in the U.S., and more favorable than anticipated sales trends in the APAC and "Rest of World" regions." said Fred P. Lampropoulos, Merit's Chairman and Chief Executive Officer. "We also delivered better-than-expected profitability in the quarter, where we reported year-over-year growth in non-GAAP net income and non-GAAP earnings per share despite incremental pressure on our gross margin and a higher-than-expected tax rate in the period."

Mr. Lampropoulos continued: "We are confident in our 2022 guidance, which calls for total revenue growth, on a constant currency basis, of 4% to 6% year-over-year. We continue to expect progressive improvement in our operating environment – specifically, access to patients and elective procedures – over the first half of 2022. We also continue to expect to report improving non-GAAP gross and operating margins and strong free cash flow in 2022, driven by strong execution and contributions from our multi-year strategic initiatives related to the Foundations for Growth Program. Our team continues to execute well and remains focused on our strategic initiatives, while standing ready to adapt quickly to changes in our markets."

As of March 31, 2022, Merit had cash, cash equivalents and restricted cash of \$56 million, long term debt obligations of \$253 million, and available borrowing capacity of approximately \$475 million, compared to cash, cash equivalents and restricted cash of \$68 million, long term debt obligations of \$243 million, and available borrowing capacity of approximately \$490 million as of December 31, 2021.

Fiscal Year 2022 Financial Guidance

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

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

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

CONFERENCE CALL

Merit will hold its investor conference call (conference ID 3580638) today, Wednesday, April 27, 2022, at 5:00 p.m. Eastern (4:00 p.m. Central, 3:00 p.m. Mountain, and 2:00 p.m. Pacific). The domestic telephone number is (844) 578-9672 and the international number is (508) 637-5656. A live webcast and slide deck will also be available at merit.com.

CONSOLIDATED BALANCE SHEETS
(in thousands)

| | March 31, 2022 (Unaudited) | December 31, 2021 |
|--|----------------------------------|----------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 53,875 | \$ 67,750 |
| Trade receivables, net | 155,859 | 152,301 |
| Other receivables | 11,748 | 17,763 |
| Inventories | 231,451 | 221,922 |
| Prepaid expenses and other assets | 19,809 | 16,149 |
| Prepaid income taxes | 3,547 | 3,550 |
| Income tax refund receivables | 1,803 | 2,777 |
| Total current assets | <u>478,092</u> | <u>482,212</u> |
| Property and equipment, net | 371,909 | 371,658 |
| Intangible assets, net | 305,738 | 319,269 |
| Goodwill | 361,456 | 361,741 |
| Deferred income tax assets | 6,179 | 6,080 |
| Operating lease right-of-use assets | 64,659 | 65,913 |
| Other assets | 41,707 | 41,421 |
| Total Assets | <u>\$ 1,629,740</u> | <u>\$ 1,648,294</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Trade payables | \$ 58,099 | \$ 55,624 |
| Accrued expenses | 122,394 | 159,014 |
| Current portion of long-term debt | 9,375 | 8,438 |
| Current operating lease liabilities | 10,304 | 10,668 |
| Income taxes payable | 3,659 | 2,536 |
| Total current liabilities | <u>203,831</u> | <u>236,280</u> |
| Long-term debt | 243,112 | 234,397 |
| Deferred income tax liabilities | 31,491 | 31,503 |
| Long-term income taxes payable | 347 | 347 |
| Liabilities related to unrecognized tax benefits | 932 | 932 |
| Deferred compensation payable | 16,804 | 18,111 |
| Deferred credits | 1,788 | 1,815 |
| Long-term operating lease liabilities | 60,366 | 61,526 |
| Other long-term obligations | 14,550 | 23,584 |
| Total liabilities | <u>573,221</u> | <u>608,495</u> |
| Stockholders' Equity | | |
| Common stock | 646,370 | 641,533 |
| Retained earnings | 416,802 | 406,257 |
| Accumulated other comprehensive loss | (6,653) | (7,991) |
| Total stockholders' equity | <u>1,056,519</u> | <u>1,039,799</u> |
| Total Liabilities and Stockholders' Equity | <u>\$ 1,629,740</u> | <u>\$ 1,648,294</u> |

