

Merit Medical Denmark A/S

Onsgårds Tværvej 6, kl.

2900 Hellerup

CVR No. 30076478

Annual Report 2021

15. financial year

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 29 June 2022

Fred Peter Lampropoulos
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 2021 - 31 December 2021.

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 2021 and of the results of the Company's operations for the financial year 1 January 2021 - 31 December 2021.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

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

Gentofte, 29 June 2022

Executive Board

Mark Valentine Butler

Supervisory Board

Fred Peter Lampropoulos
Chairman

Brian Glen Lloyd

Mark Valentine Butler

Independent Auditors' Report

To the shareholder of Merit Medical Denmark A/S

Opinion

We have audited the financial statements of Merit Medical Denmark A/S for the financial year 1 January 2021 - 31 December 2021, 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 December 2021 and of the results of its operations for the financial year 1 January 2021 - 31 December 2021 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 the "Auditors' responsibility for the Audit of the Financial Statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statement in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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.

Independent Auditors' Report

- * 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.
- * 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, 29 June 2022

Deloitte Statsautoriseret Revisionspartnerselskab

CVR-no. 33963556

Flemming Larsen
State Authorised Public Accountant
mne27790

Merit Medical Denmark A/S

Company details

Company	Merit Medical Denmark A/S Onsgårds Tværvej 6, kl. 2900 Hellerup
CVR No.	30076478
Date of formation	1 December 2006
Registered office	Gentofte
Supervisory Board	Fred Peter Lampropoulos Brian Glen Lloyd Mark Valentine Butler
Executive Board	Mark Valentine Butler
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 the financial situation

The Company's Income Statement of the financial year 1 January 2021 - 31 December 2021 shows a result of DKK 1.152.989 and the Balance Sheet at 31 December 2021 a balance sheet total of DKK 18.316.682 and an equity of DKK 8.486.766.

Sales declined in FY20 and didn't reach our anticipated levels for FY21. Covid 19 was still with us in 2021 and external market factors also created challenges to sales numbers. Despite this our Operating Income was not far off plan due to savings in Operating Expenses.

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

We are optimistic that we can return to growth in FY22.

Accounting Policies

Reporting Class

The annual report of Merit Medical Denmark A/S for 2021 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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, change in inventories of finished goods, other operating income, costs of raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement if the goods have been delivered and the risk has passed to the buyer before year-end if it is possible to calculate the income reliably. The revenue is exclusive of VAT and net of sales discounts.

Other external expenses

Other external expenses include expenses for distribution, sales, advertising, administration, premises, bad debts, operating leasing expenses etc.

Amortisation and impairment of tangible and intangible assets

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

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

Profit or loss resulting from the sale of intangible assets or property, plant and equipment 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 based at 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 transactions in foreign currencies.

Tax on net profit for the year

Tax on net profit 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.

Accounting Policies

Balance sheet

Tangible assets

Tangible assets are measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the data of acquisition. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

In case of changes in depreciation period or residual value, the effect of a change in depreciation period is recognised prospectively in accounting estimates.

Cost includes the purchase price and expenses directly related to the acquisition until the time when the asset is ready for use.

Tangible assets that are leased and meet the conditions for financial leasing are treated according to the same guidelines as those applying to purchased assets.

The cost of financially leased assets is measured at the lower value of the purchase prices according to the leases and the present value of the lease payments, determined on the basis of the interest rate implicit in the leases.

Inventories

The cost of goods for resale and consumables are measured at cost, comprising purchase price plus delivery costs.

Receivables

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

Impairment of accounts receivables past due is established on individual assessment of receivables.

Prepaid expenses

Prepaid expenses recognised in assets comprises prepaid costs regarding subsequent financial years. Prepayments are measured at cost.

Equity

Equity comprises the working capital and a number of equity items that may be statutory or stipulated in the articles of association.

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallize as current tax.

Accounting Policies

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the balance sheet as estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Liabilities

Other liabilities are measured at net realisable value.

Lease commitments

Lease commitments are measured at the present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the individual leases.

