

Merit Medical Systems (Q1 2026)
April 30, 2026

Corporate Speakers:

- Martha Aronson; Merit Medical Systems; President and Chief Executive Officer
- Brian Lloyd; Merit Medical Systems; Chief Legal Officer and Corporate Secretary
- Raul Parra; Merit Medical Systems; Chief Financial Officer and Treasurer

Participants:

- Michael Petusky; Barrington Research; Analyst
- Jason Bednar; Piper Sandler; Analyst
- Sam Eiber; BTIG; Analyst
- David Rescott; R.W. Baird; Analyst
- Unidentified Participant; Unknown; Unknown
- James Sidoti; Sidoti & Company; Analyst
- John Young; Canaccord; Analyst
- Zachary Gold; Raymond James; Analyst
- Michael Matson; Needham & Company; Analyst

PRESENTATION

Operator^ Welcome to the Merit Medical Systems First Quarter 2026 Earnings Conference Call. (Operator Instructions) Please note that this conference call is being recorded and the recording will be available on the company's website for replay shortly.

I would now like to turn the call over to Martha Aronson, Merit Medical Systems' President and Chief Executive Officer.

Martha Aronson^ Thank you, Operator, and welcome, everyone. I'm joined on the call today by Raul Parra, our Chief Financial Officer and Treasurer, and Brian Lloyd, our Chief Legal Officer and Corporate Secretary.

Brian, would you please take us through the safe harbor statements?

Brian Lloyd^ Thank you, Martha. This presentation contains forward-looking statements that receive safe harbor protection under federal securities laws. Although we believe these forward-looking statements are based upon reasonable assumptions, they are subject to risks and uncertainties. The utilization of any of these risks or uncertainties, as well as extraordinary events or transactions impacting our company, could cause actual results to differ materially from the expectations and projections expressed or implied by our forward-looking statements.

In addition, any forward-looking statements represent our views only as of today, April 30, 2026, and should not be relied upon as representing our views as of any other date.

We specifically disclaim any obligation to update such statements except as required by applicable law. Please refer to the sections entitled Cautionary Statement regarding forward-looking statements in today's press release and presentation for important information regarding such statements. For a discussion of factors that could cause actual results to differ from these forward-looking statements, please also refer to our most recent filings with the SEC, which are available on our website.

Our financial statements are prepared in accordance with accounting principles which are generally accepted in the United States. However we believe certain non-GAAP financial measures provide investors with useful information regarding the underlying business trends and performance of our ongoing operations and can be useful for period-over-period comparisons of such operations.

This presentation also contains certain non-GAAP financial measures. A reconciliation of non-GAAP financial measures to the most directly comparable U.S. GAAP measures is included in today's press release and presentation furnished to the SEC under Form 8-K. Please refer to the sections of our press release and presentation entitled non-GAAP financial measures for important information regarding non-GAAP financial measures discussed on this call. Readers should consider non-GAAP financial measures in addition to, not as a substitute for financial reporting measures prepared in accordance with GAAP. Please note that these calculations may not be comparable with similarly titled measures of other companies.

Both today's press release and our presentation are available on the Investors page of our website.

I will now turn the call back to Martha.

Martha Aronson^ Thank you, Brian. Let me start with a brief agenda of what we will cover during our prepared remarks. I will begin with a brief summary of the first quarter financial results. Then I will discuss several areas of operating and strategic progress that we have made in recent months, including an important strategic acquisition in the oncology space that we made subsequent to quarter end. Then Raul will provide a more in-depth review of the quarterly financial results as well as our financial guidance for 2026, which we updated in today's press release. We will then open the call for your questions.

Beginning with a review of our first quarter results. We reported total revenue of \$381.9 million, up 7% year-over-year on a GAAP basis and up 5% year-over-year on a constant currency basis. Our constant currency revenue results exceeded the high end of the expectations that we outlined on the Q4 2025 earnings call.

First quarter constant currency growth was driven by 2.7% organic constant currency growth and contributions from our acquisitions of Biolife and the C2 CryoBalloon device, both of which exceeded the high end of our expectations. Our organic constant currency growth includes the impact of the strategic divestiture of our DualCap product

line in February of 2026, which we discussed in our Q4 2025 call. Excluding divested revenue, our organic constant currency growth was 3.7% in the first quarter.

With respect to the profitability performance in Q1, we delivered financial results that significantly exceeded expectations. Our non-GAAP operating margin increased 47 basis points year-over-year to 19.7%, representing the highest first quarter operating margin in the company's history. The team delivered 9% growth in non-GAAP EPS, which exceeded the high end of expectations, and we generated \$25 million of free cash flow, an increase of 26% year-over-year.

We are pleased with the solid start to fiscal year 2026, and I want to thank our team members all around the world for their effort and commitment to our customers. We updated our guidance in today's press release to include the expected financial impacts from our acquisition of View Point Medical on April 1. Importantly, we remain confident in our team's ability to drive stable constant currency growth, improving profitability and solid free cash flow this year. Our organization is aligned around our priorities for 2026, specifically to drive strong execution around the globe and to successfully complete our continued growth initiatives program which includes our previously disclosed financial targets for the 3-year period ending December 31, 2026.