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands - unaudited)

| | Three Months Ended March 31, | |
|---|---------------------------------|------------------|
| | 2022 | 2021 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 10,545 | \$ 10,958 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 20,466 | 21,400 |
| Write-off of certain intangible assets and other long-term assets | 1,672 | — |
| Amortization of right-of-use operating lease assets | 2,584 | 3,070 |
| Fair value adjustments to contingent consideration | 2,600 | 402 |
| Stock-based compensation expense | 4,642 | 3,595 |
| Other adjustments | 218 | 96 |
| Changes in operating assets and liabilities, net of acquisitions and divestitures | (30,717) | (4,289) |
| Total adjustments | 1,465 | 24,274 |
| Net cash, cash equivalents, and restricted cash provided by operating activities | <u>12,010</u> | <u>35,232</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Capital expenditures for property and equipment | (9,526) | (6,171) |
| Cash paid in acquisitions, net of cash acquired | — | (358) |
| Other investing, net | (342) | 181 |
| Net cash, cash equivalents, and restricted cash used in investing activities | <u>(9,868)</u> | <u>(6,348)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from issuance of common stock | 1,641 | 5,520 |
| Proceeds from (payments on) long-term debt, net | 9,625 | (30,875) |
| Contingent payments related to acquisitions | (24,491) | (403) |
| Payment of taxes related to an exchange of common stock | (1,015) | (488) |
| Net cash used in financing activities | <u>(14,240)</u> | <u>(26,246)</u> |
| Effect of exchange rates on cash | 111 | (1,035) |
| Net increase (decrease) in cash, cash equivalents and restricted cash | <u>(11,987)</u> | <u>1,603</u> |
| CASH, CASH EQUIVALENTS AND RESTRICTED CASH: | | |
| Beginning of period | 67,750 | 56,916 |
| End of period | <u>\$ 55,763</u> | <u>\$ 58,519</u> |
| RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH TO THE CONSOLIDATED BALANCE SHEETS: | | |
| Cash and cash equivalents | 53,875 | 58,519 |
| Restricted cash reported in prepaid expenses and other current assets | 1,888 | — |
| Total cash, cash equivalents and restricted cash | <u>\$ 55,763</u> | <u>\$ 58,519</u> |

Non-GAAP Financial Measures

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

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

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

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

Constant Currency Revenue

Merit's constant currency revenue is prepared by converting the current-period reported revenue of subsidiaries whose functional currency is a currency other than the U.S. dollar at the applicable foreign exchange rates in effect during the comparable prior-year period, and adjusting for the effects of hedging transactions on reported revenue, which are recorded in the U.S. The constant currency revenue adjustment of \$1.7 million to reported revenue for the three-month period ended March 31, 2022 was calculated using the applicable average foreign exchange rates for the three-month period ended March 31, 2021.

Constant Currency Revenue, Organic

Merit's constant currency revenue, organic, is defined, with respect to prior fiscal year periods, as GAAP revenue. With respect to current fiscal year periods, constant currency revenue, organic, is defined as constant currency revenue (as defined above), less revenue from certain acquisitions. For the three-month period ended March 31, 2022, there were no revenues from acquisitions excluded in the calculation of Merit's constant currency revenue, organic.

Non-GAAP Gross Margin

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

Non-GAAP Operating Income and Margin

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

Non-GAAP Net Income

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

Non-GAAP EPS

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

Free Cash Flow

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

Non-GAAP Financial Measure Reconciliations

The following tables set forth supplemental financial data and corresponding reconciliations of non-GAAP financial measures to Merit's corresponding financial measures prepared in accordance with GAAP, in each case, for the three-month periods ended March 31, 2022 and 2021. The non-GAAP income adjustments referenced in the following tables do not reflect non-performance-based stock compensation expense of approximately \$3.4 million and \$2.6 million for the three-month periods ended March 31, 2022 and 2021, respectively.

