REFINITIV

DELTA REPORT

10-Q

OMI - OWENS & MINOR INC/VA/

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	922
CHANGES	282
DELETIONS	318
ADDITIONS	322

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☐ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2023 September 30, 2023
OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _________to _________
Commission file number 1-9810

Owens & Minor, Inc.

(Exact name of Registrant as specified in its charter)

Virginia			54-1701843
(State or other jurisdiction of incorporation or organization)			(I.R.S. Employer Identification No.)
9120 Lockwood Boulevard	Mechanicsville	Virginia	23116
(Address of principal executive offices)			(Zip Code)
Post Office Box 27626, Richmond, Virginia			23261-7626
(Mailing address of principal executive offices)			(Zip Code)

Registrant's telephone number, including area code (804) 723-7000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $2 par value per share	OMI	New York Stock Exchange

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☐

Indicate by check mark whether the registrant has submitted electronically, and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "larger accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☐

The number of shares of Owens & Minor, Inc.'s common stock outstanding as of July 31, 2023 October 30, 2023 was 76,530,724 76,501,043 shares.

Owens & Minor, Inc. and Subsidiaries
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Part I. Financial Information

Item 1. Financial Statements

Owens & Minor, Inc. and Subsidiaries
Consolidated Statements of Operations
(unaudited)

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands, except per share data)	(in thousands, except per share data)	**2023**	2022	**2023**	2022	(in thousands, except per share data)	**2023**	2022	**2023**	2022
Net revenue	Net revenue	**$ 2,563,226**	$ 2,500,015	**$ 5,086,075**	$ 4,906,967	Net revenue	**$ 2,591,742**	$ 2,497,401	**$ 7,677,817**	$ 7,404,368
Cost of goods sold	Cost of goods sold	**2,043,794**	1,967,510	**4,069,336**	4,001,014	Cost of goods sold	**2,053,244**	1,984,122	**6,122,579**	5,985,136
Gross margin	Gross margin	**519,432**	532,505	**1,016,739**	905,953	Gross margin	**538,498**	513,279	**1,555,238**	1,419,232
Distribution, selling and administrative expenses	Distribution, selling and administrative expenses	**455,030**	421,925	**903,752**	691,397	Distribution, selling and administrative expenses	**452,583**	430,957	**1,356,334**	1,122,353
Acquisition-related charges and intangible amortization	Acquisition-related charges and intangible amortization	**22,203**	37,276	**44,392**	79,410	Acquisition-related charges and intangible amortization	**30,217**	21,217	**74,609**	100,628
Exit and realignment charges	Exit and realignment charges	**28,963**	1,214	**44,637**	2,896	Exit and realignment charges	**30,180**	1,983	**74,817**	4,879

Other operating expense (income), net	Other operating expense (income), net		2,397		(2,995)		3,312		(3,894)	Other operating expense (income), net		1,677		(1,125)		4,991		(5,020)
Operating income	Operating income		10,839		75,085		20,646		136,144	Operating income		23,841		60,247		44,487		196,392
Interest expense, net	Interest expense, net		40,728		35,839		82,926		47,858	Interest expense, net		38,127		39,869		121,053		87,727
Other expense, net			1,072		783		2,458		1,565									
Other (income) expense, net										Other (income) expense, net		(3,302)		783		(843)		2,347
(Loss) income before income taxes	(Loss) income before income taxes		(30,961)		38,463		(64,738)		86,721	(Loss) income before income taxes		(10,984)		19,595		(75,723)		106,318
Income tax (benefit) provision	Income tax (benefit) provision		(2,720)		9,859		(12,079)		18,837	Income tax (benefit) provision		(4,558)		7,098		(16,638)		25,937
Net (loss) income	Net (loss) income	$	(28,241)	$	28,604	$	(52,659)	$	67,884	Net (loss) income	$	(6,426)	$	12,497	$	(59,085)	$	80,381
Net (loss) income per common share:	Net (loss) income per common share:									Net (loss) income per common share:								
Basic	Basic	$	(0.37)	$	0.38	$	(0.70)	$	0.92	Basic	$	(0.08)	$	0.17	$	(0.78)	$	1.08
Diluted	Diluted	$	(0.37)	$	0.37	$	(0.70)	$	0.89	Diluted	$	(0.08)	$	0.16	$	(0.78)	$	1.05

See accompanying notes to consolidated financial statements.

Owens & Minor, Inc. and Subsidiaries
Consolidated Statements of Comprehensive (Loss) Income
(unaudited)

		Three Months Ended June 30,				Six Months Ended June 30,					Three Months Ended September 30,				Nine Months Ended September 30,			
(in thousands)	*(in thousands)*		2023		2022		2023		2022	*(in thousands)*		2023		2022		2023		2022
Net (loss) income	Net (loss) income	$	(28,241)	$	28,604	$	(52,659)	$	67,884	Net (loss) income	$	(6,426)	$	12,497	$	(59,085)	$	80,381
Other comprehensive income (loss) net of tax:	Other comprehensive income (loss) net of tax:									Other comprehensive income (loss) net of tax:								
Currency translation adjustments	Currency translation adjustments		(5,167)		(18,831)		(49)		(19,618)	Currency translation adjustments		(9,891)		(19,986)		(9,940)		(39,604)
Change in unrecognized net periodic pension costs	Change in unrecognized net periodic pension costs		136		297		(11)		486	Change in unrecognized net periodic pension costs		152		288		141		774
Change in gains and losses on derivative instruments	Change in gains and losses on derivative instruments		3,299		2,764		(78)		2,764	Change in gains and losses on derivative instruments		777		9,167		699		11,931
Total other comprehensive loss, net of tax	Total other comprehensive loss, net of tax		(1,732)		(15,770)		(138)		(16,368)	Total other comprehensive loss, net of tax		(8,962)		(10,531)		(9,100)		(26,899)

