

Fourth Quarter 2024 Results

Merit Medical Investor Call

February 25, 2025

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This release contains forward-looking statements within the meaning of the Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include, among others:

- statements proceeded or followed by, or that include the words, “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “intends,” “seeks,” “believes,” “estimates,” “projects,” “forecasts,” “potential,” “target,” “continue,” “upcoming,” “optimistic” or other forms of these words or similar words or expressions, or the negative thereof or other comparable terminology;
- statements that address Merit’s future operating performance or events or developments that Merit’s management expects or anticipates will occur, including, without limitation, any statements regarding Merit’s projected revenues, earnings or other financial measures, Merit’s plans and objectives for future operations, Merit’s proposed new products or services, the integration, development or commercialization of the business or any assets acquired from other parties, future economic conditions or performance, the implementation of, and results which may be achieved through, Merit’s Continued Growth Initiatives Program or other business optimization initiatives, and any statements of assumptions underlying any of the foregoing; and
- statements regarding Merit’s past performance, efforts, or results about which inferences or assumptions may be made, including statements proceeded or followed by the words “preliminary,” “initial,” “potential,” “possible,” “diligence,” “industry-leading,” “compliant,” “indications,” or “early feedback” or other forms of these words or similar words or expressions, or the negative thereof or other comparable terminology.

Forward-looking statements contained in this release are based on management’s current expectations and assumptions regarding future events or outcomes, all of which 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, 2024 (the “2024 Annual Report”) and other filings with the SEC. While the following list is not comprehensive, such risks and uncertainties include inherent risks and uncertainties associated with Merit’s integration of products acquired from Endogastric Solutions, Inc. (“EGS”) and Cook Medical Holdings, LLC (“Cook Medical”), Merit’s ability to achieve anticipated financial results, product development and other anticipated benefits of the EGS and Cook Medical acquisitions; uncertainties as to whether Merit will achieve sales, gross and operating margins, net income and earnings per share performance consistent with its forecasts associated with those completed and proposed acquisitions; shifts in trade policies in the U.S. or other countries, including new or modified tariffs or other measures; effects of the Merit’s 3.00% Convertible Senior Notes due 2029 (the “Convertible Notes”) on Merit’s net income and earnings per share performance; disruptions in Merit’s supply chain, manufacturing or sterilization processes; reduced availability of, and price increases associated with, commodity components and other raw materials; adverse changes in freight, shipping and transportation expenses; negative changes in economic and industry conditions in the United States or other countries, including inflation; 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; risks associated with Merit’s ongoing or prospective manufacturing transfers and facility consolidations; fluctuations in interest or foreign currency exchange rates; 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; consequences associated with a Corporate Integrity Agreement executed between Merit and the DOJ; difficulties, delays and expenditures relating to development, testing and regulatory approval or clearance of Merit’s products, including the pursuit of approvals under the MDR, and risks that such products may not be developed successfully or approved for commercial use; the safety, efficacy and patient and physician adoption of Merit’s products; outcomes of ongoing and future clinical trials and market studies relating to Merit’s products; litigation and other judicial proceedings affecting Merit; 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; 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; 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 jurisdictions or exposure to additional tax liabilities which may adversely affect our effective tax rate; termination of relationships with Merit’s suppliers, or failure of such suppliers to perform; development of new products and technology that could render Merit’s existing or future products obsolete; market acceptance of new products; dependance on distributors to commercialize Merit’s products in various jurisdictions outside the United States; 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; fluctuations in and obsolescence of inventory; extreme weather events; geopolitical events; and other factors referenced in the 2024 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 were 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.



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 and registered trademarks used in this release are the property of Merit Medical Systems, Inc., its subsidiaries, or its licensors.