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

| | Three Months Ended March 31, 2022 | | | Per Share Impact |
|--|--------------------------------------|-------------------|------------------|------------------|
| | Pre-Tax | Tax Impact | After-Tax | |
| GAAP net income | \$ 14,171 | \$ (3,626) | \$ 10,545 | \$ 0.18 |
| <i>Non-GAAP adjustments:</i> | | | | |
| Cost of Sales | | | | |
| Amortization of intangibles | 10,552 | (2,587) | 7,965 | 0.14 |
| Operating Expenses | | | | |
| Contingent consideration expense | 2,600 | (8) | 2,592 | 0.05 |
| Impairment charges | 1,672 | (318) | 1,354 | 0.02 |
| Amortization of intangibles | 1,607 | (398) | 1,209 | 0.02 |
| Performance-based share-based compensation (a) | 1,245 | (124) | 1,121 | 0.02 |
| Corporate transformation and restructuring (b) | 5,077 | (1,243) | 3,834 | 0.07 |
| Acquisition-related | 228 | (55) | 173 | 0.00 |
| Medical Device Regulation expenses (c) | 1,919 | (470) | 1,449 | 0.03 |
| Other (d) | 85 | (21) | 64 | 0.00 |
| Other (Income) Expense | | | | |
| Amortization of long-term debt issuance costs | 151 | (37) | 114 | 0.00 |
| Non-GAAP net income | <u>\$ 39,307</u> | <u>\$ (8,887)</u> | <u>\$ 30,420</u> | <u>\$ 0.53</u> |
| Diluted shares | | | | 57,531 |

| | Three Months Ended March 31, 2021 | | | Per Share Impact |
|--|--------------------------------------|-------------------|------------------|------------------|
| | Pre-Tax | Tax Impact | After-Tax | |
| GAAP net income | \$ 12,694 | \$ (1,736) | \$ 10,958 | \$ 0.19 |
| <i>Non-GAAP adjustments:</i> | | | | |
| Cost of Sales | | | | |
| Amortization of intangibles | 10,679 | (2,652) | 8,027 | 0.14 |
| Operating Expenses | | | | |
| Contingent consideration expense | 402 | 8 | 410 | 0.01 |
| Amortization of intangibles | 1,816 | (454) | 1,362 | 0.02 |
| Performance-based share-based compensation (a) | 1,016 | (120) | 896 | 0.02 |
| Corporate transformation and restructuring (b) | 5,446 | (1,345) | 4,101 | 0.07 |
| Acquisition-related | 4,782 | (1,186) | 3,596 | 0.06 |
| Medical Device Regulation expenses (c) | 381 | (95) | 286 | 0.01 |
| Other (d) | 139 | (35) | 104 | 0.00 |
| Other (Income) Expense | | | | |
| Amortization of long-term debt issuance costs | 151 | (37) | 114 | 0.00 |
| Non-GAAP net income | <u>\$ 37,506</u> | <u>\$ (7,652)</u> | <u>\$ 29,854</u> | <u>\$ 0.52</u> |
| Diluted shares | | | | 56,978 |

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

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

| | Three Months Ended March 31, 2022 | | Three Months Ended March 31, 2021 | |
|--|--------------------------------------|---------------|--------------------------------------|---------------|
| | Amounts | % Sales | Amounts | % Sales |
| Net Sales as Reported | \$ 275,415 | | \$ 248,913 | |
| GAAP Operating Income | 15,233 | 5.5 % | 14,194 | 5.7 % |
| Cost of Sales | | | | |
| Amortization of intangibles | 10,552 | 3.8 % | 10,679 | 4.3 % |
| Operating Expenses | | | | |
| Contingent consideration expense | 2,600 | 0.9 % | 402 | 0.2 % |
| Impairment charges | 1,672 | 0.6 % | — | — |
| Amortization of intangibles | 1,607 | 0.6 % | 1,816 | 0.7 % |
| Performance-based share-based compensation (a) | 1,245 | 0.5 % | 1,016 | 0.4 % |
| Corporate transformation and restructuring (b) | 5,077 | 1.8 % | 5,446 | 2.2 % |
| Acquisition-related | 228 | 0.1 % | 4,782 | 1.9 % |
| Medical Device Regulation expenses (c) | 1,919 | 0.7 % | 381 | 0.2 % |
| Other (d) | 85 | 0.0 % | 139 | 0.1 % |
| Non-GAAP Operating Income | <u>\$ 40,218</u> | <u>14.6 %</u> | <u>\$ 38,855</u> | <u>15.6 %</u> |

