

STRICTLY PRIVATE & CONFIDENTIAL



JP Morgan Healthcare Conference 2024 Investor Presentation

Cautionary Statement Regarding Forward-Looking Statements

This presentation and any accompanying management commentary include “forward-looking statements,” as defined within applicable securities laws and regulations. All statements in this presentation, other than statements of historical fact, are “forward-looking statements”, including without limitation estimates and statements regarding Merit’s forecasted plans, net sales, net income or loss (GAAP and non-GAAP), operating income and margin (GAAP and non-GAAP) gross margin (GAAP and non-GAAP), earnings per share (GAAP and non-GAAP), free cash flow, and other financial measures, the potential impact, scope and duration of, and Merit’s response to, the COVID-19 pandemic and the potential for recovery from that pandemic, future growth and profit expectations or forecasted economic conditions, or the implementation of, and results achieved through, Merit’s Foundations for Growth program or other expense reduction initiatives, or the development and commercialization of new products. In some cases, forward-looking statements can be identified by the use of terminology such as “may,” “will,” “likely,” “expects,” “plans,” “anticipates,” “intends,” “believes,” “estimates,” “projects,” “forecast,” “potential,” “plan,” or other comparable terminology. Merit’s future financial and operating results and condition, as well as any forward-looking statements, are subject to inherent risks and uncertainties such as those described in its Annual Report on Form 10-K for the year ended December 31, 2022 (the “2022 Annual Report”) and other filings with the U.S. Securities and Exchange Commission. Such risks and uncertainties include inherent risks and uncertainties relating to Merit’s internal models or the projections in this presentation; risks and uncertainties associated with the COVID-19 pandemic and Merit’s response thereto; disruptions in Merit’s supply chain, manufacturing or sterilization processes; 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; reduced availability of, and price increases associated with, commodity components; 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 2022 Annual Report and other materials filed with the Securities and Exchange Commission.

All forward-looking statements in this presentation or subsequent forward-looking statements attributable to Merit or persons acting on its behalf are expressly qualified in their entirety by 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.



Cautionary Statement Regarding Forward-Looking Statements (Continued)

Merit does not, as a matter of course, publicly disclose projected preliminary revenue, whether on an annual or quarterly basis, due to the unpredictability of the underlying assumptions and estimates. Merit's announcement of projected preliminary unaudited revenue information in this release should not be regarded as an indication that Merit considered, or now considers, projected preliminary revenue information to be material or to be a reliable prediction of actual future results, and the projected preliminary revenue information set forth in this release should not be relied upon as such. Readers should not expect Merit to make similar disclosures of projected preliminary revenue information in the future.

Merit cautions that the projected preliminary unaudited revenue information set forth in this release is subject to adjustment and based upon subjective decisions and assumptions. Accordingly, there can be no assurance that the results reflected in the projected preliminary unaudited revenue information will be realized, and actual results may differ materially from those reflected in such projected preliminary revenue information. As a result, the projected preliminary unaudited revenue information should not be relied on as necessarily predictive of Merit's actual results.

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.



Today's Presenters



Fred Lampropoulos

Chairman & CEO

- Founder of Merit Medical Systems
- 35+ years at Merit
- Invented and holds over 200 medical device patents



Raul Parra

Chief Financial Officer

- CFO since 2018
- 14+ years at Merit
- Director at American Express National Bank

Merit Medical Systems at a Glance



Founded in **1987** • Headquartered in **South Jordan, Utah** • Initial Public Offering in **1990**

Scaled & Positioned for Continued Growth



\$1,151M/\$933M

Revenue
(2022 and YTD 2023)



9.3%/8.7%

Organic CC Revenue Growth¹
(2022 and YTD 2023)



\$156M/\$129M

Non-GAAP Net Income
(2022 and YTD 2023)



14.4%/17.3%

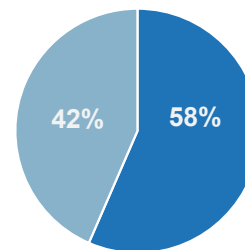
Non-GAAP Net Income Growth
(2022 and YTD 2023)



