

ANNUAL REPORT AND FINANCIAL STATEMENTS

MERIT MEDICAL UK LIMITED

FOR THE YEAR ENDED

31 DECEMBER 2019

COMPANY NUMBER: 3001008

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MERIT MEDICAL UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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MERIT MEDICAL UK LIMITED
DIRECTORS AND OTHER INFORMATION

DIRECTORS

**Fred Lampropoulos
Mark Butler
Brian Glen Lloyd**

SECRETARY

Vistra Company Secretaries Limited

REGISTERED OFFICE

**Unit 27 Suttons Business Park
Sutton Park Avenue
Earley
Reading
Berkshire
RG6 1 AZ
United Kingdom**

AUDITOR

**Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Galway Financial Services Centre
Moneenageisha Road
Galway
Ireland**

BANKERS

**Bank of America
5 Canada Square
London
E14 5AQ
United Kingdom**

**HSBC
60 Queen Victoria Street
London
EC 4N
UK**

SOLICITOR

**A & L Goodbody
North Wall Quay
Dublin 1
Ireland**

COMPANY NUMBER

3001008

MERIT MEDICAL UK LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2019. This directors' report has been prepared in accordance with the provisions applicable to companies subject to the small companies exemption.

RESULTS AND DIVIDENDS

The profit after taxation for the year amounted to £765,487 (2018: £339,701).

The directors recommend that no dividend be paid (2018: Nil).

KEY PERFORMANCE INDICATOR

Commission income has decreased from 2018 to 2019. The company is a subsidiary of Merit Holdings Inc. As part of an overall restructuring of the operations of Merit Holdings Inc., the activity of the company changed during the year from a commissionaire model to a buy/sell model.

DIRECTORS

The directors, who served at all times during the year except as noted, were as follows:

Fred Lampropoulos
 Mark Butler
 Brian Glen Lloyd

COMPANY NUMBER

The company number is 3001008.

DIRECTORS' INTEREST IN SHARES

None of the directors who held office at 31 December 2019 had any beneficial interest in the shares of the company at 31 December 2019, or 1 January 2019.

The directors at 31 December 2019 beneficially held the following shares in the parent company, Merit Medical Systems Inc.

Beneficial interests:	31/12/2019		01/01/2019	
	No. Ordinary Shares	No. Ordinary Options	No. Ordinary Shares	No. Ordinary Options
Fred Lampropoulos	929,991	547,153	1,119,991	388,002
Mark Butler	-	75,000	-	55,000
Brian Glen Lloyd	114	130,000	114	100,000

Certain directors have options to acquire shares in Merit Medical Systems Inc. as follows:

			Exercised during year	Cancelled during year	Granted during year	31 December 2019	Average option price US\$
	1 January 2019	Adjustments					
Fred Lampropoulos	388,002	-	-	-	159,151	547,153	33.78
Mark Butler	55,000	-	-	-	20,000	75,000	33.25
Brian Glen Lloyd	100,000	-	-	-	30,000	130,000	36.11

MERIT MEDICAL UK LIMITED
DIRECTORS' REPORT - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019

EVENTS AFTER THE BALANCE SHEET DATE

Details of significant events since the balance sheet date are contained in note 19 to the financial statements.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:


- (1) So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) The director has taken all the steps that he/she ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Deloitte Ireland LLP, Statutory Auditor, continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

MARK BUTLER
DIRECTOR



BRIAN GLEN LLOYD
DIRECTOR

Date:

MERIT MEDICAL UK LIMITED
DIRECTORS' REPORT - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019

EVENTS AFTER THE BALANCE SHEET DATE

Details of significant events since the balance sheet date are contained in note 19 to the financial statements.