Turning now to a discussion on three key operating and strategic announcements we made since our last earnings call. First, on March 16, we announced the U.S. commercial introduction of The Resilience Through-the-Scope or TTS Esophageal Stent. The Resilience Stent is indicated for treatment of esophageal fistulas and structures caused by malignant tumors. Resilience is designed to demonstrate the greatest migration resistance amongst currently available TTS Esophageal Stents and facilitates physician control and accurate placement.

Resilience targets an attractive market opportunity in the United States, and we expect adoption and utilization of this differentiated product to contribute nicely to the growth in Merit's endoscopy platform in the coming years.

Second, on April 1, building upon our oncology platform, we announced the acquisition of View Point Medical for an aggregate transaction consideration of \$140 million, of which \$90 million was paid in cash at closing. View Point Medical is based in Carlsbad, California and manufactures the OneMark Detection Imaging System and OneMark Tissue Markers. This unique ultrasound enhanced technology offers an innovative solution to localize more lesions at the time of biopsy, representing an estimated 1.3 million procedures annually in the United States alone. This represents an expansion of the annual addressable procedure opportunity of approximately 3x for our oncology business.

Merit has built a market leadership position in wire-free non-radioactive breast localization procedures. Our leadership has been built upon our SCOUT platform which utilizes the precision and accuracy of radar. The OneMark system is U.S. FDA cleared for percutaneous placement in soft tissue tumors to mark biopsy sites or lesions, and it

consists of a surgical detection system and ultrasound enhanced tissue markers. After placement, the tissue markers are designed to be visible across commonly used imaging modalities and engineered to minimize interference with future imaging studies.

This acquisition expands our portfolio of therapeutic oncology products dedicated to the diagnosis and localization of breast and soft tissue tumors. The combination of SCOUT and OneMark provides physicians with localization options during the initial diagnostic biopsy which may reduce the need for a separate procedure to mark the location of the tumor prior to surgery. We believe this acquisition presents multiple strategic and financial positives.

Importantly, this acquisition is consistent with our continued growth initiatives program. This acquisition represents another example of Merit selectively investing to expand our product portfolio in key strategic markets that leverage our existing commercial footprint.

Finally, I want to highlight our new presentation of revenue which we formally introduced in a Form 8-K filed on April 13. As discussed on our Q4 call Merit's new executive leadership team and I have been working through a comprehensive analysis of the business, and it became clear during this process that we had an opportunity to streamline our internal planning and reporting processes with the goal of aligning how we think about, evaluate and plan each of our underlying businesses.

We also identified an opportunity to streamline how we talk about the business externally as well. We believe there is significant value in aligning how we talk about the business, both internally and externally, and we expect these changes to help the investment community not only better understand the composition of our business today but also the underlying growth drivers of our business going forward. To that end, as disclosed in the Form 8-K on April 13 and reported in our earnings press release today we are now reporting our revenue in two product categories: foundational and therapeutic.

Foundational products are used primarily for access and enabling functions in vascular and other procedures. Merit's foundational products comprised about two-thirds of our total revenue in 2025 and sales increased at a 6% compound annual growth rate over the last three years. Therapeutic products are devices and systems that treat disease in a number of very large markets that together represent significant growth potential. Merit's therapeutic products comprised about a third of our total revenue in 2025 and sales increased at an 11% compound annual growth rate on an organic basis over the last three years.

Given that we call on a wide variety of clinicians and our products are a part of so many procedures, we have solidified our new operating model internally around eight platforms: Access, Vascular intervention, procedural solutions, cardiac therapies, renal therapies, oncology, endoscopy and OEM. The Access and Procedural Solutions platforms are comprised entirely of foundational products. The Vascular intervention and OEM platforms are comprised of both foundational and therapeutic products. Cardiac

therapies, renal therapies, oncology and endoscopy are comprised entirely of therapeutic products.

In the Form 8-K, we shared four years of historical revenue in each of these platforms. To reiterate, going forward, we plan to report revenue results by foundational and therapeutic products. In addition, we intend to continue to highlight additional color on the underlying drivers of growth within the underlying platforms. As I shared last quarter, each of our platforms is being co-led by a marketing lead and a research and development lead. Each team is comprised of cross-functional and cross-geographic members so that we have better alignment on product and commercial priorities, improved communication across functions and geographies and a team who feels accountable for that platform globally.

I am very pleased with how our teams are taking ownership, increasing communication and thinking about how best to serve our customers in each area. I truly believe that focusing our efforts in this way will enable us to drive even greater growth within each one of these platforms in the years to come.

With that, I'll turn the call over to Raul for an in-depth review of our quarterly financial results and our updated financial guidance for 2026. Raul?

Raul Parra^ Thank you, Martha. I will start with a detailed review of our revenue results in the first quarter. Note, unless otherwise stated, all growth rates are approximated and presented on both a year-over-year and constant currency basis. First quarter total revenue increased \$18.6 million or 5%, exceeding the high end of the expectations we outlined on our fourth quarter call. Excluding sales of acquired products, our total revenue growth on an organic constant currency basis was 2.7% at the high end of our expectations.

Excluding divested revenue, our organic constant currency growth was 3.7% in the first quarter. By geography, our total revenue in Q1 was primarily driven by growth in the U.S., where sales increased \$14.5 million or 6.8% and international sales increased \$4.1 million or 3%, both of which modestly exceeded the high end of our expectations in Q1.