Financial Summary: GAAP

In millions, except per share amounts and percentages

	Q4 2024	Q4 2023	% Change	FY 2024	FY 2023	% Change
Revenue	\$355.2M	\$324.5M	9.4%	\$1,356.5M	\$1,257.4M	7.9%
Gross Margin	48.7%	46.4%	5.0%	47.4%	46.4%	2.1%
Operating Margin	10.3%	10.4%	(0.6)%	11.5%	9.9%	16.4%
Net Income	\$27.9M	\$27.6M	1.2%	\$120.4M	\$94.4M	27.5%
Earnings per Share	\$0.46	\$0.47	(2.6)%	\$2.03	\$1.62	25.3%

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



Financial Summary: Non-GAAP*

In millions, except per share amounts and percentages

	Q4 2024	Q4 2023	% Change	FY 2024	FY 2023	% Change
Revenue	\$344.3M [†]	\$324.5M	6.1%	\$1,332.3M [†]	\$1,257.4M	6.0%
Gross Margin	53.5%	50.4%	6.0%	51.7%	50.4%	2.5%
Operating Margin	19.6%	16.6%	18.4%	19.0%	17.2%	10.5%
Net Income	\$56.3M	\$43.1M	30.6%	\$205.4M	\$166.5M	23.4%
Earnings per Share	\$0.93	\$0.74	25.8%	\$3.46	\$2.85	21.3%

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

* 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 – Q4

In thousands, except percentages

Region	Q4 2024	Q4 2023	\$ Change	% Change	CC % Change*
U.S.	\$213,530	\$188,542	\$24,988	13.3%	13.6%
APAC	60,862	59,576	1,286	2.2%	2.8%
EMEA	65,118	62,822	2,296	3.7%	3.5%
Rest of World	15,648	13,575	2,073	15.3%	24.6%
Total International	141,628	135,973	5,655	4.2%	5.3%
Total	\$355,158	324,515	\$30,643	9.4%	10.1%

* 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.



Revenue Breakdown - FY

In thousands, except percentages

Region	FY 2024	FY 2023	\$ Change	% Change	CC % Change*
U.S.	\$800,780	\$726,989	\$73,791	10.2%	10.4%
APAC	250,915	245,656	5,259	2.1%	4.2%
EMEA	246,920	235,704	11,216	4.8%	4.0%
Rest of World	57,899	49,017	8,882	18.1%	22.0%
Total International	555,734	530,377	25,357	4.8%	5.8%
Total	\$1,356,514	\$1,257,366	\$99,148	7.9%	8.5%

* 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

In millions

Metric	Q4 2024	Q4 2023	FY 2024	FY 2023
Depreciation & Amortization	\$28.6M	\$23.6M	\$102.7M	\$90.0M
Stock Comp (performance-based)	5.8M	2.5M	15.2M	8.5M
Stock Comp (not performance-based)	3.7M	3.5M	13.3M	12.7M
Operating Cash Flow	68.7M	62.3M	220.8M	145.2M
Capital Expenditures-Property and Equipment	3.5M	7.1M	35.1M	34.3M

2025 Financial Guidance

Financial Measure	Prior Year (As Reported)	Guidance	
	Year Ended December 31, 2024	Year Ending December 31, 2025	% Change Y/Y
Net Sales	\$1.357 billion	\$1.470 - \$1.490 billion	8% - 10%
Cardiovascular Segment	\$1.302 billion	\$1.395 - \$1.413 billion	7% - 9%
Endoscopy Segment	\$54.8 million	\$74.6 - \$76.7 million	36% - 40%
Non-GAAP			
Earnings Per Share**	\$3.46	\$3.58 - \$3.70	4% - 7%
		Guidance	
		Low	High
	2025 Net Sales Guidance - % Change from Prior Year (GAAP)	8.4%	9.8%
	Estimated impact of foreign currency exchange rate fluctuations	0.2%	0.2%
	2025 Net Sales Guidance - % Change from Prior Year (Constant Currency)	8.6%	10.1%

*Percentage figures approximated; figures may not foot due to rounding

**Merit's non-GAAP earnings per share reflect the dilutive impact of its Convertible Notes calculated using the if-converted method of approximately \$.02 and \$.11 for the years ending December 31, 2024 and 2025 respectively. Any offsetting impacts of the capped call associated with the Convertible Notes are not considered.

Merit does not provide guidance for GAAP reported financial measures (other than revenue) or a reconciliation of forward-looking non-GAAP financial measures to the most directly comparable GAAP reported financial measures (other than revenue) because Merit is unable to predict with reasonable certainty the financial impact of various items which could impact Merit's future financial results, 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 employee termination benefits, performance-based stock compensation expenses, expenses resulting from non-ordinary course litigation or administrative proceedings and resulting settlements, governmental proceedings, and changes in governmental or industry regulations. These items are uncertain, depend on various factors, and could have a material impact on GAAP reported results for the guidance period. For the same reasons, Merit is unable to address the significance of the unavailable information, which could be material to future results. Specifically, Merit is not, without unreasonable effort, able to reliably predict the impact of these items and Merit believes inclusion of a reconciliation of these forward-looking non-GAAP measures to their GAAP counterparts could be confusing to investors or cause undue reliance.