AUDITOR

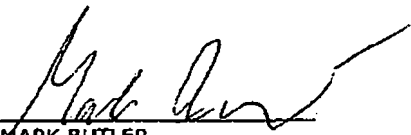
Each of the persons who is a director at the date of approval of this report confirms that:

- (1) So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) The director has taken all the steps that he/she ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Deloitte Ireland LLP, Statutory Auditor, continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:


MARK BUTLER
DIRECTOR

BRIAN GLEN LLOYD
DIRECTOR

Date: 17 Nov 2020

MERIT MEDICAL UK LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MERIT MEDICAL UK LIMITED**

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Merit Medical UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Merit Medical UK Limited (the 'company') which comprise:

- the statement of accounting policies;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Continued on next page/

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERIT MEDICAL UK LIMITED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is 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, the directors are 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 unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may 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 auditor's 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 the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 that the auditor identifies during the audit.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Continued on next page/

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MERIT MEDICAL UK LIMITED**

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Gerard Casey (Senior statutory auditor)
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Galway Financial Services Centre
Moneenageisha Road
Galway

Date:

MERIT MEDICAL UK LIMITED
STATEMENT OF ACCOUNTING POLICIES

The significant accounting policies adopted by the company are as follows:

GENERAL INFORMATION AND BASIS OF ACCOUNTING

Merit Medical UK Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 2. The nature of the company's operations and its principal activities are set out in the directors' report on pages 3 to 4.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with the Companies Act 2006 and Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Merit Medical UK Limited is considered to be sterling because that is the currency of the primary economic environment in which the company operates.

These financial statements are separate financial statements.

Merit Medical UK Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Merit Medical UK Limited is consolidated in the financial statements of its parent Merit Medical Systems Inc. Exemptions have been taken in these separate company financial statements in relation to the presentation of a cash flow statement and remuneration of key management personnel.

Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements. In early 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed. COVID-19 has caused disruption to businesses and economic activity. The directors have considered the ability of the company to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements. The directors, together with management, have implemented a number of cost saving measures, and where possible, have availed of government supports such as the HMRC coronavirus job retention scheme (Furlough). These actions combined with the cash reserves will ensure the company can continue as a going concern.

Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer.

Tangible assets

Tangible fixed assets are stated at cost, net of depreciation and any allowance for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Office Equipment	3 years
Computer Software	5 years
Furniture and Fixtures	7 years
Furniture and Fixtures- Other	9 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Foreign currencies

Transactions denominated in foreign currencies relating to revenues, costs, and non-monetary assets are translated into sterling at the monthly rate of exchange.

Monetary assets and liabilities denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the balance sheet date.

All profits and losses arising on exchange are reflected in the statement of comprehensive income.

STATEMENT OF ACCOUNTING POLICIES - CONTINUED

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the company and the company intends either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Retirement benefit obligations

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the year and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to statement of comprehensive income and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

For defined contribution schemes the amounts charged to the statement of comprehensive income in respect of pension costs and other post-retirement benefits are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

Leases

All operating lease rentals are charged to the statement of comprehensive income on a straight line basis.

MERIT MEDICAL UK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
TURNOVER	2	16,487,713	5,472,124
Cost of Sales		<u>(9,315,648)</u>	<u>-</u>
OPERATING PROFIT		7,172,065	5,472,124
Other operating expenses	3	<u>(6,203,688)</u>	<u>(5,044,538)</u>
Other income	6	<u>14,134</u>	13,775
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	982,511	441,361
Taxation	8	<u>(217,024)</u>	<u>(101,660)</u>
PROFIT FOR THE YEAR ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE COMPANY		<u>765,487</u>	<u>339,701</u>
Other comprehensive income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE COMPANY		<u>765,487</u>	<u>339,701</u>

All recognised gains and losses for both the current year and the previous year are included in the statement of comprehensive income. All of the above derive from continuing operations.