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

- a) Represents performance-based share-based compensation expense, including stock-settled and cash-settled awards.
- b) Includes expenses related to the Foundations for Growth Program and other transformation costs, including severance related to corporate initiatives in the three-month period ended March 31, 2021.
- c) Represents incremental expenses incurred to comply with the Medical Device Regulation (“MDR”) in Europe.
- d) Includes costs to comply with Merit’s settlement agreement with the U.S. Department of Justice (the “DOJ”).

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

| | % Change | Three Months Ended March 31, | |
|--|----------|---------------------------------|-------------------|
| | | 2022 | 2021 |
| Reported Revenue | 10.6 % | \$ 275,415 | \$ 248,913 |
| <i>Add: Impact of foreign exchange</i> | | 1,717 | — |
| Constant Currency Revenue (a) | 11.3 % | <u>\$ 277,132</u> | <u>\$ 248,913</u> |
| <i>Less: Revenue from certain acquisitions</i> | | — | — |
| Constant Currency Revenue, Organic (a) | 11.3 % | <u>\$ 277,132</u> | <u>\$ 248,913</u> |

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

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

| | Three Months Ended March 31, | |
|-----------------------------|---------------------------------|--------|
| | 2022 | 2021 |
| Reported Gross Margin | 43.9 % | 45.0 % |
| <i>Add back impact of:</i> | | |
| Amortization of intangibles | 3.8 % | 4.3 % |
| Non-GAAP Gross Margin | 47.7 % | 49.2 % |

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

ABOUT MERIT

Founded in 1987, Merit Medical Systems, Inc. is a leading manufacturer and marketer of proprietary medical devices used in interventional, diagnostic and therapeutic procedures, particularly in cardiology, radiology, oncology, critical care and endoscopy. Merit serves client hospitals worldwide with a domestic and international sales force and clinical support team of approximately 600 individuals. Merit employs approximately 6,500 people worldwide with facilities in South Jordan, Utah; Pearland, Texas; Richmond, Virginia; Aliso Viejo, California; Maastricht and Venlo, The Netherlands; Paris, France; Galway, Ireland; Beijing, China; Tijuana, Mexico; Joinville, Brazil; Ontario, Canada; Melbourne, Australia; Tokyo, Japan; Reading, United Kingdom; Johannesburg, South Africa; and Singapore.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Statements contained in this release which are not purely historical, including, without limitation, statements regarding Merit's forecasted plans, net sales, net income (GAAP and non-GAAP), operating income and margin (GAAP and non-GAAP), gross margin (GAAP and non-GAAP), earnings per share (GAAP and non-GAAP), free cash flow, and other financial measures, Merit's response to, the COVID-19 pandemic and the potential for recovery from that pandemic, future growth and profit expectations or forecasted economic conditions, or the implementation of, and results achieved through, Merit's Foundations for Growth Program or other expense reduction initiatives, or the development and commercialization of new products, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to risks and uncertainties such as those described in Merit's Annual Report on Form 10-K for the year ended December 31, 2021 (the "2021 Annual Report") and other filings with the SEC. Such risks and uncertainties include inherent risks and uncertainties relating to Merit's internal models or the projections in this release; risks and uncertainties associated with the COVID-19 pandemic and Merit's response thereto; disruptions in Merit's supply chain, manufacturing or sterilization processes; reduced availability of, and price increases associated with, commodity components; risks relating to Merit's potential inability to successfully manage growth through acquisitions generally, including the inability to effectively integrate acquired operations or products or commercialize technology developed internally or acquired through completed, proposed or future transactions; negative changes in economic and industry conditions in the United States or other countries; risks and uncertainties associated with Merit's information technology systems, including the potential for breaches of security and evolving regulations regarding privacy and data protection; governmental scrutiny and regulation of the medical device industry, including governmental inquiries, investigations and proceedings involving Merit; litigation and other judicial proceedings affecting Merit; restrictions on Merit's liquidity or business operations resulting from its debt agreements; infringement of Merit's technology or the assertion that Merit's technology infringes the rights of other parties; product recalls and product liability claims; changes in customer purchasing patterns or the mix of products Merit sells; expenditures relating to research, development, testing and regulatory approval or clearance of Merit's products and risks that such products may not be developed successfully or approved for commercial use; the potential of fines, penalties or other adverse consequences if Merit's employees or agents violate the U.S. Foreign Corrupt Practices Act or other laws or regulations; laws and regulations targeting fraud and abuse in the healthcare industry; potential for significant adverse changes in governing regulations, including reforms to the procedures for approval or clearance of Merit's products by the U.S. Food & Drug Administration or comparable regulatory authorities in other