~\$600M

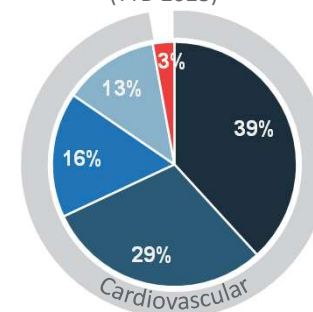
Capital Deployed on M&A
since 2016

Revenue by Geography
(YTD 2023)



■ U.S. ■ International

Revenue by Product Category
(YTD 2023)



■ PI ■ CI ■ CP ■ OEM ■ Endoscopy

Diversified Globally

>230

Proprietary Medical
Product Categories

>13,760

Customers
Worldwide



Note: PI: Peripheral Intervention; CI: Cardiac Intervention; CP: Custom Procedural Solutions; YTD 2023 reflects 9-month results ending September 30, 2023

¹ A non-GAAP financial measure, representing constant currency revenue, organic (for definition see the section of this presentation entitled "Notes to Non-GAAP Financial Measures.")

Key Investment Highlights

Merit Represents a Compelling Investment Opportunity



Leading medical product solutions provider across multiple target end markets



Robust innovation engine driving substantial portfolio expansion and product growth



Dedicated commercial engine of >600 direct/clinical reps⁽¹⁾ and distributor relationships in over ~120 countries



Global manufacturing across 6 countries and 3 continents with capacity to support long-term growth



Sustained growth and margin expansion fueled by significant operating efficiency and process improvement opportunities








Consistent M&A track record to complement organic growth in focused clinical end markets



Source: Company Filings, Company Management
Notes: (1) Excludes customer services and PLM marketing team

Diversified, Growing Portfolio

CARDIOVASCULAR (97.1%)			
CI (28.8%)	PI (39.5%)	CP (15.6%)	OEM (13.2%)
<ul style="list-style-type: none"> Broad line of medical devices used to gain and maintain cardiovascular access Includes electrophysiology and CRM offerings 	<ul style="list-style-type: none"> Supports minimally invasive diagnosis and treatment of diseases in peripheral vessels and organs Includes spine and oncology offerings 	<ul style="list-style-type: none"> Custom and standard kit and pack solutions Includes items for peripheral procedures, safety, waste management, and hemostasis 	<ul style="list-style-type: none"> Coating services for medical tubes and wires Manufactures and sells sensor components for electromechanical systems
			

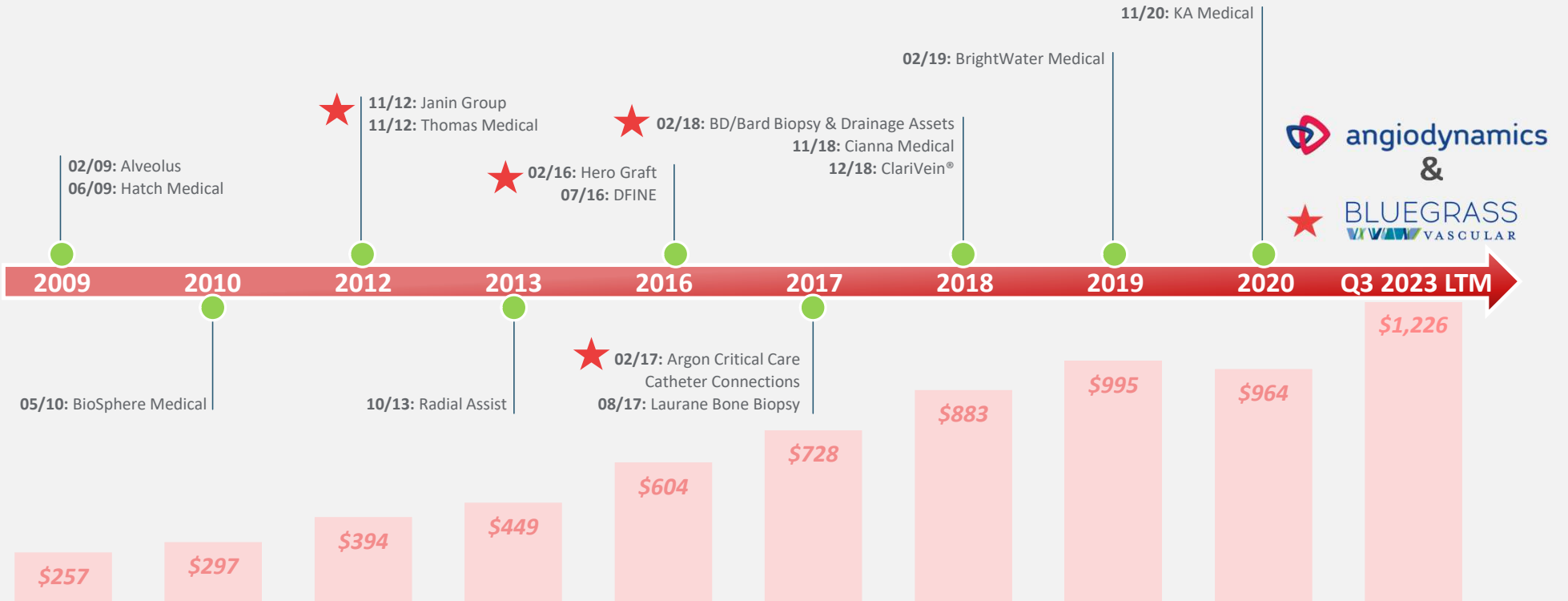
ENDOSCOPY (2.9%)
<h3>Endoscopy</h3> <ul style="list-style-type: none"> Gastroenterology: Complete range of innovative, gastrointestinal solutions Pulmonary: includes stents, visualization delivery systems and dilation balloons