Turning to a review of our revenue results by product category. First quarter total revenue was driven by a \$10.1 million or 4% increase in sales of foundational products and an \$8.5 million or 7% increase in sales of therapeutic products. Including the contributions from acquired products of \$6.6 million and \$2.5 million, respectively, sales of foundational and therapeutic products increased 1.5% and 5.2%, respectively, on an organic constant currency basis.

Organic growth in the foundational product category was driven primarily by our Vascular Intervention and access platforms which offset year-over-year declines in sales of OEM and procedural solution products, the later of which impacted by our divestiture of DualCap product line.

Organic growth in the therapeutic product category was driven by strong growth in our cardiac therapies and Endoscopy platforms and contribution from solid growth in our Vascular Intervention and oncology platforms, offsetting year-over-year sales declines in our OEM and renal therapies platforms.

We were pleased with our first quarter total revenue results that exceeded the high end of our expectations despite the notable headwinds to year-over-year revenue growth experienced in our OEM business in Q1. OEM sales declined 14% year-over-year in Q1, significantly lower than what was assumed in our guidance. Sales to OEM customers outside the U.S. continue to see demand trends impacted by the macro environment, particularly in the APAC region, and these headwinds were largely consistent with our expectations.

OEM sales to U.S. customers were impacted by inventory destocking dynamics related to product line transfers to Tijuana, Mexico as expected. That said, customer orders came in lower than expected which we would characterize as transient or timing based rather than a reflection of share loss. Our OEM business remains healthy despite the quarter-to-quarter fluctuations in growth rates. We continue to believe the appropriate normalized growth profile of our OEM business is in the mid- to high single digits annually.

Turning to a review of our P&L performance. For the avoidance of doubt, unless otherwise noted, my commentary will focus on the company's non-GAAP results during the first quarter of 2026, and all growth rates are approximated and presented on a year-over-year basis. We have included reconciliations from our GAAP reported results to the most directly comparable non-GAAP item in our press release and presentation available on our website.

Gross profit increased 7% in the first quarter. Our gross margin was 53.2%, down 20 basis points year-over-year but notably stronger than our internal expectations. Q1 gross margin included a \$4.6 million impact from tariffs compared to no impact in the prior year period, representing a 120 basis point impact to gross margin in the period.

Operating expenses increased 5% in the first quarter. The increase in operating expense was driven primarily by \$5.4 million or 5% increase in SG&A expense and to a lesser extent, a \$1.1 million or 5% increase in R&D expense compared to the prior year period. Total operating income in the first quarter increased \$6.9 million or 10% from the prior year period to \$75.3 million. Our operating margin was 19.7% compared to 19.3% in the prior year period, an increase of 47 basis points year-over-year.

First quarter other expense net was \$1.2 million compared to \$1.7 million for the comparable period last year. The change in other expense net was driven primarily by gain loss on foreign exchange and higher interest income. First quarter net income was \$56.7 million or \$0.94 per share compared to \$52.9 million or \$0.86 per share in the prior year period. First quarter net income and EPS exceeded the high end of our guidance range by \$3.7 million and \$0.07, respectively.

Turning to a review of our balance sheet and financial condition. As of March 31, 2026, we had cash and cash equivalents of \$488.1 million, total debt obligations of \$747.5 million and available borrowing capacity of approximately \$697 million compared to cash and cash equivalents of \$446.4 million, total debt obligations of \$747.5 million and available borrowing capacity of approximately \$697 million as of December 31, 2025.

Our net leverage ratio as of March 31 was 1.6x on an adjusted basis. The increase in cash and cash equivalents in the first quarter was driven by a combination of strong free cash flow generation of \$24.7 million and \$25.5 million of proceeds from our divestiture and sale of the DualCap product line, offset partially by \$6.3 million in cash used for financing activities in the period.

Subsequent to quarter end, we acquired View Point Medical for an aggregate consideration of \$140 million. Of that amount, \$90 million was paid in cash at closing and two deferred payments of \$25 million each are scheduled to be paid no later than first and second anniversary of the closing date, respectively.

In addition to the favorable strategic rationale for this acquisition that Martha outlined earlier, the financial rationale for this transaction is compelling. While we expect the transaction to be \$0.05 dilutive to our 2026 non-GAAP EPS for the 12 months ending December 31, 2027, the acquisition is projected to be accretive to our non-GAAP EPS.

Longer term, we project this acquisition to be accretive to Merit's multiyear growth and profitability profile. Specifically, we project sales of View Point Medical's OneMark system to grow at least 20% per year with 70% non-GAAP gross margins and non-GAAP operating margins above our company average.

Turning to a review of our fiscal year 2026 financial guidance. As reported in our earnings press release, we have updated our financial guidance for 2026 to reflect the projected contributions to our total revenue and impact on our non-GAAP EPS previously disclosed on February 24, 2026. Specifically, from the acquisition effective date of April 1, 2026, through December 31, 2026, the acquisition is projected to contribute revenue in the range of \$2 million to \$4 million and to dilute Merit's initial 2026 guidance for non-GAAP earnings per share by approximately \$0.05.