MERIT MEDICAL UK LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	9	1,128,124	393,026
Financial assets	10	5,137	5,137
		<u>1,133,261</u>	<u>398,163</u>
CURRENT ASSETS			
Stock	11	2,028,147	-
Debtors	12	7,655,776	2,050,004
Cash at bank and in hand		1,258,915	409,755
		<u>10,942,838</u>	<u>2,459,759</u>
CREDITORS (Amounts falling due within one year)	13	(9,210,677)	(779,979)
		<u>1,732,161</u>	<u>1,679,780</u>
NET CURRENT ASSETS			
		<u>2,865,422</u>	<u>2,077,943</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
PROVISION FOR LIABILITIES AND CHARGES	14	(26,793)	(4,801)
		<u>2,838,629</u>	<u>2,073,142</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	15	100	100
Profit and loss account	15	2,838,529	2,073,042
		<u>2,838,629</u>	<u>2,073,142</u>
SHAREHOLDERS' FUNDS			
		<u>2,838,629</u>	<u>2,073,142</u>

The financial statements of Merit Medical UK Limited, 3001008, were approved by the board of directors on and signed on its behalf by:

MARK BUTLER
DIRECTOR




BRIAN GLEN LLOYD
DIRECTOR

MERIT MEDICAL UK LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	9	1,128,124	393,026
Financial assets	10	5,137	5,137
		<u>1,133,261</u>	<u>398,163</u>
CURRENT ASSETS			
Stock	11	2,028,147	-
Debtors	12	7,655,776	2,050,004
Cash at bank and in hand		1,258,915	409,755
		<u>10,942,838</u>	<u>2,459,759</u>
CREDITORS (Amounts falling due within one year)	13	<u>(9,210,677)</u>	<u>(779,979)</u>
NET CURRENT ASSETS		<u>1,732,161</u>	<u>1,679,780</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,865,422</u>	<u>2,077,943</u>
PROVISION FOR LIABILITIES AND CHARGES	14	<u>(26,793)</u>	<u>(4,801)</u>
NET ASSETS		<u>2,838,629</u>	<u>2,073,142</u>
CAPITAL AND RESERVES			
Called up share capital	15	100	100
Profit and loss account	15	2,838,529	2,073,042
		<u>2,838,629</u>	<u>2,073,142</u>
SHAREHOLDERS' FUNDS		<u>2,838,629</u>	<u>2,073,142</u>

The financial statements of Merit Medical UK Limited, 3001008, were approved by the board of directors on 17th Dec 2020 and signed on its behalf by:


 MARK BUTLER
 DIRECTOR


 BRIAN GLEN LLOYD
 DIRECTOR

MERIT MEDICAL UK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Profit and loss account £	Total £
AT 1 JANUARY 2019	100	2,073,042	2,073,142
Total comprehensive income	-	765,487	765,487
	<hr/>	<hr/>	<hr/>
AT 31 DECEMBER 2019	100	2,838,529	2,838,629
	<hr/>	<hr/>	<hr/>

In respect of the prior year:

	Called up share capital £	Profit and loss account £	Total £
AT 1 JANUARY 2018	100	1,733,341	1,733,341
Total comprehensive income	-	339,701	339,701
	<hr/>	<hr/>	<hr/>
AT 31 DECEMBER 2018	100	2,073,042	2,073,142
	<hr/>	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in the Statement of Accounting Policies, the director is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Critical judgements in applying the company's accounting policies

There were no critical judgements made by the directors during the year in the process of applying the company's accounting policies.

Key sources of estimation uncertainty*Going Concern*

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements. In early 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed. COVID-19 has caused disruption to businesses and economic activity. The directors have considered the ability of the company to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements. The directors, together with management, have implemented a number of cost saving measures, and where possible, have availed of government supports such as the HMRC coronavirus job retention scheme (Furlough). These actions combined with the cash reserves will ensure the company can continue as a going concern.