jurisdictions; changes in tax laws and regulations in the United States or other countries; termination of relationships with Merit's suppliers, or failure of such suppliers to perform; fluctuations in exchange rates; concentration of a substantial portion of Merit's revenues among a few products and procedures; development of new products and technology that could render Merit's existing or future products obsolete; market acceptance of new products; volatility in the market price of Merit's common stock; modification or limitation of governmental or private insurance reimbursement policies; changes in healthcare policies or markets related to healthcare reform initiatives; failure to comply with applicable environmental laws; changes in key personnel; work stoppage or transportation risks; failure to introduce products in a timely fashion; price and product competition; availability of labor and materials; fluctuations in and obsolescence of inventory; and other factors referenced in the 2021 Annual Report and other materials filed with the SEC. All subsequent forward-looking statements attributable to Merit or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Actual results will likely differ, and may differ materially, from anticipated results. Financial estimates are subject to change and are not intended to be relied upon as predictions of future operating results. Those estimates and all other forward-looking statements included in this document are made only as of the date of this document, and except as otherwise required by applicable law, Merit assumes no obligation to update or disclose revisions to estimates and all other forward-looking statements.

TRADEMARKS

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

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First Quarter 2022 Results

Merit Medical Investor Call

April 27, 2022

Fred Lampropoulos

Chairman and CEO

Raul Parra

CFO



CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This presentation and any accompanying management commentary include “forward-looking statements,” as defined within applicable securities laws and regulations. All statements in this presentation, other than statements of historical fact, are “forward-looking statements”, including, without limitation, statements regarding Merit’s forecasted plans, net sales, net income (GAAP and non-GAAP), operating income and margin (GAAP and non-GAAP), gross margin (GAAP and non-GAAP), earnings per share (GAAP and non-GAAP), free cash flow, and other financial measures, Merit’s response to, the COVID-19 pandemic and the potential for recovery from that pandemic, future growth and profit expectations or forecasted economic conditions, or the implementation of, and results achieved through, Merit’s Foundations for Growth Program or other expense reduction initiatives, or the development and commercialization of new products, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to risks and uncertainties such as those described in Merit’s Annual Report on Form 10-K for the year ended December 31, 2021 (the “2021 Annual Report”) and other filings with the SEC. Such risks and uncertainties include inherent risks and uncertainties relating to Merit’s internal models or the projections in this release; risks and uncertainties associated with the COVID-19 pandemic and Merit’s response thereto; disruptions in Merit’s supply chain, manufacturing or sterilization processes; reduced availability of, and price increases associated with, commodity components; risks relating to Merit’s potential inability to successfully manage growth through acquisitions generally, including the inability to effectively integrate acquired operations or products or commercialize technology developed internally or acquired through completed, proposed or future transactions; negative changes in economic and industry conditions in the United States or other countries; risks and uncertainties associated with Merit’s information technology systems, including the potential for breaches of security and evolving regulations regarding privacy and data protection; governmental scrutiny and regulation of the medical device industry, including governmental inquiries, investigations and proceedings involving Merit; litigation and other judicial proceedings affecting Merit; restrictions on Merit’s liquidity or business operations resulting from its debt agreements; infringement of Merit’s technology or the assertion that Merit’s technology infringes the rights of other parties; product recalls and product liability claims; changes in customer purchasing patterns or the mix of products Merit sells; expenditures relating to research, development, testing and regulatory approval or clearance of Merit’s products and risks that such products may not be developed successfully or approved for commercial use; the potential of fines, penalties or other adverse consequences if Merit’s employees or agents violate the U.S. Foreign Corrupt Practices Act or other laws or regulations; laws and regulations targeting fraud and abuse in the healthcare industry; potential for significant adverse changes in governing regulations, including reforms to the procedures for approval or clearance of Merit’s products by the U.S. Food & Drug Administration or comparable regulatory authorities in other jurisdictions; changes in tax laws and regulations in the United States or other countries; termination of relationships with Merit’s suppliers, or failure of such suppliers to perform; fluctuations in exchange rates; concentration of a substantial portion of Merit’s revenues among a few products and procedures; development of new products and technology that could render Merit’s existing or future products obsolete; market acceptance of new products; volatility in the market price of Merit’s common stock; modification or limitation of governmental or private insurance reimbursement policies; changes in healthcare policies or markets related to healthcare reform initiatives; failure to comply with applicable environmental laws; changes in key personnel; work stoppage or transportation risks; failure to introduce products in a timely fashion; price and product competition; availability of labor and materials; fluctuations in and obsolescence of inventory; and other factors referenced in the 2021 Annual Report and other materials filed with the SEC.