Note: Percentage breakdowns based on YTD 2023 sales; CI: Cardiac Intervention; PI: Peripheral Intervention; CP: Custom Procedural Solutions

Demonstrated History of Successful M&A

Revenues (\$ in millions)



Merit Has Successfully Integrated 18 Acquisitions Including 5 Carve-Outs



Designates Carve-Out Transactions

Recent Product Acquisitions (May and June 2023)



- Two separate product acquisitions closed in May and June 2023
 - Dialysis catheter products and BioSentry® Biopsy Tract Sealant System from AngioDynamics, Inc. for cash consideration of \$100 million
 - Surfacel® Inside-Out® Access Catheter System from Bluegrass Vascular Technologies, Inc. for a total cash consideration of \$32.5 million

Compelling Strategic Fit and Value Creation Opportunities:

- 1 Highly complementary with existing products & customers; leverages commercial footprint
- 2 Expands product portfolio in key strategic markets
- 3 Strengthens competitive position in dialysis and biopsy markets; fueling long-term renal therapies / specialty dialysis device offering
- 4 Compelling financial profile



Surfacel® Device



Trio-CT



BioFlo

Merit's Foundations for Growth | Plan & Goals (Launched November 2020)

COMPANY-WIDE 3-YEAR PLAN



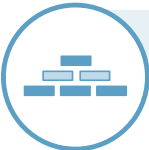
Maintain above-market growth

- Innovate and deliver solutions to the market that fuel topline growth globally



Significantly improve operating margins

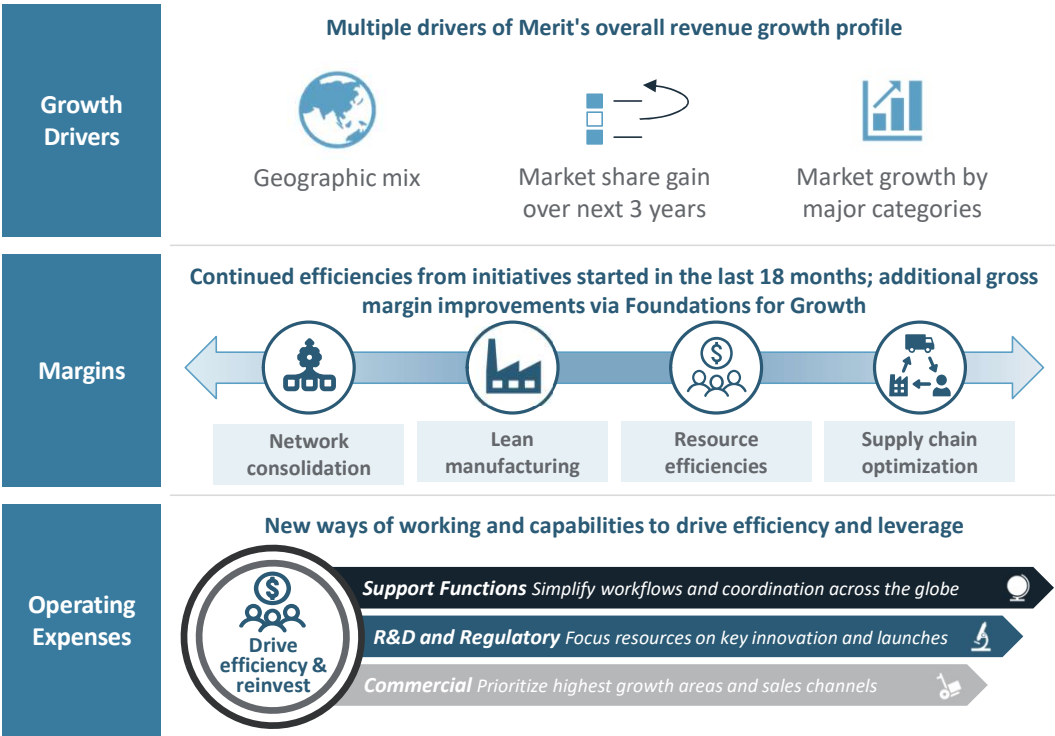
- Design operations to exploit scale while preserving autonomy and flexibility where it matters



Build a foundation for sustained success

- Invest in people and build new capabilities to meet the evolving needs of changing healthcare markets and drive sustainable change

DRIVERS & EXPECTATIONS



Recent Performance



Q3/YTD (9/30) Financial Summary: Non-GAAP

In millions, except per share amounts and percentages

