

Merit Medical Denmark A/S

Alhambravej 3

1826 Frederiksberg C

CVR No. 30076478

Annual Report 2016

10. financial year

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 31 May 2017

Bernard John Birkett
Chairman

Merit Medical Denmark A/S

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Merit Medical Denmark A/S

Management's Statement

Today, Management has considered and adopted the Annual Report of Merit Medical Denmark A/S for the financial year 1 January 2016 - 31 December 2016.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January 2016 - 31 December 2016.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Frederiksberg, 31 May 2017

Executive Board

Bernard John Birkett

Board of Directors

Bernard John Birkett

Fred Peter Lampropoulos

Mark Valentine Butler

Independent Auditor's Report

To the shareholders of Merit Medical Denmark A/S

Opinion

We have audited the financial statements of Merit Medical Denmark A/S for the financial year 01-01-2016 - 31-12-2016, which comprise an income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31-12-2016 and of the results of its operations for the financial year 01-01-2016 - 31-12-2016 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibility under those standards and requirements are further described in our auditors' report under "Auditors' responsibility for the audit of the financial statements". As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Company, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management considers necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern; disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting in preparing the financial statements unless Management either intends to either liquidate the Company or suspend operations, or has no realistic alternative but to do so.

The auditor's responsibility for the audit of the financial statements

Our responsibility is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements. Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain an attitude of professional skepticism throughout the audit. We also:

- * Identify and assess the risk of material misstatements in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- * Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Independent Auditor's Report

- * Evaluate whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.
- * Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.
- * Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control which we identify during our audit.

Statement on Management's Review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of opinion providing assurance regarding the Management's review.

Our responsibility in connection with our audit of the financial statements is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or with the knowledge we have gained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

Copenhagen, 31 May 2017

Deloitte Statsautoriseret Revisionspartnerselskab

CVR-no. 33963556

Flemming Larsen

State Authorised Public Accountant

Merit Medical Denmark A/S

Company details

Company	Merit Medical Denmark A/S Alhambravej 3 1826 Frederiksberg C
CVR No.	30076478
Date of formation	1 December 2006
Registered office	Frederiksberg
Financial year	1 January 2016 - 31 December 2016
Supervisory Board	Bernard John Birkett Fred Peter Lampropoulos Mark Valentine Butler
Executive Board	Bernard John Birkett
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 2300 København S CVR-no.: 33963556

Management's Review

The Company's principal activities

The Company's principal activities consist in sale and distribution of medical equipment to hospitals and other treatment centres.

Development in activities and financial matters

The Company's Income Statement of the financial year 01-01-2016 - 31-12-2016 shows a result of DKK 354.301 and the Balance Sheet at 31-12-2016 a balance sheet total of DKK 2.988.985 and an equity of DKK 2.196.289.

Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

Expectations for the future

The Company expects its operations to develop positively next year.

Accounting Policies

Reporting Class

The Annual Report of Merit Medical Denmark A/S for 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

Reporting currency

The Annual Report is presented in Danish kroner.

Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

General Information

Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Income Statement

Revenue

Revenue is recognised in the income statement when the sale is considered effected and the delivery has been made before year end and when the sales price has been determined and payment has been received or may with reasonable certainty be expected to be received. Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Accounting Policies

Other external expenses

Other external expenses comprise expenses regarding sale, administration and operational lease.

Amortisation and impairment of tangible and intangible assets

Amortisation and impairment of intangible and tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

Profit or loss resulting from the sale of intangible or tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses and realised and unrealised capital gains and losses regarding foreign currency transactions.

Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

Balance Sheet

Tangible assets

Tangible assets are measured at cost plus revaluations, if any, and less accumulated amortisation and impairment losses.

Cost comprises the purchase price and costs directly attributable to the purchase until the date when the asset is available for use.

An impairment test of tangible assets is performed in the event of indications of a decrease in value. The impairment test is performed for each individual asset and group of assets, respectively.

The assets are written down to the higher of the asset's or asset group's value in use and the net selling price (recoverable amount) in the event that this one is lower than the carrying amount.

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Accrued income, assets

Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

Financial liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax

Accounting Policies

prepaid.

Accruals and deferred income, liabilities

Accruals and deferred income entered as liabilities consist of payments received regarding income in the subsequent financial years.