This non-GAAP EPS dilution includes approximately \$2 million of lower interest income on cash balances used for the total purchase consideration and excludes approximately \$5.3 million of noncash and nonrecurring transaction-related expenses. For the 12 months ending December 31, 2026, we now expect total GAAP net revenue growth in the range of 6.3% to 7.8% year-over-year and 5.6% to 7% year-over-year on a constant currency basis, excluding an expected 80 basis point tailwind to GAAP growth from changes in foreign currency exchange rates.

There are a few factors to consider when evaluating our projected constant currency revenue growth range for 2026 including: first, our constant currency growth range

assumes sales of foundational products increase in the mid-single digits year-over-year and sales of therapeutic products increase in the high single digits year-over-year.

Second, our total net revenue guidance for fiscal year 2026 now assumes inorganic revenue contributions in the range of approximately \$17 million to \$20 million compared to \$13 million to \$15 million previously. This increase in inorganic revenue expectation is driven by the combination of \$2 million to \$4 million of View Point Medical revenue and stronger-than-expected contributions from our Biolife and C2 acquisitions in the first quarter. Excluding inorganic revenue, our 2026 guidance continues to reflect total net revenue growth on a constant currency organic basis in the range of approximately 4.5% to 6% year-over-year.

Third, our total net revenue guidance for fiscal year 2026 continues to assume U.S. revenue from the sales of the WRAPSODY CIE of approximately \$7 million. Fourth, our total net revenue guidance for fiscal year 2026 reflects the impact of our DualCap divestiture. Product sales and royalty revenue for DualCap totaled approximately \$20 million in 2025 and net of approximately \$1.6 million of sales in Q1 2026, the divestiture represents an estimated year-over-year headwind of approximately 130 basis points to our total constant currency revenue growth in 2026.

With respect to profitability guidance for 2026, we continue to expect non-GAAP diluted earnings per share in the range of \$4.01 to \$4.15, up 5% to 8%. Note, our non-GAAP EPS range reflects the \$0.05 of dilution from the acquisition of View Point Medical, funded by the better-than-expected non-GAAP EPS results we delivered in the first quarter. All of the modeling considerations regarding our profitability and cash flow expectations for 2026 introduced on our fourth quarter call remain unchanged.

For avoidance of doubt, our 2026 non-GAAP EPS guidance continues to assume a 12-month tariff impact of approximately \$15 million or \$0.19 per share compared to a \$9 million or \$0.12 per share realized during the last eight months of 2025. As a reminder, the expected 12-month tariff impact assumed in our 2026 non-GAAP EPS range was based on tariff policies in place prior to the decision of the U.S. Supreme Court in late February.

This continues to be an evolving situation. The ultimate impact of the U.S. Supreme Court decision and subsequent new and/or additional tariffs or retaliatory actions or changes to tariffs on our business will depend on the timing, amount, scope and nature of such tariffs, among other factors, most of which are currently unknown. We intend to review our 2026 financial guidance when we report our financial results for the 3 and 6-month periods ending June 30, 2026. We will provide an update on the estimated 12-month tariff impact and potential gains related to refunded tariff payments in prior periods.

Finally, we would like to provide additional transparency related to our growth and profitability expectations for the second quarter of 2026. Specifically, we expect our total revenue in the range of \$400 million to \$410 million, representing a growth of 5% to 7%

year-over-year on a GAAP basis and up approximately 4% to 7% on a constant currency basis. Note, our second quarter constant currency sales growth expectations include inorganic revenue in the range of approximately \$4 million to \$4.5 million. Excluding inorganic contributions, total revenue is expected to increase in the range of approximately 3% to 5% on an organic constant currency basis.

With respect to our profitability expectations for the second quarter of 2026, we expect non-GAAP operating margins in the range of approximately 18.7% to 20.4% compared to 21.2% last year and non-GAAP EPS in the range of \$0.90 to \$1 compared to \$1.01 last year.

With that, I will now turn the call back to Martha for closing comments.

Martha Aronson^ Thanks, Raul. As you can hear, we continue to be on a nice trajectory to successfully complete the third and final year of CGI. I want to commend the organization once again for staying focused on delivering these results while also closing a strategic acquisition on April 1 and embarking on our long-range strategy work.

I want to add that when our extended leadership team spent several days kicking off our long-range strategy work during the quarter, we had very robust conversations about each platform, and there was tremendous energy around this work. We also recommitted ourselves to ensuring that our infrastructure is solid so that we can continue to scale our business globally. As I've said before we will do that with both organic product development alongside disciplined tuck-in acquisitions focused on our strategic platforms.

Finally, as I've continued my global travels and spend time with customers, investors and employees, I continue to be inspired and excited about the future of Merit Medical.

Operator, we would now like to open the line for questions.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Our first question will come from Michael Petusky of Barrington Research.

Michael Petusky^ Nice results. I guess there wasn't much in the way other than, I guess the reaffirmed guide on WRAPSODY. Martha, are there any updates you want to share there, whether it's anecdotal or more quantitative just on early days progress?

Martha Aronson^ Yes. You asked -- just to clarify, you asked about WRAPSODY?

Michael Petusky^ Yes.