	Q3 2023	Q3 2022	% Change/ bps ▲/▼	YTD 2023	YTD 2022	% Change/ bps ▲/▼
GAAP Revenue (constant currency) †	\$307.7M	\$287.2M	7.1% (9.7%)	\$931.8M	\$857.6M	8.7% (9.6%)
Gross Margin	49.8%	48.4%	▲140 bps	50.4%	48.5%	▲190bps
Operating Margin	18.3%	16.1%	▲220 bps	18.1%	16.7%	▲140 bps
Net Income	\$43.5M	\$37.0M	17.6%	\$128.7M	\$109.7M	17.3%
Earnings per Share	\$0.75	\$0.64	16.0%	\$2.21	\$1.91	15.7%

Key drivers:

- Revenue growth in U.S. primarily driven by strong growth in Peripheral Intervention business
- Strong operational leverage from continued focus on expense management and prioritization of investments to support future growth initiatives



Note: Amounts in this presentation are rounded while percentages are calculated from the underlying amounts.

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

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

2023 Financial Guidance (as of October 2023)

Financial Measure	Prior Year (<i>As Reported</i>)	Updated Guidance	
	Year Ended December 31, 2022	Year Ending December 31, 2023	% Change Y/Y
Net Sales	\$1.151 billion	\$1.242 - \$1.251 billion	8% - 9%
Cardiovascular Segment	\$1.118 billion	\$1.205 - \$1.214 billion	8% - 9%
Endoscopy Segment	\$32.8 million	\$36.9 - \$37.0 million	13%
GAAP			
Net Income	\$74.5 million	\$89 - \$92 million	
Earnings Per Share	\$1.29	\$1.52 - \$1.58	
Non-GAAP			
Net Income	\$155.8 million	\$171 - \$174 million	
Earnings Per Share	\$2.70	\$2.93 - \$2.99	

2023 Preliminary Unaudited Revenue Guidance

MERIT MEDICAL ANNOUNCES PROJECTED PRELIMINARY UNAUDITED REVENUE FOR THE YEAR ENDED DECEMBER 31, 2023

- 2023 reported preliminary unaudited revenue in the range of approximately \$1.255 billion - \$1.259 billion, up approximately 9.0% - 9.4% year-over-year
- 2023 preliminary unaudited constant currency revenue* in the range of up approximately 9.6% - 9.9% year over year
- 2023 financial results and 2024 guidance to be released February 28, 2024