Comprehensive (loss) income	Comprehensive (loss) income	**$ (29,973)**	$ 12,834	**$ (52,797)**	$ 51,516	Comprehensive (loss) income	**$ (15,388)**	$ 1,966	**$ (68,185)**	$ 53,482

See accompanying notes to consolidated financial statements.

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Owens & Minor, Inc. and Subsidiaries
Consolidated Balance Sheets
(unaudited)

(in thousands, except per share data)	*(in thousands, except per share data)*	**June 30, 2023**	**December 31, 2022**	*(in thousands, except per share data)*	**September 30, 2023**	**December 31, 2022**
Assets	**Assets**			**Assets**		
Current assets	**Current assets**			**Current assets**		
Cash and cash equivalents	Cash and cash equivalents	**$ 286,307**	$ 69,467	Cash and cash equivalents	**$ 215,191**	$ 69,467
Accounts receivable, net of allowances of $9,270 and $9,063		**672,511**	763,497			
Accounts receivable, net of allowances of $9,196 and $9,063				Accounts receivable, net of allowances of $9,196 and $9,063	**682,682**	763,497
Merchandise inventories	Merchandise inventories	**1,168,227**	1,333,585	Merchandise inventories	**1,084,350**	1,333,585
Other current assets	Other current assets	**135,409**	128,636	Other current assets	**148,046**	128,636
Total current assets	**Total current assets**	**2,262,454**	2,295,185	**Total current assets**	**2,130,269**	2,295,185
Property and equipment, net of accumulated depreciation of $510,394 and $450,286		**559,508**	578,269			
Property and equipment, net of accumulated depreciation of $532,399 and $450,286				Property and equipment, net of accumulated depreciation of $532,399 and $450,286	**540,419**	578,269
Operating lease assets	Operating lease assets	**292,809**	280,665	Operating lease assets	**300,264**	280,665
Goodwill	Goodwill	**1,637,149**	1,636,705	Goodwill	**1,635,010**	1,636,705
Intangible assets, net	Intangible assets, net	**403,020**	445,042	Intangible assets, net	**381,557**	445,042
Other assets, net	Other assets, net	**133,060**	150,417	Other assets, net	**136,544**	150,417
Total assets	**Total assets**	**$ 5,288,000**	$ 5,386,283	**Total assets**	**$ 5,124,063**	$ 5,386,283
Liabilities and equity	**Liabilities and equity**			**Liabilities and equity**		
Current liabilities	**Current liabilities**			**Current liabilities**		
Accounts payable	Accounts payable	**$ 1,194,173**	$ 1,147,414	Accounts payable	**$ 1,182,408**	$ 1,147,414
Accrued payroll and related liabilities	Accrued payroll and related liabilities	**92,264**	93,296	Accrued payroll and related liabilities	**106,194**	93,296
Other current liabilities	Other current liabilities	**405,204**	325,756	Other current liabilities	**443,579**	325,756
Total current liabilities	**Total current liabilities**	**1,691,641**	1,566,466	**Total current liabilities**	**1,732,181**	1,566,466
Long-term debt, excluding current portion	Long-term debt, excluding current portion	**2,309,853**	2,482,968	Long-term debt, excluding current portion	**2,113,602**	2,482,968
Operating lease liabilities, excluding current portion of $86,437 and $76,805		**214,905**	215,469			
Deferred income taxes		**55,354**	60,833			
Operating lease liabilities, excluding current portion of $85,149 and $76,805				Operating lease liabilities, excluding current portion of $85,149 and $76,805	**225,208**	215,469

Deferred income taxes, net				Deferred income taxes, net	**45,616**	60,833
Other liabilities	Other liabilities	**120,018**	114,943	Other liabilities	**120,596**	114,943
Total liabilities	**Total liabilities**	**4,391,771**	4,440,679	**Total liabilities**	**4,237,203**	4,440,679
Commitments and contingencies	**Commitments and contingencies**			**Commitments and contingencies**		
Equity	**Equity**			**Equity**		
Common stock, par value $2 per share; authorized - 200,000 shares; issued and outstanding - 76,440 shares and 76,279 shares as of June 30, 2023 and December 31, 2022		**152,880**	152,557			
Common stock, par value $2 per share; authorized - 200,000 shares; issued and outstanding - 76,499 shares and 76,279 shares as of September 30, 2023 and December 31, 2022				Common stock, par value $2 per share; authorized - 200,000 shares; issued and outstanding - 76,499 shares and 76,279 shares as of September 30, 2023 and December 31, 2022	**152,997**	152,557
Paid-in capital	Paid-in capital	**421,993**	418,894	Paid-in capital	**427,895**	418,894
Retained earnings	Retained earnings	**357,349**	410,008	Retained earnings	**350,923**	410,008
Accumulated other comprehensive loss	Accumulated other comprehensive loss	**(35,993)**	(35,855)	Accumulated other comprehensive loss	**(44,955)**	(35,855)
Total equity	**Total equity**	**896,229**	945,604	**Total equity**	**886,860**	945,604
Total liabilities and equity	**Total liabilities and equity**	**$ 5,288,000**	$ 5,386,283	**Total liabilities and equity**	**$ 5,124,063**	$ 5,386,283

See accompanying notes to consolidated financial statements.