Martha Aronson^ Yes. No. We're real pleased with how WRAPSODY is going. Again, just to remind folks, we did a bit of a reset, if you will, on how we're approaching our go-

to-market strategy with WRAPSODY. We really instituted that toward the end of last year. I'd say at this point, we're very pleased with how we're doing. We've given, I think our previous guidance or our revised guidance in 2026 of \$7 million for WRAPSODY for the fiscal year, and we're tracking right on that.

Michael Petusky^ Then I'm not sure who this is for, but just curious about -- are you guys -- like, is there a formal process, are you guys seeking refunds in terms of the tariffs that you had to pay last year and the first part of this year? And if so, how does that process work?

Raul Parra^ Yes. Maybe just -- I'll just kind of give a guidance overview, if you don't mind, Mike, because there's a lot of moving parts to this. Just as a reminder, for our 2026 guidance, we have left it unchanged essentially from what we did in the first quarter, which is we've got \$15 million that's baked into our guidance for 2026 versus the \$9 million that we had in 2025.

That's unchanged since the U.S. Supreme Court decision. I think there's still a potential for the administration to challenge that, I believe, through May, and so I think we'll reevaluate that as part of our second quarter kind of reevaluation and we'll discuss that further, I think after the second quarter once we kind of get a little -- I guess on firmer ground, right? It's a moving target. There's also the Section 232 stuff that's hanging out there.

Michael Petusky^ I was just going to say have you guys filed -- like, is there a paperwork to file to seek refunds at this point for you guys or no?

Raul Parra^ Yes, so we have started the process of reimbursement. Like I said, though, I think the challenge is that the administration can still challenge the reimbursement through May. I think from our perspective, we've started the process of filing and have essentially filed for the majority of that. I think we'll have an update, hopefully, on our second quarter call as to how that shakes out. But feeling optimistic, I would say if things stay as they are today, I definitely think that the \$15 million would come down.

Operator^ Our next question comes from Jason Bednar of Piper Sandler.

Jason Bednar^ Nice start to the year here. I wanted to start first on View Point, the recent deal. It's a pretty sizable revenue contribution step up from this year to next. Maybe just if you could help us out with how you see this coming together? What's supporting that growth ramp going from \$2 million to \$4 million in revenue this year up to \$14 million to \$16 million next year? Then should we think about that 20% growth rate you referenced starting in 2028, building on that \$14 million to \$16 million? Then I guess looped in here, just any considerations around synergies that could be realized with respect to that SCOUT platform?

Martha Aronson^ Yes. Thanks, Jason. I appreciate the question. A couple of comments on that, if you will. I mean first of all, I mean I'm just going to kind of take a step back, if

you will, on oncology, right? It's about a \$100 million platform for us, and it's been growing very nicely. Yet it's been a one-product -- pretty much a one-product platform. We have been looking for a while at ways to try to add to that platform because we have an outstanding field organization, and we want to get some additional products in their hands.

If you think about the breast cancer market, right, and particularly, you have to go to the biopsy phase, right, in terms of the whole phase, right, somebody has a mammogram or something is seen, and so in the U.S. alone, there's 1.6 million breast biopsies that are done each year. For SCOUT, the product that we've had for a period of time now the applicable market has been about 300,000 of those procedures each year.

With the addition of OneMark, you actually expand the market 3x to 4x because now that other 1.3 million breast biopsies that are done tend to be done for lower-risk patients. The SCOUT tends to be used for higher-risk patients. We're really just seeing a terrific market expansion opportunity here. It really then just comes down to a physician choice about whether they'd rather use Radar technology or ultrasound technology. We're super excited about that.

I'll just say I think the other really important thing about this is that both of these approaches happen at the time of biopsy, whereas many of the other -- if you don't do something at a time biopsy, a patient may have to go through an additional localization procedure before their surgery. We're really excited about what it means for patients. I think again breast cancer grows about 4% a year and actually the wire-free localization market where we play is growing at about 13% a year. I think when you ask about our confidence in the future growth rates, we feel good about that.

Raul Parra^ Yes. I'll add, Jason, at the midpoint of our '27 guide which was around \$15 million, you can definitely tack on the 20% that we called out. On the synergies, just to be clear, in the guide for 2027 on a full year basis, it is accretive both on the top line and the bottom line with nice strong gross margins at 70%. We're really excited about it.

Jason Bednar^ I want to pivot to the OEM part of the business. I appreciate all the extra color in the prepared remarks, Raul. I heard you on the 1Q performance and the normalized growth profile for OEM. I guess kind of the genesis of the question here is, can you say that the worst is behind you for OEM? Does that performance get sequentially better in 2Q? Does growth return in the second part of this year, second half of this year? Bigger picture on OEM, Martha, we've obviously seen you take some actions on portfolio management at Merit. How do you think about the value OEM provides to Merit versus maybe what you could potentially realize through strategic moves like some of the actions we've seen across other medtech OEM players here in the last several months?

Raul Parra^ I'll take the last part of the question first, Jason, if you don't mind. I think just to kind of level set people on what our OEM business is, we essentially sell capacity, so I would say that we're different than other OEM companies out there. We're not a

contract manufacturer. We are selling our own product. Divesting of that just doesn't really work, right? We end up with a bunch of extra capacity.