* *Constant currency revenue is a non-GAAP financial measure. A reconciliation of this financial measure to its most directly comparable GAAP financial measure is included under the heading “Non-GAAP Financial Measure” below.*

SOUTH JORDAN, Utah, January 8, 2024 -- Merit Medical Systems, Inc. (NASDAQ: MMSI), a leading global manufacturer and marketer of healthcare technology, today announced projected preliminary unaudited revenue in the range of approximately \$1.255 to \$1.259 billion for the year ended December 31, 2023, a projected increase of approximately 9.0% to 9.4% compared to revenue reported for the year ended December 31, 2022. Projected preliminary unaudited constant currency revenue, organic, for the year ended December 31, 2023, increased in the range of approximately 9.6% to 9.9% compared to the prior year period.



Summary

- ✓ Strong top-line growth driven by a diversified portfolio and geographic mix
- ✓ Proven acquisition track-record and capabilities
- ✓ Well capitalized balance sheet and strong free cash flow generation in 2023
- ✓ Commitment to operational excellence delivering margin expansion through Foundations for Growth initiatives
- ✓ Customer-focused management team providing innovative solutions around the globe



Experienced management team with clear strategy to generate long-term value

Appendix



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 profit and 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.

Definition of constant currency revenue, organic:

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

Reconciliation of Preliminary Approximate Reported Revenue Range to Preliminary Approximate Constant Currency Revenue Range (Non-GAAP)

(Unaudited; in thousands except percentages)

	% Change		Year Ended December 31,	
			2023	2022
Preliminary Approximate Reported Revenue Range	9.0 - 9.4 %	\$	1,255,000 - 1,259,000	\$ 1,150,981
<i>Add: Impact of foreign exchange</i>			6,400	—
Preliminary Approximate Constant Currency Revenue (a)	9.6 - 9.9 %	\$	<u>1,261,400 - 1,265,400</u>	<u>\$ 1,150,981</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 Reported Revenue to Constant Currency Revenue (Non-GAAP), and Constant Currency Revenue, Organic (Non-GAAP)

(Unaudited; in thousands except percentages)

	% Change	Three Months Ended September 30,		% Change	Nine Months Ended September 30,	
		2023	2022		2023	2022
Reported Revenue	9.8 %	\$ 315,230	\$ 287,175	8.8 %	\$ 932,851	\$ 857,566
<i>Add: Impact of foreign exchange</i>		(181)	—		7,251	—
Constant Currency Revenue (a)	9.7 %	<u>\$ 315,049</u>	<u>\$ 287,175</u>	9.6 %	<u>\$ 940,102</u>	<u>\$ 857,566</u>
<i>Less: Revenue from certain acquisitions</i>		(7,344)	—		(8,286)	—
Constant Currency Revenue, Organic (a)	7.1 %	<u>\$ 307,705</u>	<u>\$ 287,175</u>	8.7 %	<u>\$ 931,816</u>	<u>\$ 857,566</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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Reported Gross Margin	45.1 %	44.8 %	46.5 %	44.8 %
<i>Add back impact of:</i>				
Amortization of intangibles	4.2 %	3.7 %	3.8 %	3.7 %
Inventory mark-up related to acquisitions	0.6 %	— %	0.2 %	— %
Non-GAAP Gross Margin	49.8 %	48.4 %	50.4 %	48.5 %