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



NON-GAAP FINANCIAL MEASURES

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

TRADEMARKS

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



Financial Summary

| | GAAP | | NON-GAAP* | |
|--------------------|----------|----------|-----------------------|-----------------------|
| | Q1 2022 | Q1 2021 | Q1 2022 | Q1 2021 |
| Revenue | \$275.4M | \$248.9M | \$277.1M [†] | \$248.9M [†] |
| Gross Margin | 43.9% | 45.0% | 47.7%* | 49.2%* |
| Operating Margin | 5.5% | 5.7% | 14.6%* | 15.6%* |
| Net Income | \$10.5M | \$11.0M | \$30.4M* | \$29.9M* |
| Earnings per Share | \$0.18 | \$0.19 | \$0.53* | \$0.52* |

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

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



Revenue Breakdown – QTD

In thousands, except percentages

| Region | Q1 2022 | Q1 2021 | \$ Change | % Change | CC % Change* |
|----------------------------|------------------|------------------|-----------------|--------------|--------------|
| U.S. | \$152,992 | \$141,372 | \$11,620 | 8.2% | 7.4% |
| APAC | 60,486 | 51,219 | 9,267 | 18.1% | 18.8% |
| EMEA | 51,989 | 49,512 | 2,477 | 5.0% | 10.5% |
| Rest of World | 9,948 | 6,810 | 3,138 | 46.1% | 44.2% |
| Total International | 122,423 | 107,541 | 14,882 | 13.8% | 16.6% |
| Total | \$275,415 | \$248,913 | \$26,502 | 10.6% | 11.3% |

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



Financial Metrics

| Metric | Q1 2022 | Q1 2021 |
|---|---------|---------|
| Depreciation & Amortization | \$20.5M | \$21.4M |
| Stock Comp (performance-based) | 1.2M | 1.0M |
| Stock Comp (not performance-based) | 3.4M | 2.6M |
| Operating Cash Flow | 12.0M | 35.2M |
| Capital Expenditures-Property and Equipment | 9.5M | 6.2M |