2. TURNOVER

2019
£

2018
£

An analysis of the company's turnover by geographical market is set out below:

United Kingdom	16,487,713	5,472,124
	<u> </u>	<u> </u>

An analysis of the company's turnover is as follows:

Commission income	1,940,541	5,472,124
Product Sales	14,547,172	-
	<u> </u>	<u> </u>
	16,487,713	5,472,124
	<u> </u>	<u> </u>

3. OTHER OPERATING EXPENSES

2019
£

2018
£

Distribution costs	5,356,149	4,568,861
Administrative expenses	983,879	409,889
Foreign exchange (gain)/loss	(136,340)	65,788
	<u> </u>	<u> </u>
	6,203,688	5,044,538
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019

4. DIRECTORS' REMUNERATION

The remuneration paid to the directors of Merit Medical UK Limited was:

	2019	2018
	£	£
Fees	-	-
Other remuneration (including pension contributions and benefits in kind)	-	-
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

5. EMPLOYEES AND REMUNERATION

The average monthly number of persons employed during the year was:

	2019	2018
	Number	Number
Marketing and sales	41	26

	2019	2018
	£	£
Wages and salaries	3,822,724	3,107,453
National insurance	492,822	424,959
Retirement benefit obligations (Note 17)	114,761	78,266
Severance expense	515,998	35,000
	<u> </u>	<u> </u>
	4,946,305	3,645,678

6. OTHER INCOME

	2019	2018
	£	£
Intercompany interest receivable	14,134	13,775

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2019	2018
	£	£
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible assets	29,994	11,201
Operating lease charges	168,431	117,338
Foreign exchange (gain)/loss	(136,340)	65,788

NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019

8. TAXATION	2019 £	2018 £
Taxation charge for the year		
United Kingdom current year corporation tax	195,032	100,742
Overprovision in respect of prior year	-	(1,160)
	<hr/>	<hr/>
Current tax charge for the year	195,032	99,582
Deferred tax charge (Note 14)	21,992	2,078
	<hr/>	<hr/>
	217,024	101,660
	<hr/>	<hr/>
	2019 £	2018 £
Factors affecting tax charge for the year		
Profit on ordinary activities before taxation	982,511	441,361
Profit on ordinary activities multiplied by the standard rate of taxation of 19% (2018: 19%)	186,677	83,859
Effects of:		
Items not deductible for tax purposes	6,542	19,193
Depreciation in excess/(less than) of capital allowances	1,813	(2,310)
Overprovision in respect of prior years	-	(1,160)
	<hr/>	<hr/>
Current taxation charge for the year	195,032	99,582
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019

9. TANGIBLE ASSETS

	Office Equipment	Computer Software	Furniture and Fixtures	Furniture and Fixtures- Other	Work in Progress	Total
	£	£	£	£	£	£
Cost:						
At 1 January 2019	50,213	-	-	-	367,764	417,977
Additions	19,168	-	-	-	747,051	766,219
Transfer from CWIP	1,095	206,699	581,960	325,061	(1,114,815)	-
Disposals	(1,764)	-	-	-	-	(1,764)
	<u>68,712</u>	<u>206,699</u>	<u>581,960</u>	<u>325,061</u>	<u>-</u>	<u>1,182,432</u>
At 31 December 2019	68,712	206,699	581,960	325,061	-	1,182,432
Accumulated depreciation:						
At 1 January 2019	24,951	-	-	-	-	24,951
Charge for the period	16,611	3,445	6,927	3,011	-	29,994
Disposals	(637)	-	-	-	-	(637)
	<u>40,925</u>	<u>3,445</u>	<u>6,927</u>	<u>3,011</u>	<u>-</u>	<u>54,308</u>
At 31 December 2019	40,925	3,445	6,927	3,011	-	54,308
Net book value:						
At 31 December 2019	27,787	203,254	575,033	322,050	-	1,128,124
At 31 December 2018	25,262	-	-	-	367,764	393,026

MERIT MEDICAL UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. FINANCIAL ASSETS	2019	2018
	£	£
Investment in subsidiary at cost (unlisted)	5,137	5,137

Subsidiary Undertaking (Wholly Owned)

Name	Registered Office	Nature of Business
Merit Medical Australia Ltd	Baker McKenzie L19 181 William Street Melbourne VIC 3000 Australia	Sale and Distribution of Medical Devices
Merit Medical Spain Ltd	Doctor Fleming 31 -28036 Madrid Spain	Sale and Distribution of Medical Devices

The directors are satisfied that the carrying values of the investments do not exceed the recoverable amount.