Note: Certain percentages 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 September 30, 2023		Three Months Ended September 30, 2022		Nine Months Ended September 30, 2023		Nine Months Ended September 30, 2022	
	Amounts	% Sales	Amounts	% Sales	Amounts	% Sales	Amounts	% Sales
Net Sales as Reported	\$ 315,230		\$ 287,175		\$ 932,851		\$ 857,566	
GAAP Operating Income	35,137	11.1 %	18,657	6.5 %	90,332	9.7 %	57,146	6.7 %
Cost of Sales								
Amortization of intangibles	13,120	4.2 %	10,487	3.7 %	35,184	3.8 %	31,539	3.7 %
Inventory mark-up related to acquisitions	1,741	0.6 %	—	—	2,001	0.2 %	—	—
Operating Expenses								
Contingent consideration expense	562	0.2 %	915	0.3 %	2,177	0.2 %	4,702	0.5 %
Impairment charges	—	—	—	—	270	0.0 %	1,672	0.2 %
Amortization of intangibles	2,329	0.7 %	1,554	0.5 %	5,959	0.6 %	4,749	0.6 %
Performance-based share-based compensation (a)	2,403	0.8 %	1,353	0.5 %	6,067	0.7 %	4,354	0.5 %
Corporate transformation and restructuring (b)	2,790	0.9 %	8,535	3.0 %	14,203	1.5 %	20,432	2.4 %
Acquisition-related	107	0.0 %	667	0.2 %	5,218	0.6 %	1,901	0.2 %
Medical Device Regulation expenses (c)	2,444	0.8 %	3,873	1.3 %	9,112	1.0 %	8,451	1.0 %
Other (d)	(2,946)	(0.9) %	116	0.0 %	(1,309)	(0.1) %	7,845	0.9 %
Non-GAAP Operating Income	\$ 57,687	18.3 %	\$ 46,157	16.1 %	\$ 169,214	18.1 %	\$ 142,791	16.7 %

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

- a) Represents performance-based share-based compensation expense, including stock-settled and cash-settled awards.
- b) Includes consulting expenses related to the Foundations for Growth Program, \$4.3 million for write-offs of other long-term assets associated with restructuring activities in the nine-month period ended September 30, 2023, and other transformation costs, including severance related to corporate initiatives.
- c) Represents incremental expenses incurred to comply with the E.U. Medical Device Regulation (“MDR”).
- d) The three-month period ended September 30, 2023 includes an insurance reimbursement of approximately \$(3.0) million for costs incurred in responding to an inquiry by the U.S. Department of Justice (the “DOJ”) which was settled in 2020. The nine-month period ended September 30, 2023 also includes acquired in-process research and development charges of \$1.6 million. The three-month period ended September 30, 2022 includes costs to comply with Merit’s corporate integrity agreement with the DOJ. The nine-month period ended September 30, 2022 also includes acquired in-process research and development charges of \$6.7 million and legal costs associated with a shareholder derivative proceeding.

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

	Nine Months Ended September 30, 2023				Nine Months Ended September 30, 2022			
	Pre-Tax	Tax Impact	After-Tax	Per Share Impact	Pre-Tax	Tax Impact	After-Tax	Per Share Impact
GAAP net income	\$ 80,622	\$ (13,840)	\$ 66,782	\$ 1.14	\$ 52,474	\$ (11,359)	\$ 41,115	\$ 0.71
<i>Non-GAAP adjustments:</i>								
Cost of Sales								
Amortization of intangibles	35,184	(8,460)	26,724	0.46	31,539	(7,733)	23,806	0.41
Inventory mark-up related to acquisitions	2,001	(480)	1,521	0.03	—	—	—	—
Operating Expenses								
Contingent consideration expense	2,177	(121)	2,056	0.04	4,702	(17)	4,685	0.08
Impairment charges	270	—	270	0.00	1,672	(318)	1,354	0.02
Amortization of intangibles	5,959	(1,436)	4,523	0.08	4,749	(1,176)	3,573	0.06
Performance-based share-based compensation (a)	6,067	(771)	5,296	0.09	4,354	(413)	3,941	0.07
Corporate transformation and restructuring (b)	14,203	(3,409)	10,794	0.19	20,432	(4,702)	15,730	0.27
Acquisition-related	5,218	(1,253)	3,965	0.07	1,901	(465)	1,436	0.02
Medical Device Regulation expenses (c)	9,112	(2,187)	6,925	0.12	8,451	(2,069)	6,382	0.11
Other (d)	(1,309)	314	(995)	(0.02)	7,845	(1,863)	5,982	0.10
Other (Income) Expense								
Amortization of long-term debt issuance costs	1,054	(253)	801	0.01	453	(111)	342	0.01
Loss on disposal of business unit	—	—	—	—	1,390	(32)	1,358	0.02
Non-GAAP net income	\$ 160,558	\$ (31,896)	\$ 128,662	\$ 2.21	\$ 139,962	\$ (30,258)	\$ 109,704	\$ 1.91
Diluted shares				58,345				57,573