Merit's financial guidance for the year ending December 31, 2025, is subject to risks and uncertainties identified in this release and Merit's filings with the U.S. Securities and Exchange Commission (the "SEC").



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 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.

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 gross profit and margin, non-GAAP operating income and margin, non-GAAP net income, and non-GAAP earnings per share (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 employee termination benefits, expenses resulting from non-ordinary course litigation or administrative proceedings and resulting settlements, 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 their most directly comparable GAAP financial measures included herein, 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. dollar. The constant currency revenue adjustments of \$2.2 million and \$7.2 million to reported revenue for the three and twelve-month periods ended December 31, 2024, respectively, were calculated using the applicable average foreign exchange rates for the three and twelve-month periods ended December 31, 2023.

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 December 31, 2024, Merit's constant currency revenue, organic, excludes revenues attributable to (i) the assets acquired from Cook Medical Holdings, LLC ("Cook Medical") in November 2024 and (ii) the assets acquired from EndoGastric Solutions, Inc. ("EGS") in July 2024. For the twelve-month period ended December 31, 2024, Merit's constant currency revenue, organic, excludes revenues attributable to (a) the assets acquired from EGS in July 2024, (b) the assets acquired from Cook Medical in November 2024 and (c) the assets acquired from AngioDynamics, Inc. in June 2023.

Non-GAAP Gross Profit and Margin

Non-GAAP gross profit is calculated by reducing GAAP cost of sales by amounts recorded for amortization of intangible assets, corporate restructuring charges, and inventory mark-up related to acquisitions. Non-GAAP gross margin is calculated by dividing non-GAAP gross profit 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 employee termination benefits, performance-based stock compensation expenses, expenses resulting from non-ordinary course litigation or administrative proceedings and resulting settlements, governmental proceedings, and changes in governmental or 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.

Notes to Non-GAAP Financial Measures (cont.)

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 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.

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 and twelve-month periods ended December 31, 2024 and 2023. The non-GAAP income adjustments referenced in the following tables do not reflect non-performance-based stock compensation expense of approximately \$3.7 million and \$3.5 million for the three-month periods ended December 31, 2024 and 2023, respectively and \$13.3 million and \$12.7 million for the twelve-month periods ended December 31, 2024 and 2023, respectively.

Reconciliation of GAAP Net Income to Non-GAAP Net Income

(Unaudited; in thousands except per share amounts)

	Three Months Ended December 31, 2024				Three Months Ended December 31, 2023 (a)			
	Pre-Tax	Tax Impact	After-Tax	Per Share Impact	Pre-Tax	Tax Impact	After-Tax	Per Share Impact
GAAP net income	\$ 33,145	\$ (5,198)	\$ 27,947	\$ 0.46	\$ 31,467	\$ (3,838)	\$ 27,629	\$ 0.47
<i>Non-GAAP adjustments:</i>								
Cost of Sales								
Amortization of intangibles	16,832	(3,978)	12,854	0.21	12,611	(3,032)	9,579	0.16
Corporate restructuring (c)	—	—	—	—	448	(108)	340	0.01
Inventory mark-up related to acquisitions	75	(17)	58	0.00	68	(17)	51	0.00
Operating Expenses								
Contingent consideration expense (benefit)	151	48	199	0.00	(473)	74	(399)	(0.01)
Amortization of intangibles	2,385	(564)	1,821	0.03	2,334	(562)	1,772	0.03
Performance-based share-based compensation (b)	5,841	(141)	5,700	0.09	2,459	(350)	2,109	0.04
Corporate restructuring (c)	1,098	(260)	838	0.01	(137)	34	(103)	(0.00)
Acquisition-related	5,239	(1,237)	4,002	0.07	68	(16)	52	0.00
Medical Device Regulation expenses (d)	1,395	(329)	1,066	0.02	2,710	(651)	2,059	0.04
Other (e)	71	(16)	55	0.00	41	(10)	31	0.00
Other (Income) Expense								
Amortization of long-term debt issuance costs	2,338	(552)	1,786	0.03	585	(140)	445	0.01
Gain on disposal of business unit	—	—	—	—	(431)	—	(431)	(0.01)
Non-GAAP net income	<u>\$ 68,570</u>	<u>\$ (12,244)</u>	<u>\$ 56,326</u>	<u>\$ 0.93</u>	<u>\$ 51,750</u>	<u>\$ (8,616)</u>	<u>\$ 43,134</u>	<u>\$ 0.74</u>
Diluted shares				60,613				58,385