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Owens & Minor, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(unaudited)

		Six Months Ended June 30,			**Nine Months Ended September 30,**	
(in thousands)	*(in thousands)*	**2023**	2022	*(in thousands)*	**2023**	2022
Operating activities:	**Operating activities:**			**Operating activities:**		
Net (loss) income	Net (loss) income	**$ (52,659)**	$ 67,884	Net (loss) income	**$ (59,085)**	$ 80,381
Adjustments to reconcile net (loss) income to cash provided by operating activities:	Adjustments to reconcile net (loss) income to cash provided by operating activities:			Adjustments to reconcile net (loss) income to cash provided by operating activities:		
Depreciation and amortization	Depreciation and amortization	**142,988**	97,286	Depreciation and amortization	**216,640**	155,438
Share-based compensation expense	Share-based compensation expense	**11,675**	11,210	Share-based compensation expense	**17,417**	15,765
(Benefit) provision for losses on accounts receivable	(Benefit) provision for losses on accounts receivable	**(900)**	4,512	(Benefit) provision for losses on accounts receivable	**(487)**	5,289
Loss on extinguishment of debt		**843**	—			

Gain on extinguishment of debt				Gain on extinguishment of debt	**(4,379)**	—
Deferred income tax (benefit) provision	Deferred income tax (benefit) provision	**(6,758)**	1,601	Deferred income tax (benefit) provision	**(16,315)**	2,991
Changes in operating lease right-of-use assets and lease liabilities	Changes in operating lease right-of-use assets and lease liabilities	**(3,077)**	606	Changes in operating lease right-of-use assets and lease liabilities	**(1,517)**	922
(Gain) loss on sale and dispositions of property and equipment		**(18,563)**	226			
Gain on sale and dispositions of property and equipment				Gain on sale and dispositions of property and equipment	**(26,462)**	(17,002)
Changes in operating assets and liabilities, net of acquisitions:	Changes in operating assets and liabilities, net of acquisitions:			Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	Accounts receivable	**90,203**	16,275	Accounts receivable	**77,197**	7,417
Merchandise inventories	Merchandise inventories	**165,651**	(24,438)	Merchandise inventories	**247,057**	(6,823)
Accounts payable	Accounts payable	**52,159**	12,349	Accounts payable	**46,338**	30,424
Net change in other assets and liabilities	Net change in other assets and liabilities	**82,954**	(23,945)	Net change in other assets and liabilities	**122,867**	(45,423)
Other, net	Other, net	**6,994**	5,958	Other, net	**9,674**	8,666
Cash provided by operating activities	**Cash provided by operating activities**	**471,510**	169,524	**Cash provided by operating activities**	**628,945**	238,045
Investing activities:	**Investing activities:**			**Investing activities:**		
Acquisition, net of cash acquired	Acquisition, net of cash acquired	**—**	(1,684,607)	Acquisition, net of cash acquired	**—**	(1,684,607)
Additions to property and equipment	Additions to property and equipment	**(92,750)**	(62,236)	Additions to property and equipment	**(140,478)**	(109,275)
Additions to computer software	Additions to computer software	**(8,229)**	(3,463)	Additions to computer software	**(11,089)**	(5,873)
Proceeds from sale of property and equipment	Proceeds from sale of property and equipment	**35,729**	5,846	Proceeds from sale of property and equipment	**53,645**	29,720
Other, net	Other, net	**(418)**	(839)	Other, net	**(418)**	(1,670)
Cash used for investing activities	**Cash used for investing activities**	**(65,668)**	(1,745,299)	**Cash used for investing activities**	**(98,340)**	(1,771,705)
Financing activities:	**Financing activities:**			**Financing activities:**		
Borrowings under amended Receivables Financing Agreement	Borrowings under amended Receivables Financing Agreement	**348,200**	347,800	Borrowings under amended Receivables Financing Agreement	**476,000**	697,700
Repayments under amended Receivables Financing Agreement	Repayments under amended Receivables Financing Agreement	**(444,200)**	(402,800)	Repayments under amended Receivables Financing Agreement	**(572,000)**	(770,700)
Repayments of debt	Repayments of debt	**(78,301)**	(1,500)	Repayments of debt	**(270,189)**	(3,000)
Proceeds from issuance of debt	Proceeds from issuance of debt	**—**	1,691,000	Proceeds from issuance of debt	**—**	1,691,000
Borrowings under revolving credit facility, net and Receivables Financing Agreement	Borrowings under revolving credit facility, net and Receivables Financing Agreement	**—**	30,000	Borrowings under revolving credit facility, net and Receivables Financing Agreement	**—**	30,000