Having said that, we love our OEM business. It's a great asset. Our OEM business remains healthy despite the quarter-to-quarter fluctuations. I know you guys find that frustrating. I think as we see the visibility specifically, we're getting excited about what we can do there. We continue to believe the appropriate kind of normalized growth profile is in the mid- to high single digits. I think we're starting to see orders for Q2. That gives us a lot of confidence that I think we are going to be in that mid -- at the very least, I always kind of like to point to the low end. You guys know how I work, but we should be at the very least at that mid-single digits growth profile that I just talked about. Excited about to see how the quarter goes, but early start is looking really good.

Jason Bednar^ Just to clarify, you're saying mid-singles is how you're seeing 2Q come together, mid-single-digit growth for OEM.

Raul Parra^ That's right.

Operator^ Our next question comes from Sam Eiber of BTIG.

Sam Eiber^ Maybe I can follow up on some of the supply dynamics in the cardiac business that was called out in the prior quarter. Just curious to get an update on how that's shaking out here? Then I'll have a quick follow-up.

Raul Parra^ Yes. I mean I think we continue to be on track. I think maybe to kind of walk through that issue, right, when we initially had our first quarter -- or sorry, fourth quarter call it was a supply chain issue that unfortunately did turn into a recall. I'm sure a lot of you guys saw the notice go out. Again, from a financial perspective, it's immaterial to our 2026 financial results. We continue to be on track to have this product back on the market. It's unfortunate that this came to this, but just to kind of highlight it, it's a Class I recall but we haven't had any of those since 2017. Just to clarify, this was in renal, right, just for clarity.

Sam Eiber^ Maybe just a quick follow-up on some of the geopolitical issues we're seeing out of the Middle East. Just wondering if you're able to help, I guess quantify or think through any kind of impact on the revenue line and then the input costs, whether it's freight, oil, how should we be thinking about that over the course over the rest of the year?

Raul Parra^ Yes. I mean on the positive side, I mean we have yet to receive any price increases from our vendors. We are seeing fuel surcharges. I think those are pretty typical. We usually see those at least once a year as gas prices fluctuate. That's nothing that we're used to dealing with that. I would say that right now I think what we're seeing, everything is manageable. I guess if the issue continues, I think we'll have to reevaluate that. As of now we feel like we can overcome whatever is coming our way.

The other thing, too, that I'll call out is on the sales side, we continue to get orders from the Middle East region. We did leave about \$1.5 million of revenue on the table from shippers that just weren't able to come and pick the product up and deliver it. We are seeing an impact. I would say that it's very manageable. Again we continue to feel really optimistic about the guidance that we put out there for 2026.

Operator^ Our next question comes from David Rescott of R.W. Baird.

David Rescott^ Two from us, and I'll ask them both upfront. I heard some of the commentary around OEM as it relates to the quarter and Q2 and the guide for the year. I recall there is some Asia Pac impact in there in general. Curious on if you could provide any color just around what the assumptions are for China and Asia Pac at this point and more broad strokes on how that is shaking out versus contribution from that region in the prior year, at least?

Then thinking more on the operating margin side, I believe the results that you put up were a little bit better than we had expected on the operating margin front, lower OpEx growth, it seemed to be the case, better gross margin. Can maybe you help us think about how you're thinking about some of the controls on the OpEx side through the rest of the year? I believe you've commented on gross margins already, but I would be curious around any of the underlying assumptions you have for better-than-expected operating margins through the year.

Raul Parra^ Yes. Maybe I'll just hit on the APAC region, right? I mean I think on the OEM side, that's where you started, specific to kind of the APAC region. That was essentially in line with our expectations. APAC as a whole was up 1% on a constant currency in Q1 which was a beat for us. It was versus the high end of our guidance. China sales increased by about 2% year-over-year on a constant currency in Q1, essentially in line with our expectations. [VBP] impact was, I would say modestly better than expected. As far as China, I think we continue to expect, I would say low single digits for 2026 as we continue to deal with volume-based purchasing.

Moving on to the operating expense side of things. Yes, look, I mean I think when -- obviously we were expecting a lower gross margin. We controlled operating expenses and then with the conflict, as that came out, we really kind of talked to the executive team about being in control of those operating expenses. I think they did a really good job of doing that. We obviously let that flow through to the bottom line with \$0.11 beat and a much better operating margin than we had initially indicated on the fourth quarter call.

One of the nice things is that we were able to offset the \$0.05 dilution of View Point and essentially increased our EPS guide to cover for that. Again overall, I think the P&L was off to a really good start, strong start for Q1. We beat on the revenue side by over \$4 million. Gross margin was better than anticipated. We've controlled operating expenses. That gives us a lot of confidence as we head into the rest of the year and really confident in the full year operating margin guide and obviously focused on our CGI targets.

Martha Aronson^ David, I might just throw in one comment, if I could. I mean hats go off to Raul and Travis and our finance team. I think one of the things we've been working on is a number of our processes across the company and getting our finance partners involved in that earlier in the process. I just think we're doing our best to ensure discipline, I'd say throughout the organization when it comes to spend. Again just a hats off to our finance team partnering up with all of our engineering staff, our operations team, etc.

Operator^ Our next question comes from Ed Lesy of Bank of America.