Reaffirmed 2022 Financial Guidance

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

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

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



Appendix



Notes to Non-GAAP Financial Measures

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

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

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

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

Readers should consider non-GAAP measures used in this 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, non-GAAP gross margin, non-GAAP operating income and margin, and non-GAAP net income (in each case, as further illustrated in the reconciliation tables below) because such amounts in any specific period may not directly correlate to the underlying performance of Merit's business operations and can vary significantly between periods as a result of factors such as acquisition or other extraordinary transactions, non-cash expenses related to amortization or write-off of previously acquired tangible and intangible assets, severance expenses, expenses resulting from non-ordinary course litigation or administrative proceedings and resulting settlements, corporate transformation expenses, governmental proceedings or changes in tax or industry regulations, gains or losses on disposal of certain assets, and debt issuance costs. Merit may incur similar types of expenses in the future, and the non-GAAP financial information included in this presentation should not be viewed as a statement or indication that these types of expenses will not recur. Additionally, the non-GAAP financial measures used in this presentation may not be comparable with similarly titled measures of other companies. Merit urges investors and potential investors to review the reconciliations of its non-GAAP financial measures to the comparable GAAP financial measures, and not to rely on any single financial measure to evaluate Merit's business or results of operations.



Notes to Non-GAAP Financial Measures (cont.)

Constant Currency Revenue

Merit's constant currency revenue is prepared by converting the current-period reported revenue of subsidiaries whose functional currency is a currency other than the U.S. dollar at the applicable foreign exchange rates in effect during the comparable prior-year period, and adjusting for the effects of hedging transactions on reported revenue, which are recorded in the U.S. The constant currency revenue adjustment of \$1.7 million to reported revenue for the three-month period ended March 31, 2022 was calculated using the applicable average foreign exchange rates for the three-month period ended March 31, 2021.

Constant Currency Revenue, Organic

Merit's constant currency revenue, organic, is defined, with respect to prior fiscal year periods, as GAAP revenue. With respect to current fiscal year periods, constant currency revenue, organic, is defined as constant currency revenue (as defined above), less revenue from certain acquisitions. For the three-month period ended March 31, 2022, there were no revenues from acquisitions excluded in the calculation of Merit's constant currency revenue, organic.

Non-GAAP Gross Margin

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

Non-GAAP Operating Income and Margin

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

Non-GAAP Net Income

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



Notes to Non-GAAP Financial Measures (cont.)

Non-GAAP EPS

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

Free Cash Flow

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

Other Non-GAAP Financial Measure Reconciliation

The following tables set forth supplemental financial data and corresponding reconciliations of non-GAAP financial measures to Merit's corresponding financial measures prepared in accordance with GAAP, in each case, for the three-month periods ended March 31, 2022 and 2021. The non-GAAP income adjustments referenced in the following tables do not reflect non-performance-based stock compensation expense of approximately \$3.4 million and \$2.6 million for the three-month periods ended March 31, 2022 and 2021, respectively.

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

| | Three Months Ended March 31, 2022 | | | | Three Months Ended March 31, 2021 | | | |
|--|--------------------------------------|------------|-----------|------------------|--------------------------------------|------------|-----------|------------------|
| | Pre-Tax | Tax Impact | After-Tax | Per Share Impact | Pre-Tax | Tax Impact | After-Tax | Per Share Impact |
| GAAP net income | \$ 14,171 | \$ (3,626) | \$ 10,545 | \$ 0.18 | \$ 12,694 | \$ (1,736) | \$ 10,958 | \$ 0.19 |
| <i>Non-GAAP adjustments:</i> | | | | | | | | |
| Cost of Sales | | | | | | | | |
| Amortization of intangibles | 10,552 | (2,587) | 7,965 | 0.14 | 10,679 | (2,652) | 8,027 | 0.14 |
| Operating Expenses | | | | | | | | |
| Contingent consideration expense | 2,600 | (8) | 2,592 | 0.05 | 402 | 8 | 410 | 0.01 |
| Impairment charges | 1,672 | (318) | 1,354 | 0.02 | — | — | — | — |
| Amortization of intangibles | 1,607 | (398) | 1,209 | 0.02 | 1,816 | (454) | 1,362 | 0.02 |
| Performance-based share-based compensation (a) | 1,245 | (124) | 1,121 | 0.02 | 1,016 | (120) | 896 | 0.02 |
| Corporate transformation and restructuring (b) | 5,077 | (1,243) | 3,834 | 0.07 | 5,446 | (1,345) | 4,101 | 0.07 |
| Acquisition-related | 228 | (55) | 173 | 0.00 | 4,782 | (1,186) | 3,596 | 0.06 |
| Medical Device Regulation expenses (c) | 1,919 | (470) | 1,449 | 0.03 | 381 | (95) | 286 | 0.01 |
| Other (d) | 85 | (21) | 64 | 0.00 | 139 | (35) | 104 | 0.00 |
| Other (Income) Expense | | | | | | | | |
| Amortization of long-term debt issuance costs | 151 | (37) | 114 | 0.00 | 151 | (37) | 114 | 0.00 |
| Non-GAAP net income | \$ 39,307 | \$ (8,887) | \$ 30,420 | \$ 0.53 | \$ 37,506 | \$ (7,652) | \$ 29,854 | \$ 0.52 |
| Diluted shares | | | | 57,531 | | | | 56,978 |