Financing costs paid	Financing costs paid	—	(41,479)	Financing costs paid	—	(42,602)
Other, net	Other, net	**(8,819)**	(42,388)	Other, net	**74**	(41,813)
Cash (used for) provided by financing activities	**Cash (used for) provided by financing activities**	**(183,120)**	1,580,633	**Cash (used for) provided by financing activities**	**(366,115)**	1,560,585
Effect of exchange rate changes on cash, cash equivalents and restricted cash	**Effect of exchange rate changes on cash, cash equivalents and restricted cash**	**196**	(3,864)	**Effect of exchange rate changes on cash, cash equivalents and restricted cash**	**(515)**	(5,752)
Net increase in cash, cash equivalents and restricted cash	**Net increase in cash, cash equivalents and restricted cash**	**222,918**	994	**Net increase in cash, cash equivalents and restricted cash**	**163,975**	21,173
Cash, cash equivalents and restricted cash at beginning of period	**Cash, cash equivalents and restricted cash at beginning of period**	**86,185**	72,035	**Cash, cash equivalents and restricted cash at beginning of period**	**86,185**	72,035
Cash, cash equivalents and restricted cash at end of period	**Cash, cash equivalents and restricted cash at end of period**	**$ 309,103**	$ 73,029	**Cash, cash equivalents and restricted cash at end of period**	**$ 250,160**	$ 93,208
Supplemental disclosure of cash flow information:	**Supplemental disclosure of cash flow information:**			**Supplemental disclosure of cash flow information:**		
Income taxes (received) paid, net	Income taxes (received) paid, net	**$ (10,506)**	$ 25,782	Income taxes (received) paid, net	**$ (6,798)**	$ 33,568
Interest paid	Interest paid	**$ 78,625**	$ 32,417	Interest paid	**$ 101,079**	$ 61,889
Noncash investing activity:	**Noncash investing activity:**			**Noncash investing activity:**		
Unpaid purchases of property and equipment and computer software at end of period	Unpaid purchases of property and equipment and computer software at end of period	**$ 65,808**	$ 56,429	Unpaid purchases of property and equipment and computer software at end of period	**$ 60,870**	$ 63,158

See accompanying notes to consolidated financial statements.

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Owens & Minor, Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
(unaudited)

(in thousands, except per share data)	*(in thousands, except per share data)*	**Common Shares Outstanding**	**Common Stock ($2 par value)**	**Paid-In Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Total Equity**	*(in thousands, except per share data)*	**Common Shares Outstanding**	**Common Stock ($2 par value)**	**Paid-In Capital**	**Retained Earnings**	**Accumula Other Comprehensi**
Balance, December 31, 2022	Balance, December 31, 2022	76,279	$152,557	$418,894	$410,008	$ (35,855)	$945,604	Balance, December 31, 2022	76,279	$152,557	$418,894	$410,008	$ (
Net loss	Net loss	—	—	—	(24,418)	—	(24,418)	Net loss	—	—	—	(24,418)	
Other comprehensive income	Other comprehensive income	—	—	—	—	1,594	1,594	Other comprehensive income	—	—	—	—	
Share-based compensation expense, exercises and other	Share-based compensation expense, exercises and other	(83)	(166)	1,786	—	—	1,620	Share-based compensation expense, exercises and other	(83)	(166)	1,786	—	

Balance, March 31, 2023	Balance, March 31, 2023	76,196	152,391	420,680	385,590		(34,261)	924,400	Balance, March 31, 2023	76,196	152,391	420,680	385,590		(
Net loss	Net loss	—	—	—	(28,241)		—	(28,241)	Net loss	—	—	—	(28,241)		
Other comprehensive loss	Other comprehensive loss	—	—	—	—		(1,732)	(1,732)	Other comprehensive loss	—	—	—	—		
Share-based compensation expense, exercises and other	Share-based compensation expense, exercises and other	244	489	1,313	—		—	1,802	Share-based compensation expense, exercises and other	244	489	1,313	—		
Balance, June 30, 2023	**Balance, June 30, 2023**	**76,440**	**$152,880**	**$421,993**	**$357,349**	**$**	**(35,993)**	**$896,229**	Balance, June 30, 2023	76,440	152,880	421,993	357,349		(
Net loss									Net loss	—	—	—	(6,426)		
Other comprehensive loss									Other comprehensive loss	—	—	—	—		
Share-based compensation expense, exercises and other									Share-based compensation expense, exercises and other	59	117	5,902	—		
Balance, September 30, 2023									**Balance, September 30, 2023**	**76,499**	**$152,997**	**$427,895**	**$350,923**	**$**	**(**
Balance, December 31, 2021	Balance, December 31, 2021	75,433	$150,865	$440,608	$387,619	$	(40,591)	$938,501	Balance, December 31, 2021	75,433	$150,865	$440,608	$387,619	$	(
Net income	Net income	—	—	—	39,279		—	39,279	Net income	—	—	—	39,279		
Other comprehensive loss	Other comprehensive loss	—	—	—	—		(598)	(598)	Other comprehensive loss	—	—	—	—		
Share-based compensation expense, exercises and other	Share-based compensation expense, exercises and other	653	1,307	(30,867)	—		—	(29,560)	Share-based compensation expense, exercises and other	653	1,307	(30,867)	—		
Balance, March 31, 2022	Balance, March 31, 2022	76,086	152,172	409,741	426,898		(41,189)	947,622	Balance, March 31, 2022	76,086	152,172	409,741	426,898		(
Net income	Net income	—	—	—	28,604		—	28,604	Net income	—	—	—	28,604		
Other comprehensive loss	Other comprehensive loss	—	—	—	—		(15,770)	(15,770)	Other comprehensive loss	—	—	—	—		(
Share-based compensation expense, exercises and other	Share-based compensation expense, exercises and other	85	171	(1,968)	—		—	(1,797)	Share-based compensation expense, exercises and other	85	171	(1,968)	—		
Balance, June 30, 2022	Balance, June 30, 2022	76,171	$152,343	$407,773	$455,502	$	(56,959)	$958,659	Balance, June 30, 2022	76,171	152,343	407,773	455,502		(
Net income									Net income	—	—	—	12,497		
Other comprehensive loss									Other comprehensive loss	—	—	—	—		(