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

- Represents performance-based share-based compensation expense, including stock-settled and cash-settled awards.
- Includes consulting expenses related to the Foundations for Growth Program, \$4.3 million for write-offs of other long-term assets associated with restructuring activities in the nine-month period ended September 30, 2023, and other transformation costs, including severance related to corporate initiatives.
- Represents incremental expenses incurred to comply with the E.U. Medical Device Regulation (“MDR”).
- The three-month period ended September 30, 2023 includes an insurance reimbursement of approximately \$(3.0) million for costs incurred in responding to an inquiry by the U.S. Department of Justice (the “DOJ”) which was settled in 2020. The nine-month period ended September 30, 2023 also includes acquired in-process research and development charges of \$1.6 million. The three-month period ended September 30, 2022 includes costs to comply with Merit’s corporate integrity agreement with the DOJ. The nine-month period ended September 30, 2022 also includes acquired in-process research and development charges of \$6.7 million and legal costs associated with a shareholder derivative proceeding.



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 December 31,		% Change	Year Ended December 31,	
		2022	2021		2022	2021
Reported Revenue	5.4 %	\$ 293,415	\$ 278,492	7.1 %	\$ 1,150,981	\$ 1,074,751
<i>Add: Impact of foreign exchange</i>		8,043	—		23,806	—
Constant Currency Revenue (a)	8.2 %	\$ 301,458	\$ 278,492	9.3 %	\$ 1,174,787	\$ 1,074,751
<i>Less: Revenue from certain acquisitions</i>		—	—		—	—
Constant Currency Revenue, Organic (a)	8.2 %	\$ 301,458	\$ 278,492	9.3 %	\$ 1,174,787	\$ 1,074,751

(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 December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Reported Gross Margin	45.9 %	46.3 %	45.1 %	45.2 %
<i>Add back impact of:</i>				
Amortization of intangibles	3.6 %	3.8 %	3.7 %	4.0 %
Inventory write-off (a)	—	— %	— %	0.2 %
Non-GAAP Gross Margin	49.5 %	50.0 %	48.8 %	49.3 %

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

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

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

	Three Months Ended December 31, 2022		Three Months Ended December 31, 2021		Year Ended December 31, 2022		Year Ended December 31, 2021	
	Amounts	% Sales	Amounts	% Sales	Amounts	% Sales	Amounts	% Sales
Net Sales as Reported	\$ 293,415		\$ 278,492		\$ 1,150,981		\$ 1,074,751	
GAAP Operating Income	30,417	10.4 %	21,896	7.9 %	87,563	7.6 %	60,916	5.7 %
Cost of Sales								
Amortization of intangibles	10,615	3.6 %	10,570	3.8 %	42,154	3.7 %	42,453	4.0 %
Inventory write-off (a)	—	—	—	—	—	—	1,620	0.2 %
Operating Expenses								
Contingent consideration (benefit) expense	(91)	(0.0) %	(161)	(0.1) %	4,611	0.4 %	3,161	0.3 %
Impairment charges	547	0.2 %	—	—	2,219	0.2 %	4,283	0.4 %
Amortization of intangibles	1,551	0.5 %	1,786	0.6 %	6,300	0.5 %	7,183	0.7 %
Performance-based share-based compensation (b)	1,152	0.4 %	1,036	0.4 %	5,506	0.5 %	5,035	0.5 %
Corporate transformation and restructuring (c)	3,325	1.1 %	1,605	0.6 %	23,757	2.1 %	18,649	1.7 %
Acquisition-related	213	0.1 %	(2)	(0.0) %	2,114	0.2 %	8,473	0.8 %
Medical Device Regulation expenses (d)	4,482	1.5 %	1,513	0.5 %	12,933	1.1 %	4,036	0.4 %
Other (e)	121	0.0 %	10,118	3.6 %	7,966	0.7 %	16,652	1.5 %
Non-GAAP Operating Income	\$ 52,332	17.8 %	\$ 48,361	17.4 %	\$ 195,123	17.0 %	\$ 172,461	16.0 %