Consolidated financial statements have not been prepared by the company as the company's ultimate parent company, Merit Medical Systems Inc., prepares group financial statements which include the results of the company and its subsidiaries made up to 31 December 2019.

11. STOCK	2019	2018
	£	£
Raw Materials	1,506,624	-
Goods in transit	204,209	-
Finished goods	317,314	-
	2,028,147	-

The replacement cost of stocks does not differ significantly from the amounts stated above.

12. DEBTORS	2019	2018
	£	£
Amounts falling due within one year:		
Trade Debtors	4,630,255	-
Amount due from group company	2,873,323	1,913,878
Other debtors	5,598	91,368
Prepayments	146,600	44,758
	7,655,776	2,050,004

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019

13. CREDITORS (Amounts falling due within one year)	2019 £	2018 £
Trade creditors	25,099	29,664
Accruals	532,621	557,791
Amounts due to group company	8,223,749	-
Corporation tax payable	140,600	43,893
Social security payable	125,884	148,631
VAT Payable	162,724	-
	<u>9,210,677</u>	<u>779,979</u>
14. PROVISION FOR LIABILITIES AND CHARGES	2019 £	2018 £
Deferred tax		
Accelerated capital allowances	26,793	4,801
	<u>26,793</u>	<u>4,801</u>
15. CALLED UP SHARE CAPITAL AND RESERVES	2019 £	2018 £
Allotted, called-up and fully paid:		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

The company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

16. OPERATING LEASES

Total future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Payable:		
- Within one year	340,495	171,014
- Between two to five years	719,197	700,189
- More than five years	895,077	1,083,515
	<u>1,954,769</u>	<u>1,954,718</u>

17. RETIREMENT BENEFIT OBLIGATIONS

The company operates a defined contribution scheme for employees. The assets of the scheme are held separately from those of the company. The total pension cost to the company in the year was £114,761 (2018: £78,266). The amount owing at 31 December 2019 was £19,653 (2018: £Nil).

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019**

18. PARENT COMPANY AND RELATED PARTY TRANSACTIONS

The company is a subsidiary of Merit Holdings Inc., a company incorporated in the U.S.A. The company's ultimate parent company is Merit Medical Systems Inc., a company incorporated in the U.S.A.

A significant proportion of the company's income arises from the sale of group products. Certain expenses and services are shared with a fellow group company and apportioned as deemed appropriate by management.

The company has availed of the exemption provisions of Financial Reporting Standard 102 (S.33) on Related Party Transactions on the grounds of being a wholly owned subsidiary. Copies of the consolidated financial statements of the parent company are available from 1600 West Merit Parkway, South Jordan, Utah, U.S.A.

19. EVENTS AFTER THE BALANCE SHEET DATE

In early 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed. COVID-19 has caused disruption to businesses and economic activity. The directors consider the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Given the inherent uncertainties, it is not practicable at this time to determine the full impact of COVID-19 on the company or to provide a quantitative estimate of this impact.

The directors believe COVID-19 will have a significant effect on the company's operations when the effects are analysed over an annual period but due to the measures put in place to mitigate the effects of COVID-19, the company will be able to continue as a going concern. The directors have considered the ability of the company to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements. The directors, together with management, have implemented a number of cost saving measures, and where possible, have availed of government supports such as the HMRC coronavirus job retention scheme (Furlough). These actions combined with the cash reserves will ensure the company can continue as a going concern.

There were no other material post balance sheet events.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERIT MEDICAL UK LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Merit Medical UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Merit Medical UK Limited (the 'company') which comprise:

- the statement of accounting policies;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, 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.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERIT MEDICAL UK LIMITED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is 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, the directors are 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 unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may 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 auditor's 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 the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 that the auditor identifies during the audit.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERIT MEDICAL UK LIMITED

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Gerard Casey (Senior statutory auditor)
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Galway Financial Services Centre
Moneenageisha Road
Galway

Date: 24 November 2020