Share-based compensation expense, exercises and other	Share-based compensation expense, exercises and other	46	91	6,121	—	
Balance, September 30, 2022	Balance, September 30, 2022	76,217	$152,434	$413,894	$467,999	$ (

See accompanying notes to consolidated financial statements.

Owens & Minor, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(unaudited)
(in thousands, except per share data, unless otherwise indicated)

Note 1—Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of Owens & Minor, Inc. and the subsidiaries it controls (we, us, or our) and contain all adjustments (which are comprised only of normal recurring accruals and use of estimates) necessary to conform with U.S. generally accepted accounting principles (GAAP). All significant intercompany accounts and transactions have been eliminated. The results of operations for interim periods are not necessarily indicative of the results expected for the full year.

Our We report our business has under two distinct segments: Products & Healthcare Services and Patient Direct. The Products & Healthcare Services provides segment includes our United States distribution division (Medical Distribution), outsourced logistics and value-added services, and Global Products division which manufactures and sources medical surgical products through our production and kitting operations. The Patient Direct expands segment includes our business along the continuum of care through delivery of disposable medical supplies sold directly to patients and home health agencies and is a leading provider of integrated home healthcare equipment divisions (Byram and related services in the United States. Apria).

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires us to make assumptions and estimates that affect reported amounts and related disclosures. Actual results may differ from these estimates.

Cash, Cash Equivalents and Restricted Cash

Cash, cash equivalents and restricted cash includes cash and marketable securities with an original maturity or maturity at acquisition of three months or less. Cash, cash equivalents and restricted cash are stated at cost. Nearly all of our cash, cash equivalents and restricted cash are held in cash depository accounts in major banks in North America, Europe, and Asia. Cash that is held by a major bank and has restrictions on its availability to us is classified as restricted cash. Restricted cash as of June 30, 2023 September 30, 2023 and December 31, 2022 primarily represents includes cash held in an escrow account as required by the Centers for Medicare & Medicaid Services in conjunction with the Bundled Payments for Care Improvement initiatives related to wind-down costs of Fusion5. Restricted cash as of June 30, 2023 September 30, 2023 also includes $6.4 $18.6 million of cash deposits received subject to limitations on use until remitted to a third-party financial institution (the Purchaser), pursuant to the Master Receivables Purchase Agreement (RPA).

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the accompanying consolidated balance sheets that sum to the total of those same amounts presented in the accompanying consolidated statements of cash flows.

		June 30, 2023	December 31, 2022		**September 30, 2023**	December 31, 2022
Cash and cash equivalents	Cash and cash equivalents	**$ 286,307**	$ 69,467	Cash and cash equivalents	**$ 215,191**	$ 69,467
Restricted cash included in Other current assets	Restricted cash included in Other current assets	**22,796**	—	Restricted cash included in Other current assets	**34,969**	—
Restricted cash included in Other assets, net	Restricted cash included in Other assets, net	—	16,718	Restricted cash included in Other assets, net	—	16,718
Total cash, cash equivalents, and restricted cash	Total cash, cash equivalents, and restricted cash	**$ 309,103**	$ 86,185	Total cash, cash equivalents, and restricted cash	**$ 250,160**	$ 86,185

Rental Revenue

Within our Patient Direct segment, revenues are recognized under fee-for-service arrangements for equipment we rent to patients and sales of equipment, supplies and other items we sell to patients. Revenue that is generated from equipment that we rent to patients is primarily recognized over the noncancelable rental period, typically one month, and commences on delivery of the equipment to the patients. Revenues are recorded at amounts estimated to be received under reimbursement arrangements with third-party payors, including private insurers, prepaid health plans, Medicare, Medicaid and patients. Rental revenue, revenue, less estimated adjustments, adjustments, is recognized as earned on a straight-line basis over the noncancellable lease term. We recorded $175 $158 million and $144 $148 million for the three months ended June 30, 2023 September 30, 2023 and 2022 and $346 $504 million and $151 $299 million for the six nine months ended June 30, 2023 September 30, 2023 and 2022 in revenue related to equipment we rent to patients.

Sales of Accounts Receivable

On March 14, 2023, we entered into the RPA, pursuant to which accounts receivable with an aggregate outstanding amount not to exceed $200 million are sold, on a limited-recourse basis, to the Purchaser in exchange for cash. As of June 30, 2023 September 30, 2023, there were a total of $115 $89.1 million of uncollected accounts receivable that had been sold and removed from our consolidated balance sheet. We account for these transactions as sales in accordance with ASC 860, Transfers and Servicing, with the sold receivables removed from our consolidated balance sheets. Under the RPA, we provide certain servicing and collection actions on behalf of the Purchaser; however, we do not maintain any beneficial interest in the accounts receivable sold. The RPA is separate and distinct from the accounts receivable securitization program (the Receivables Financing Agreement).