Unidentified Participant^ Two for me on OneMark. One, when you did the deal, how much were you factoring in it being complementary versus cannibalistic to SCOUT? I know you said a physician preference. Is this a move that can open up broader accounts? Would some accounts have both systems? Do you think there are any impact on SCOUT sales during the inorganic period that could impact growth?

Martha Aronson^ Yes. Thanks for the question. No. We really do think this is a market expansion play right? Obviously there could be a handful of accounts. As you said, we could have a situation where some have both, and there could be some where someone does choose one over the other, but there really is an opportunity, frankly, it's a little bit of a -- we call it a better and the best offering, if you will. There's really an opportunity to target the accounts very specifically which our team has done a great job already in being ready to go do that so that we really see it as a total expansion of that time and biopsy localization market.

Unidentified Participant^ Then I think we saw one market was actually running a trial that was head-to-head with SCOUT. Obviously now that both products are yours, do the outcomes of that trial change the strategy with SCOUT depending on if it goes one way or the other and what are the plans there?

Martha Aronson^ No. Again I mean I just literally got off the phone earlier today with one of the team members from OneMark. I mean this group is super excited to be part of Merit. Merit is super excited to have them as part of our team. There was actually -- there's a major congress happening literally starting today the society for breast surgeons, and there was a training with fellows earlier today.

Literally, what the team was reporting back to me is how it really is a physician preference kind of a thing. Some people are just more sort of audible and they like the radar and hearing it. Then frankly, others say being able to see it visually, they prefer that approach. We're just excited to have this enhanced product offering across the portfolio. As we said, just a great add to the Merit Oncology platform.

Operator^ Our next question comes from James Sidoti of Sidoti & Company.

James Sidoti^ If I heard you correctly, with gross margin, we're able to maintain that, keep that basically flat despite about \$5 million of tariff expense. What drove that? Was that a mix issue? Or can you give us some more color on that?

Raul Parra^ Yes. I mean it was essentially 100 basis point impact to -- or 120 basis point impact to our gross margin, the tariffs were. Again hats off to our sales force and focusing on selling the right product at the right price. Obviously we have some acquisitions, too, that are helping us, and that's part of that mix component. We continue to focus on the throw the kitchen sink approach at the gross margin. I think the conflict in the Middle East is exactly why we do that. There are surcharges that are coming that we were still over being able to overcome. Our operations group is doing everything they can to try and maintain or improve costs in a really challenging environment.

I would say it's a little bit of everything, Jim, but there is a mix component that's helping us. Again, I think we've done a really good job over the last -- under FSG and CGI and really focusing on the right products. Then we did divest of the DualCap. That was a very low gross margin product, and that's helping also. Again we're hyper focused on those CGI goals. As you guys know gross margin is an important contributor to operating margin which is why we focus on it so much.

James Sidoti^ Then inventory was up about \$20 million in the quarter. Can you explain that?

Raul Parra^ Yes. I mean again there's acquisitions that have taken place, and we're building out those inventories. I think there are certain areas that we were a little low in. As you guys recall over the last year in our Endoscopy segment, we dealt with a little bit of supply chain issues. Getting that to a healthy point. Same with our oncology business.

I would say same within our cardiac and renal therapies. Those are all areas that had really strong sales that we essentially just getting the safety levels to an area that we feel comfortable with. You're also in an environment right now where you start to look at the supply chain, just making sure that you're covered just given the performance of the company that we expect, and so just making sure our safety stocks are at the right level.

James Sidoti^ If I can, I'm going to sneak one more in. Can you just tell us what the distribution looks like for the OneMark system prior to the acquisition? How many people will be selling it now that it's a Merit product?

Martha Aronson^ Well we don't -- Jim, we don't share exactly how big our sales organizations are. I mean View Point was certainly a smaller organization. Again it will fold really nicely into our team, as I said, who's really excited to have their View Point colleagues join them. I'll say this, it's not a major expansion of our sort of commercial footprint, but I would say the energy behind it will certainly make up for that.

James Sidoti^ The big jump to revenue in 2027, that's not because of increased distribution, you think that should increase product awareness?

Martha Aronson^ Correct. It's increased product awareness and it's being able to have options as you go into each and every account, and it's some really excellent account planning and targeting that our team is undertaking.

Operator^ Our next question comes from John Young of Canaccord.

John Young^ Congratulations on the quarter. Martha, I just wanted to ask, when you came into the seat, just there was an emphasis on OUS growth of your background. Any updates on the progress or changes that you've made there? I know in the script, you spoke about some alignment changes. Has compensation incentives changed at all for the reps?

Martha Aronson^ No, as we go into 2026, there have not been any significant comp changes for our reps. I mean I will say you heard Raul talk about our gross margin improvement. I would say over the last several years, this organization has done a really nice job making sure our team knows which products to keep focused on, and we really are pushing a bit more emphasis on some of our higher-margin products. There's certainly that. I would just say in general, I mean we do have about 40% of our revenue is outside the United States. Again as you heard, our international teams continue to do a really nice job for us. I'm quite pleased with that.

John Young^ Then just looking perhaps for any additional color on the Endoscopy segment and any progress that you guys made in the quarter on the integration and training of that sales force.