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

- a) Represents the write-off of inventory related to the divestiture or exit of certain businesses or product lines.
- b) Represents performance-based share-based compensation expense, including stock-settled and cash-settled awards.
- c) Includes consulting expenses related to the Foundations for Growth Program and other transformation costs, including severance related to corporate initiatives.
- d) Represents incremental expenses incurred to comply with the E.U. Medical Device Regulation (“MDR”).
- e) The 2022 year-to-date period includes costs to comply with Merit’s corporate integrity agreement with the U.S. Department of Justice (the “DOJ”), acquired in-process research and development charges of \$6.7 million, and legal costs associated with a shareholder derivative proceeding. The 2021 periods include accrued class action litigation settlement costs in the fourth quarter of approximately \$10 million, net of expected insurance proceeds, accrued contract termination costs of approximately \$6 million to renegotiate certain terms of an acquisition agreement, and costs to comply with Merit’s settlement agreement with the DOJ.

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

	Year Ended December 31, 2022				Year Ended December 31, 2021			
	Pre-Tax	Tax Impact	After-Tax	Per Share Impact	Pre-Tax	Tax Impact	After-Tax	Per Share Impact
GAAP net income	\$ 82,629	\$ (8,113)	\$ 74,516	\$ 1.29	\$ 53,917	\$ (5,463)	\$ 48,454	\$ 0.84
Non-GAAP adjustments:								
Cost of Sales								
Amortization of intangibles	42,154	(10,335)	31,819	0.55	42,453	(10,543)	31,910	0.56
Inventory write-off (a)	—	—	—	—	1,620	(202)	1,418	0.02
Operating Expenses								
Contingent consideration expense	4,611	14	4,625	0.08	3,161	52	3,213	0.06
Impairment charges	2,219	(318)	1,901	0.03	4,283	(481)	3,802	0.07
Amortization of intangibles	6,300	(1,558)	4,742	0.08	7,183	(1,798)	5,385	0.09
Performance-based share-based compensation (b)	5,506	(546)	4,960	0.09	5,035	(604)	4,431	0.08
Corporate transformation and restructuring (c)	23,757	(5,516)	18,241	0.32	18,649	(4,620)	14,029	0.24
Acquisition-related	2,114	(517)	1,597	0.03	8,473	(2,100)	6,373	0.11
Medical Device Regulation expenses (d)	12,933	(3,166)	9,767	0.17	4,036	(1,001)	3,035	0.05
Other (e)	7,966	(1,893)	6,073	0.11	16,652	(2,977)	13,675	0.24
Other (Income) Expense								
Amortization of long-term debt issuance costs	604	(148)	456	0.01	604	(150)	454	0.01
Loss on disposal of business unit	1,407	(29)	1,378	0.02	—	—	—	—
Tax expense related to restructuring (f)	—	(4,324)	(4,324)	(0.07)	—	—	—	—
Non-GAAP net income	\$ 192,200	\$ (36,449)	\$ 155,751	\$ 2.70	\$ 166,066	\$ (29,887)	\$ 136,179	\$ 2.37
Diluted shares				57,671				57,359

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

- Represents the write-off of inventory related to the divestiture or exit of certain businesses or product lines.
- Represents performance-based share-based compensation expense, including stock-settled and cash-settled awards.
- Includes consulting expenses related to the Foundations for Growth Program and other transformation costs, including severance related to corporate initiatives.
- Represents incremental expenses incurred to comply with the E.U. Medical Device Regulation (“MDR”).
- The 2022 year-to-date period includes costs to comply with Merit’s corporate integrity agreement with the U.S. Department of Justice (the “DOJ”), acquired in-process research and development charges of \$6.7 million, and legal costs associated with a shareholder derivative proceeding. The 2021 periods include accrued class action litigation settlement costs in the fourth quarter of approximately \$10 million, net of expected insurance proceeds, accrued contract termination costs of approximately \$6 million to renegotiate certain terms of an acquisition agreement, and costs to comply with Merit’s settlement agreement with the DOJ.
- Represents an adjustment to our deferred withholding tax liability on unremitted foreign earnings as a result of the restructuring of certain international subsidiaries in 2022.



STRICTLY PRIVATE & CONFIDENTIAL