Accruals and deferred income entered as 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	2021 kr.	2020 kr.
Gross profit		7.003.965	7.638.591
Employee benefits expenses	1	-5.250.712	-4.775.995
Depreciation, amortisation expense and impairment losses of property, plant and equipment		-10.650	-15.489
Profit from ordinary operating activities		1.742.603	2.847.107
Finance income from group enterprises		24.165	24.739
Other financial income	2	129.966	3.904
Other financial expenses	3	-403.556	-106.340
Profit from ordinary activities before tax		1.493.178	2.769.410
Tax expense on ordinary activities	4	-340.189	-628.684
Profit		1.152.989	2.140.726
 Proposed distribution of results			
Retained earnings		1.152.989	2.140.726
Distribution of profit		1.152.989	2.140.726

Merit Medical Denmark A/S

Balance Sheet as of 31 December

	Note	2021 kr.	2020 kr.
Assets			
Fixtures, fittings, tools and equipment	5	14.638	15.045
Property, plant and equipment		14.638	15.045
Fixed assets		14.638	15.045
Raw materials and consumables		71.823	132.530
Inventories		71.823	132.530
Short-term trade receivables		6.087.036	4.420.232
Short-term receivables from group enterprises		3.345.674	3.703.044
Other short-term receivables		38.177	75.169
Prepaid expenses		79.276	60.949
Receivables		9.550.163	8.259.394
Cash and cash equivalents		8.680.058	9.904.447
Current assets		18.302.044	18.296.371
Assets		18.316.682	18.311.416

Balance Sheet as of 31 December

	Note	2021 kr.	2020 kr.
Liabilities and equity			
Contributed capital		500.000	500.000
Retained earnings		7.986.766	6.833.777
Equity	6	8.486.766	7.333.777
Other payables		0	402.448
Long-term liabilities other than provisions		0	402.448
Trade payables		192.976	209.419
Payables to group enterprises		5.344.496	3.271.713
Tax payables		186.195	137.556
Other payables		4.106.249	6.956.503
Short-term liabilities other than provisions		9.829.916	10.575.191
Liabilities other than provisions within the business		9.829.916	10.977.639
Liabilities and equity		18.316.682	18.311.416
Contingent liabilities	7		
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Notes

1. Employee benefits expense

	2021	2020
Wages and salaries	4.928.164	4.553.491
Post-employment benefit expense	171.551	173.244
Social security contributions	31.167	33.675
Other employee expense	119.830	15.585
	5.250.712	4.775.995

Average number of employees	5	4
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2. Other financial income

Gain/Loss Foreign Exc Rates	0	514
Unrealized FX Gain/Loss from Re	129.966	3.390
	129.966	3.904

3. Other financial expenses

Bank Charges	89.706	47.811
Gain/Loss Foreign Exc Rates	313.850	58.529
	403.556	106.340

4. Tax expense

Taxation	334.143	638.556
Adjustment to prior years	6.046	-9.872
	340.189	628.684

5. Fixtures, fittings, tools and equipment

Cost at the beginning of the year	54.913	60.405
Addition during the year, incl. improvements	14.550	0
Disposal during the year	-4.029	-5.492
Transfers during the year to other items	-4.480	0
Cost at the end of the year	60.954	54.913

Depreciation and amortisation at the beginning of the year	-39.868	-29.871
Change due to foreign currency translation adjustment	-4.307	0
Amortisation for the year	-10.650	-15.489
Reversal of impairment losses and amortisation of disposed assets	8.509	5.492
Impairment losses and amortisation at the end of the year	-46.316	-39.868

Carrying amount at the end of the year	14.638	15.045
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Notes

6. Statement of changes in equity

	Contributed capital	Retained earnings	Total
Equity, beginning balance	500.000	6.833.777	7.333.777
Proposed distribution of results	0	1.152.989	1.152.989
	500.000	7.986.766	8.486.766

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

7. Contingent liabilities

No contingent liabilities exist at the balance sheet date.

8. Collaterals and securities

No securities or mortgages exist at the balance sheet date.

9. 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.

* The Ultimate Parent Company: Merit Medical Systems, Inc. 1600 West Merit Parkway, South Jordan Utah 84095 USA

10. Liabilities under leases

Total liability for operation lease contracts on cars at the balance sheet date amounts to DKK 513,695 (2020: 250,718)

11. Related parties

There have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for normal intercompany transactions carried out on market conditions.

12. Consolidation

Merit Medical Denmark A/S is included in the consolidated financial statements of Merit Medical Systems, Inc. 1600 West Merit Parkway, South Jordan UT 84095, USA, from which copies of the consolidated financial statements may be obtained.