Proceeds from the sale of accounts receivable are recorded as an increase to cash and cash equivalents and a reduction to accounts receivable, net of allowances in the consolidated balance sheets. Cash received from the sale of accounts receivable, net of payments made to the Purchaser, is reflected as in the change in accounts receivable within cash provided by operating activities in the consolidated statements of cash flows. Total accounts receivable sold under the RPA were $412 $482 million and $894 million for the three and six nine months ended June 30, 2023 September 30, 2023. During the three and six nine months ended June 30, 2023 September 30, 2023, we received net cash proceeds of $409 $478 million and $888 million from the sale of accounts receivable under the RPA and collected $297 $508 million and $805 million of the sold accounts receivable. The losses on sale of accounts receivable inclusive of professional fees incurred to establish the agreement, are recorded in other operating expense (income), net in the consolidated statements of operations were $2.9 $3.5 million and $3.6 $7.1 million for the three and six nine months ended June 30, 2023 September 30, 2023. The RPA is separate and distinct from the accounts receivable securitization program (the Receivables Financing Agreement).

Note 2—Fair Value

Fair value is determined based on assumptions that a market participant would use in pricing an asset or liability. The assumptions used are in accordance with a three-tier hierarchy, defined by GAAP, that draws a distinction between market participant assumptions based on (i) observable inputs such as quoted prices in active markets (Level 1), (ii) inputs other than quoted prices in active markets that are observable either directly or indirectly (Level 2) and (iii) unobservable inputs that require the use of present value and other valuation techniques in the determination of fair value (Level 3).

The carrying amounts of cash and cash equivalents, restricted cash, accounts receivable, accounts payable, and accrued payroll and related liabilities reported in the consolidated balance sheets approximate fair value due to the short-term nature of these instruments. The fair value of debt is estimated based on quoted market prices or dealer quotes for the identical liability when traded as an asset in an active market (Level 1) or, if quoted market prices or dealer quotes are not available, on the borrowing rates currently available for loans with similar terms, credit ratings, and average remaining maturities (Level 2). See Note 6 for the fair value of debt. The fair value of our derivative contracts is determined based on the present value of expected future cash flows considering the risks involved, including non-performance risk, and using discount rates appropriate for the respective maturities. Observable Level 2 inputs are used to determine the present value of expected future cash flows. See Note 8 for the fair value of derivatives.

Our acquisitions may include contingent consideration as part of the purchase price. The fair value of contingent consideration is estimated as of the acquisition date and at the end of each subsequent reporting period based on the present value of the contingent payments to be made using a weighted probability of possible payments (Level 3). Subsequent changes in fair value are recorded as adjustments to acquisition-related charges and intangible amortization within the consolidated statements of operations.

Note 3—Acquisition

On March 29, 2022 (the Acquisition Date), we completed the acquisition (the Apria Acquisition) of 100% of Apria Inc. (Apria) pursuant to the Agreement and Plan of Merger dated January 7, 2022, in exchange for approximately $1.7 billion, net of $144 million of cash acquired. The purchase was funded with a combination of debt and cash on hand. Apria is a leading provider of integrated home healthcare equipment and related services in the United States. This division is reported as part of the Patient Direct segment.

The following table presents the final fair value of the assets acquired and liabilities assumed recognized as of the Acquisition Date. The fair value and useful lives of tangible and intangible assets acquired were determined based on various valuation methods, including the income and cost approach, using several significant unobservable inputs including, but not limited to projected cash flows and a discount rate. These inputs are considered Level 3 inputs.

		Fair Value as of Acquisition Date
Assets acquired:		
Current assets	$	139,560
Goodwill		1,251,347
Intangible assets		315,300
Other non-current assets		354,237
Total assets	$	2,060,444
Liabilities assumed:		
Current liabilities	$	247,276
Noncurrent liabilities		128,561
Total liabilities		375,837
Fair value of net assets acquired, net of cash	$	1,684,607

Current assets acquired include $88.7 million in fair value of receivables, which reflects the approximate amount contractually owed. We are amortizing the fair value of acquired intangible assets, primarily customer relationships, including payor and capitated relationships, and trade names over their estimated weighted average useful lives of one to 15 years.

Goodwill of $1.3 billion, which we assigned to our Patient Direct segment, consists largely of expected opportunities to expand into new markets and further develop a presence in the home healthcare business. Approximately $33 million of the goodwill is deductible for income tax purposes.

The following table provides pro forma results of net revenue and net loss for the three and six nine months ended June 30, 2022 September 30, 2022 as if Apria was acquired on January 1, 2022, based on the final purchase price allocation. The pro forma results below are not necessarily indicative of the results that would have been if the acquisition had occurred on the dates indicated, nor are the pro forma results indicative of results which may occur in the future.