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Income Statement

	Note	2016 kr.	2015 kr.
Revenue		3.810.208	3.579.587
Other external expenses		-1.749.884	-1.218.684
Gross result		2.060.324	2.360.903
Staff costs	1	-1.704.421	-2.026.859
Depreciation, amortisation expense and impairment losses of property, plant and equipment		-5.436	-5.436
Profit from ordinary operating activities		350.467	328.608
Finance income	2	141.062	13.515
Finance expences	3	-4.084	-63.970
Profit from ordinary activities before tax		487.445	278.153
Tax expense on ordinary activities	4	-133.144	-87.533
Profit		354.301	190.620
 Proposed distribution of results			
Retained earnings		354.301	190.620
Distribution of profit		354.301	190.620

Merit Medical Denmark A/S

Balance Sheet as of 31 December

	Note	2016 kr.	2015 kr.
Assets			
Fixtures, fittings, tools and equipment	5	<u>2.718</u>	<u>8.155</u>
Property, plant and equipment		<u>2.718</u>	<u>8.155</u>
Fixed assets		<u>2.718</u>	<u>8.155</u>
Short-term receivables from group enterprises		1.402.274	2.435.113
Other short-term receivables		37.811	19.132
Prepaid expenses		<u>53.993</u>	<u>62.502</u>
Receivables		<u>1.494.078</u>	<u>2.516.747</u>
Cash and cash equivalents		<u>1.492.189</u>	<u>129.493</u>
Current assets		<u>2.986.267</u>	<u>2.646.240</u>
Assets		<u>2.988.985</u>	<u>2.654.395</u>

Balance Sheet as of 31 December

	Note	2016 kr.	2015 kr.
Liabilities and equity			
Contributed capital		500.000	500.000
Retained earnings		1.696.289	1.341.988
Equity	6	2.196.289	1.841.988
Trade payables		141.451	129.059
Tax payables		102.658	61.038
Other payables	7	548.587	622.310
Short-term liabilities other than provisions		792.696	812.407
Liabilities other than provisions within the business		792.696	812.407
Liabilities and equity		2.988.985	2.654.395
Contingent liabilities	8		
Collaterals and assets pledged as security	9		
Ownership	10		
Liabilities under off-balance sheet leases	11		
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Notes

1. Staff costs

	2016	2015
Wages and salaries	1.623.903	1.937.187
Pension contribution	55.764	46.001
Other social security contributions	12.104	40.963
Other employee expense	12.650	2.708
	1.704.421	2.026.859

Average number of employees	2	2
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2. Finance income

Other finance income	141.062	13.515
	141.062	13.515

3. Finance expenses

Other finance expenses	4.084	63.970
	4.084	63.970

4. Tax expense

Current tax	129.629	83.038
Adjustment to prior years	3.515	4.495
	133.144	87.533

5. Fixtures, fittings, tools and equipment

Cost at the beginning of the year	33.041	33.041
Cost at the end of the year	33.041	33.041

Depreciation and amortisation at the beginning of the year	-24.886	-19.450
Amortisation for the year	-5.437	-5.436
Impairment losses and amortisation at the end of the year	-30.323	-24.886

Carrying amount at the end of the year	2.718	8.155
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Notes

6. Statement of changes in equity

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Proposed dividend</u>	<u>Total</u>
Equity, beginning balance	500.000	1.341.988	0	1.841.988
Dividend paid	0	0	0	0
Extraordinary dividend paid	0	0	0	0
Proposed distribution of results	0	396.717	0	396.717
	<u>500.000</u>	<u>1.738.705</u>	<u>0</u>	<u>2.238.705</u>

The share capital consists of 500 shares of DKK 1,000. The shares are not divided into classes.

The share capital has remained unchanged for the last 5 years.

7. Other payables

	<u>2016</u>	<u>2015</u>
Income tax payable etc.	66.480	34.732
Accrued Vacation	304.502	284.353
Accrued Bonus and Incentives	177.605	303.225
	<u>548.587</u>	<u>622.310</u>

8. Contingent liabilities

No contingent liabilities exist at the balance sheet date.

9. Collaterals and securities

No securities or mortgages exist at the balance sheet date.

10. Ownership

Related parties with a controlling interest in Merit Medical Denmark A/S:

- The Parent Company – Merit Holdings Inc, 1600 West Merit Parkway, South Jordan Utah 84095 USA.

11. Liabilities under leases

Operating lease contracts on cars have been concluded until 31 Januar, 2019.

Annual lease payments amounts to DKK 79,800 (2015: 64,200) and the total liability at the balance sheet date amounts to DKK 159,600 (2015: 206,112)

12. Related parties

Transactions between related parties and Merit Medical Denmark A/S in 2016:

- In the year under review, the Company has received commissionaire income etc. of DKK 2,218 thousand of which DKK 57 thousand as been transferred. The company has received a refund of expenses of DKK 1,593 thousand.
- In the year under review, the Company has received interest of DKK 16 thousand.
- In the year under review, the Company has paid sales expenses of DKK 752 thousand.

13. Consolidation

Merit Medical Denmark A/S is included in the consolidated financial statements of Merit Medical Holding's Inc, Horsterweg 24, NL-1999 AC Maastricht Airport, Maastricht, The Netherlands, from which copies of the consolidated

Merit Medical Denmark A/S

Notes

financial statements may be obtained.