Martha Aronson^ Yes. We're really excited about the endoscopy platform. I mean so we brought in the C2 CryoBalloon acquisition which is so far doing better than our high-end expectations. We're really pleased about that. Then as you probably saw, we announced a new product, and we mentioned it in the script, The Resilience product which is this through-the-scope esophageal stent. This is a really nice market for us. It's sub-\$100 million size in terms of market. Again, that's in the world of Merit Medical, that's a really nice market sort of space for us. This is a great stent. It's actually because physicians get to put it in through a scope, they feel like they have a lot more control and accurate placement.

Most importantly, what the feedback we've gotten initially is that it's not moving once it's there. Migration has really been an issue with the number of the stents that are out there in that market. Again, we're just -- we're really excited about the opportunity for Resilience and frankly, the endoscopy business in general. In fact, next week, I'll be at Digestive Diseases Week with the team which is one of their big shows more on the GERD side of things. Again, all across endoscopy, we're very pleased.

Raul Parra^ Maybe I'll add a little color. As hopefully, you guys saw last year, I think our endoscopy team just got better every quarter as they integrated and learned how to sell kind of both bags essentially. Q1 was mid-teen growth. Really strong performance by

them, and they're excited about what they're doing which makes us excited about the potential that they have.

Operator^ Our next question comes from Jason Bedford of Raymond James.

Zachary Gold^ It's Zach Gold on for Jason Bedford here. You guys have talked about being open to deals that are somewhat larger than historical tuck-ins. Of course we saw the View Point deal. As you look at the pipeline, can you remind us what those key areas are for the next deal? Then kind of in terms of sizing, would you say View Point is a good proxy for deal characteristics and size in terms of just helping us level set expectations on acquisitions?

Martha Aronson^ Yes. Thanks. Appreciate the question. Look, I mean I think doing deals is not something where you get to say I want to do something of exactly this size at this time to add precisely to this particular platform. That would be great. That would be a lovely world in which to live. Unfortunately, that's not reality. We're not going to put sort of a number around size of deal, if you will.

As I said, we're looking at a lot of things. This company has grown a lot through acquisition. We plan to continue to do that. Again, I think it's really important to think of it in terms of tuck-ins or bolt-ons, nothing transformational. Every deal has to have a lot of strategic fit. As we're talking about, when we look at these platforms, part of what's exciting about this platform structure that we're using is I am looking to each platform to have a lot of conviction around any proposed deal, because they're going to own it. That's the way we're building up these various business lines.

It's really critical that they believe in it and they have done the work and the analysis. We do a lot of that here kind of at corporate as well but that's the way we're really thinking about acquisitions going forward. It's got to be strategic, and then it's got to fit certain financial metrics that we've got in place as well. Certainly being margin accretive would be one of them.

Zachary Gold^ Then if I can ask a second one here. Just curious on that Medtronic distribution deal you guys did during the quarter. Is there any stocking tied to that? Yes. Is there stocking tied to that and then sort of a material impact for you guys on growth that comes from this agreement?

Raul Parra^ Obviously they're going to gear up, and we're not going to give details. I mean this is -- it's not our practice to talk about our customers, what they're going to do and how they're going to launch. I would just say that we're really excited for our OEM division. I think they've done a good job of working with our OEM partners and customers on finding opportunity, and this happens to be one of them. It is built into our guidance for the year which again gives us a high level of confidence in that mid-single-digit growth that we expect out of OEM. I think we're excited for them. I know there's been a lot of comments around OEM. I can tell you that, again, we have a high level of confidence in their performance for the rest of the year.

Martha Aronson^ Yes. I think this is -- I mean it's actually -- it's just a really good example. I mean this is -- when we say OEM is lumpy, this is kind of a good example of it. As you saw, and Medtronic put out a press release on it. I mean we have a relationship with them. They've been an OEM customer as they shared in their press release. These things, they ebb and flow a little bit. I think as Raul said, though, we're very excited, and this definitely is a factor in us and are gaining confidence on our OEM platform for this fiscal year.

Operator^ Our next question comes from Mike Matson of Needham & Company.

Michael Matson^ I just want to ask one on capital allocation. I mean I understand you're focused on M&A, and that's kind of been the priority. The stock is pretty beaten up, pretty cheap here. Would you consider doing a share repurchase at all?

Raul Parra^ Look, I think obviously that's a Board-level decision. I don't want to speak on their behalf. I think for now with our net leverage ratio of 1.6, a lot of opportunity out there from an M&A perspective. We continue to, I think, conserve cash. We continue to generate strong free cash flow, as you guys saw, almost approximately \$25 million for the first quarter which was a really strong increase over prior Q1 of 2025. For now, we're just focused on CGI. We're focused on our free cash flow goals, and we are focused on delivering long-term sustainable growth.

Operator^ This concludes our question-and-answer session. I'd like to turn it back to Martha Aronson for closing remarks.

Martha Aronson^ Well look, I just want to say thanks, everybody. Appreciate you dialing in today. As I said, pleased with our strong start to 2026. As I said, feel good about tracking nicely to our CGI goals. Most importantly, I do want to thank our team who's so committed to helping patients all around the world. Again, thanks everybody, for joining us today.

Operator^ This concludes our conference call for today. Thank you for your participation.