		Three Months Ended June 30, 2022		Six Months Ended June 30, 2022			Three Months Ended September 30, 2022		Nine Months Ended September 30, 2022	
Net revenue	Net revenue	$	2,500,015	$	5,184,080	Net revenue	$	2,497,401	$	7,681,481
Net income (loss)	Net income (loss)	$	34,408	$	(44,454)	Net income (loss)	$	6,422	$	(38,031)

Pro forma net income of $34.4 $6.4 million for the three months ended June 30, 2022 September 30, 2022 includes a pro forma adjustment for amortization of intangible assets of $6.1 million, net of tax of ($5.8) million. tax. Pro forma net loss of $44.5 $38.0 million for the six nine months ended June 30, 2022 September 30, 2022 includes pro forma adjustments for interest expense of $15.4 million, net of tax and amortization of intangible assets of $9.1 million, net of tax of $3.1 million. tax. The pro forma net loss also includes $39.4 million in seller transaction expenses and stock compensation expense associated with $108 million owed to the holders of Apria stock awards in connection with the Apria Acquisition.

Acquisition-related charges within acquisition-related charges and intangible amortization presented in our consolidated statements of operations were $1.3 $9.4 million and $6.4 $6.9 million for the three months ended June 30, 2023 September 30, 2023 and 2022 and $2.5 $11.9 million and $38.3 $45.2 million for the six nine months ended June 30, 2023 September 30, 2023 and 2022.

Note 4—Goodwill and Intangible Assets

The following table summarizes the goodwill balances by segment and the changes in the carrying amount of goodwill through June 30, 2023 September 30, 2023:

		Patient Direct		Products & Healthcare Services		Consolidated		Patient Direct		Products & Healthcare Services		Consolidated
Carrying amount of goodwill, December 31, 2022	Carrying amount of goodwill, December 31, 2022	$ 1,533,670	$	103,035	$	1,636,705	Carrying amount of goodwill, December 31, 2022	$ 1,533,670	$	103,035	$	1,636,705
Acquisition adjustment	Acquisition adjustment	1,582		—		1,582	Acquisition adjustment	1,582		—		1,582

Currency translation adjustments	Currency translation adjustments	—	(1,138)	(1,138)	Currency translation adjustments	—	(3,277)	(3,277)
Carrying amount of goodwill, June 30, 2023		**$ 1,535,252**	**$ 101,897**	**$ 1,637,149**				
Carrying amount of goodwill, September 30, 2023					**Carrying amount of goodwill, September 30, 2023**	**$ 1,535,252**	**$ 99,758**	**$ 1,635,010**

As compared to the date of the most recent annual goodwill impairment test performed as of October 1, 2022, the fair value of our Global Products and Apria reporting units have been adversely impacted by unfavorable industry and macroeconomic conditions, including higher interest rates, inflation, pricing pressures and lower demand for certain product categories. Adverse changes in these and other factors could result in future goodwill impairment.

Intangible assets subject to amortization at June 30, 2023 September 30, 2023 and December 31, 2022 were as follows:

		June 30, 2023			December 31, 2022				**September 30, 2023**			December	
		Customer Relationships	**Tradenames**	**Other Intangibles**	Customer Relationships	Tradenames	Other Intangibles		**Customer Relationships**	**Tradenames**	**Other Intangibles**	Customer Relationships	Trade
Gross intangible assets	Gross intangible assets	**$ 446,344**	**$ 202,000**	**$ 73,184**	$ 447,107	$ 202,000	$ 73,181	Gross intangible assets	**$ 444,943**	**$ 202,000**	**$ 73,180**	$ 447,107	$ 20
Accumulated amortization	Accumulated amortization	**(224,154)**	**(59,874)**	**(34,480)**	(197,540)	(50,094)	(29,612)	Accumulated amortization	**(236,421)**	**(64,765)**	**(37,380)**	(197,540)	(5
Net intangible assets	Net intangible assets	**$ 222,190**	**$ 142,126**	**$ 38,704**	$ 249,567	$ 151,906	$ 43,569	Net intangible assets	**$ 208,522**	**$ 137,235**	**$ 35,800**	$ 249,567	$ 15
Weighted average useful life	Weighted average useful life	**13 years**	**10 years**	**6 years**	13 years	10 years	6 years	Weighted average useful life	**13 years**	**10 years**	**6 years**	13 years	10

At June 30, 2023 September 30, 2023 and December 31, 2022, $279 $265 million and $308 million in net intangible assets were held in the Patient Direct segment and $124 $117 million and $137 million were held in the Products & Healthcare Services segment. Amortization expense for intangible assets was $20.9 $20.8 million and $30.9 $14.3 million for the three months ended June 30, 2023 September 30, 2023 and 2022 and $41.8 $62.7 million and $41.2 $55.5 million for the six nine months ended June 30, 2023 September 30, 2023 and 2022.

As of June 30, 2023 September 30, 2023, based on the current carrying value of intangible assets subject to amortization, estimated amortization expense were as follows:

<u>**Year**</u>	<u>**Year**</u>			<u>**Year**</u>		
2023 (remainder)	2023 (remainder)	$	41,489	2023 (remainder)	$	20,456
2024	2024		65,285	2024		64,569
2025	2025		55,157	2025		54,441
2026	2026		53,721	2026		50,088
2027	2027		46,878	2027		41,787
2028	2028		28,867	2028		32,039

Note 5—Exit and Realignment Costs

We periodically incur exit and realignment and other charges associated with optimizing our operations which includes the consolidation of certain facilities, and IT restructuring charges. charges, and other strategic actions. These charges also include costs associated with our Operating Model Realignment Program, which include professional fees, severance and other costs to streamline functions and processes.