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

Reconciliation of GAAP Net Income to Non-GAAP Net Income

(Unaudited; in thousands except per share amounts)

	Year Ended December 31, 2024 (a)				Year Ended December 31, 2023 (a)			
	Pre-Tax	Tax Impact	After-Tax	Per Share Impact	Pre-Tax	Tax Impact	After-Tax	Per Share Impact
GAAP net income	\$ 149,993	\$ (29,636)	\$ 120,357	\$ 2.03	\$ 112,089	\$ (17,678)	\$ 94,411	\$ 1.62
<i>Non-GAAP adjustments:</i>								
Cost of Sales								
Amortization of intangibles	57,659	(13,632)	44,027	0.74	47,795	(11,492)	36,303	0.62
Corporate restructuring (c)	—	—	—	—	448	(108)	340	0.01
Inventory mark-up related to acquisitions	634	(149)	485	0.01	2,069	(497)	1,572	0.03
Operating Expenses								
Contingent consideration expense	443	17	460	0.01	1,704	(47)	1,657	0.03
Impairment charges	—	—	—	—	270	—	270	0.00
Amortization of intangibles	7,931	(1,876)	6,055	0.10	8,293	(1,998)	6,295	0.11
Performance-based share-based compensation (b)	15,237	(1,607)	13,630	0.23	8,526	(1,121)	7,405	0.13
Corporate restructuring (c)	3,128	(739)	2,389	0.04	7,065	(1,695)	5,370	0.09
Acquisition-related	8,849	(2,089)	6,760	0.11	5,286	(1,269)	4,017	0.07
Medical Device Regulation expenses (d)	7,515	(1,774)	5,741	0.10	11,822	(2,838)	8,984	0.15
Other (e)	373	(88)	285	0.00	(1,268)	304	(964)	(0.02)
Other (Income) Expense								
Amortization of long-term debt issuance costs	6,769	(1,598)	5,171	0.09	1,639	(393)	1,246	0.02
Gain on disposal of business unit	—	—	—	—	(431)	—	(431)	(0.01)
Non-GAAP net income	<u>\$ 258,531</u>	<u>\$ (53,171)</u>	<u>\$ 205,360</u>	<u>\$ 3.46</u>	<u>\$ 205,307</u>	<u>\$ (38,832)</u>	<u>\$ 166,475</u>	<u>\$ 2.85</u>
Diluted shares				59,365				58,356

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 December 31, 2024		Three Months Ended December 31, 2023 (a)		Year Ended December 31, 2024 (a)		Year Ended December 31, 2023 (a)	
	Amounts	% Sales	Amounts	% Sales	Amounts	% Sales	Amounts	% Sales
Net Sales as Reported	\$ 355,158		\$ 324,515		\$ 1,356,514		\$ 1,257,366	
GAAP Operating Income	36,564	10.3 %	33,612	10.4 %	155,693	11.5 %	123,944	9.9 %
Cost of Sales								
Amortization of intangibles	16,832	4.7 %	12,611	3.9 %	57,659	4.3 %	47,795	3.8 %
Corporate restructuring (c)	—	—	448	0.1 %	—	—	448	0.0 %
Inventory mark-up related to acquisitions	75	0.0 %	68	0.0 %	634	0.0 %	2,069	0.2 %
Operating Expenses								
Contingent consideration expense (benefit)	151	0.0 %	(473)	(0.1) %	443	0.0 %	1,704	0.1 %
Impairment charges	—	—	—	—	—	—	270	0.0 %
Amortization of intangibles	2,385	0.7 %	2,334	0.7 %	7,931	0.6 %	8,293	0.7 %
Performance-based share-based compensation (b)	5,841	1.6 %	2,459	0.8 %	15,237	1.1 %	8,526	0.7 %
Corporate restructuring (c)	1,098	0.3 %	(137)	(0.0) %	3,128	0.2 %	7,065	0.6 %
Acquisition-related	5,239	1.5 %	68	0.0 %	8,849	0.7 %	5,286	0.4 %
Medical Device Regulation expenses (d)	1,395	0.4 %	2,710	0.8 %	7,515	0.6 %	11,822	0.9 %
Other (e)	71	0.0 %	41	0.0 %	373	0.0 %	(1,268)	(0.1) %
Non-GAAP Operating Income	<u>\$ 69,651</u>	<u>19.6 %</u>	<u>\$ 53,741</u>	<u>16.6 %</u>	<u>\$ 257,462</u>	<u>19.0 %</u>	<u>\$ 215,954</u>	<u>17.2 %</u>