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



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

| | Three Months Ended March 31, 2022 | | Three Months Ended March 31, 2021 | |
|--|--------------------------------------|---------|--------------------------------------|---------|
| | Amounts | % Sales | Amounts | % Sales |
| Net Sales as Reported | \$ 275,415 | | \$ 248,913 | |
| GAAP Operating Income | 15,233 | 5.5 % | 14,194 | 5.7 % |
| Cost of Sales | | | | |
| Amortization of intangibles | 10,552 | 3.8 % | 10,679 | 4.3 % |
| Operating Expenses | | | | |
| Contingent consideration expense | 2,600 | 0.9 % | 402 | 0.2 % |
| Impairment charges | 1,672 | 0.6 % | — | — |
| Amortization of intangibles | 1,607 | 0.6 % | 1,816 | 0.7 % |
| Performance-based share-based compensation (a) | 1,245 | 0.5 % | 1,016 | 0.4 % |
| Corporate transformation and restructuring (b) | 5,077 | 1.8 % | 5,446 | 2.2 % |
| Acquisition-related | 228 | 0.1 % | 4,782 | 1.9 % |
| Medical Device Regulation expenses (c) | 1,919 | 0.7 % | 381 | 0.2 % |
| Other (d) | 85 | 0.0 % | 139 | 0.1 % |
| Non-GAAP Operating Income | \$ 40,218 | 14.6 % | \$ 38,855 | 15.6 % |

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



Footnotes to Reconciliations of GAAP Net Income to Non-GAAP Net Income and GAAP Operating Income to Non-GAAP Operating Income

- a) Represents performance-based share-based compensation expense, including stock-settled and cash-settled awards.
- b) Includes expenses related to the Foundations for Growth Program and other transformation costs, including severance related to corporate initiatives in the three-month period ended March 31, 2021.
- c) Represents incremental expenses incurred to comply with the Medical Device Regulation (“MDR”) in Europe.
- d) Includes costs to comply with Merit’s settlement agreement with the U.S. Department of Justice (the “DOJ”).



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

| | % Change | Three Months Ended | |
|--|----------|--------------------|-------------------|
| | | March 31, | |
| | | 2022 | 2021 |
| Reported Revenue | 10.6 % | \$ 275,415 | \$ 248,913 |
| <i>Add: Impact of foreign exchange</i> | | 1,717 | — |
| Constant Currency Revenue (a) | 11.3 % | <u>\$ 277,132</u> | <u>\$ 248,913</u> |
| <i>Less: Revenue from certain acquisitions</i> | | — | — |
| Constant Currency Revenue, Organic (a) | 11.3 % | <u>\$ 277,132</u> | <u>\$ 248,913</u> |

(a) A non-GAAP financial measure. For a definition of this and other non-GAAP financial measures, see the section of this presentation entitled “Notes to Non-GAAP Financial Measures.”



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

| | Three Months Ended March 31, | |
|-----------------------------|---------------------------------|--------|
| | 2022 | 2021 |
| Reported Gross Margin | 43.9 % | 45.0 % |
| <i>Add back impact of:</i> | | |
| Amortization of intangibles | 3.8 % | 4.3 % |
| Non-GAAP Gross Margin | 47.7 % | 49.2 % |

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