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) Beginning in the second quarter of 2024, consulting expenses associated with initiatives conducted under Merit's Foundations for Growth Program ("FFG Program") are not adjusted as part of its non-GAAP financial measures. As a result, Merit's non-GAAP financial measures for prior periods have been recast for comparability. For the three-month period ended December 31, 2023, our non-GAAP financial measures have been updated to no longer adjust \$5.3 million for consulting fees under its FFG Program and the related income tax effect. For the twelve-month periods ended December 31, 2024 and 2023, Merit's non-GAAP financial measures have been updated to no longer adjust \$1.0 million and \$12.3 million, respectively, for consulting fees under its FFG Program and the related income tax effects. As of December 31, 2023, Merit completed the final year of its FFG Program.
- b) Represents performance-based share-based compensation expense, including stock-settled and cash-settled awards.
- c) Includes \$1.1 million and \$3.1 million for the three and twelve-month periods ended December 31, 2024, respectively, for employee termination benefits associated with activities related to corporate restructuring initiatives primarily for the integration of the acquisition of EGS. For the twelve-month period ended December 31, 2023, includes employee termination benefits associated with restructuring activities related to corporate initiatives of \$2.7 million, includes \$4.3 million for the write-off of other long-term assets associated with the divestiture or exit of certain businesses or product lines, and within cost of sales included \$0.4 million for the write-off of inventory related to the divestiture or exit of certain businesses or product lines.
- d) Represents incremental expenses incurred to comply with the E.U. Medical Device Regulation ("MDR").
- e) Represents costs to comply with Merit's corporate integrity agreement with the U.S. Department of Justice (the "DOJ"). The twelve-month period ended December 31, 2023 also includes an insurance reimbursement of approximately \$(3.0) million for costs incurred in responding to an inquiry by the DOJ which was settled in 2020, and acquired in-process research and development charges of \$1.6 million.

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,	
		2024	2023		2024	2023
Reported Revenue	9.4 %	\$ 355,158	\$ 324,515	7.9 %	\$ 1,356,514	\$ 1,257,366
<i>Add: Impact of foreign exchange</i>		2,201	—		7,207	—
Constant Currency Revenue (a)	10.1 %	<u>\$ 357,359</u>	<u>\$ 324,515</u>	8.5 %	<u>\$ 1,363,721</u>	<u>\$ 1,257,366</u>
<i>Less: Revenue from certain acquisitions</i>		(13,089)	—		(31,457)	—
Constant Currency Revenue, Organic (a)	6.1 %	<u>\$ 344,270</u>	<u>\$ 324,515</u>	6.0 %	<u>\$ 1,332,264</u>	<u>\$ 1,257,366</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 December 31,		Year Ended December 31,	
	2024	2023	2024	2023
Reported Gross Margin	48.7 %	46.4 %	47.4 %	46.4 %
<i>Add back impact of:</i>				
Amortization of intangibles	4.7 %	3.9 %	4.3 %	3.8 %
Corporate restructuring (a)	—	0.1 %	—	0.0 %
Inventory mark-up related to acquisitions	0.0 %	0.0 %	0.0 %	0.2 %
Non-GAAP Gross Margin	<u>53.5 %</u>	<u>50.4 %</u>	<u>51.7 %</u>	<u>50.4 %</u>

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

(a) Represents corporate restructuring charges reflected within costs of sales including the write-off of inventory related to the divestiture or exit of certain businesses or product lines.



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