Exit and realignment charges were $29.0 million $30.2 million and $1.2 $2.0 million for the three months ended June 30, 2023 September 30, 2023 and 2022 and $44.6 million $74.8 million and $2.9 $4.9 million for six the nine months ended June 30, 2023 September 30, 2023 and 2022. These amounts are excluded from our segments segments' operating income.

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We expect material additional costs have incurred $27.8 million and $70.6 million in 2023 associated with the charges under our Operating Model Realignment Program and IT restructuring charges.

charges for the three and nine months ended September 30, 2023, which are included in the total exit and realignment charges above. We expect to incur additional material costs relating to our Operating Model Realignment Program and IT restructuring charges, which we are not able to reasonably estimate.

The following table summarizes the activity related to exit and realignment cost accruals through June 30, 2023 September 30, 2023 and 2022:

		Total
Accrued exit and realignment costs, December 31, 2022	$	969
Provision for exit and realignment activities:		
Severance		4,127
Professional fees		9,012
Vendor contract and lease termination costs		1,824
Other		711
Cash payments		(5,546)
Accrued exit and realignment costs, March 31, 2023		11,097
Provision for exit and realignment activities:		
Severance		505
Professional fees		22,953
Vendor contract and lease termination costs		1,707
Other		3,798
Cash payments		(20,196)
Accrued exit and realignment costs, June 30, 2023		19,864
Provision for exit and realignment activities:		
Severance		2,361
Professional fees		16,800
Vendor contract and lease termination costs		4,300
Other		5,420
Cash payments		(26,311)
Accrued exit and realignment costs, September 30, 2023	**$**	**19,864 22,434**
Accrued exit and realignment costs, December 31, 2021	$	8,306
Provision for exit and realignment activities:		
Severance		811
Other		871
Cash payments		(6,903)
Accrued exit and realignment costs, March 31, 2022		3,085
Provision for exit and realignment activities:		
Severance		246
Other		968
Cash payments		(3,477)
Accrued exit and realignment costs, June 30, 2022		$822
Provision for exit and realignment activities:		
Other		1,251
Cash payments		(1,693)
Accrued exit and realignment costs, September 30, 2022	$	380

In addition to the exit and realignment accruals in the preceding table, we also incurred $1.3 million of costs that were expensed as incurred for the three and nine months ended September 30, 2023, which primarily related to charges associated with a lease termination. We incurred $0.7 million of costs that were expensed as incurred for the three and nine months ended September 30, 2022, which related to an increase in reserves associated with certain retained assets of Fusion5.

Note 6—Debt

Debt, net of unamortized deferred financing costs, consists of the following:

		June 30, 2023		December 31, 2022			**September 30, 2023**		December 31, 2022	
		Carrying Amount	**Estimated Fair Value**	Carrying Amount	Estimated Fair Value		**Carrying Amount**	**Estimated Fair Value**	Carrying Amount	Estimated Fair Value
4.375% Senior Notes, due December 2024	4.375% Senior Notes, due December 2024	**$ 245,659**	**$ 240,032**	$ 245,510	$ 237,772	4.375% Senior Notes, due December 2024	**$ 172,057**	**$ 167,658**	$ 245,510	$ 237,772
Receivables Securitization Program	Receivables Securitization Program	**—**	**—**	93,142	96,000	Receivables Securitization Program	**—**	**—**	93,142	96,000
Term Loan A	Term Loan A	**454,349**	**452,060**	490,816	485,000	Term Loan A	**414,829**	**415,984**	490,816	485,000
4.500% Senior Notes, due March 2029	4.500% Senior Notes, due March 2029	**492,703**	**417,752**	492,762	396,625	4.500% Senior Notes, due March 2029	**472,576**	**393,219**	492,762	396,625
Term Loan B	Term Loan B	**546,014**	**563,203**	576,587	597,733	Term Loan B	**523,411**	**537,827**	576,587	597,733
6.625% Senior Notes, due April 2030	6.625% Senior Notes, due April 2030	**579,023**	**538,085**	585,180	516,060	6.625% Senior Notes, due April 2030	**539,943**	**491,570**	585,180	516,060
Finance leases and other	Finance leases and other	**16,508**	**16,508**	16,877	16,877	Finance leases and other	**23,221**	**23,221**	16,877	16,877
Total debt	Total debt	**2,334,256**	**2,227,640**	2,500,874	2,346,067	Total debt	**2,146,037**	**2,029,479**	2,500,874	2,346,067
Less current maturities	Less current maturities	**(24,403)**	**(24,403)**	(17,906)	(17,906)	Less current maturities	**(32,435)**	**(32,435)**	(17,906)	(17,906)
Long-term debt	Long-term debt	**$ 2,309,853**	**$ 2,203,237**	$ 2,482,968	$ 2,328,161	Long-term debt	**$ 2,113,602**	**$ 1,997,044**	$ 2,482,968	$ 2,328,161

We have $246 $172 million of 4.375% senior notes due in December 2024 (the 2024 Notes), with interest payable semi-annually. The 2024 Notes were sold at 99.6% of the principal amount with an effective yield of 4.422%. We have the option to redeem the 2024 Notes in part or in whole prior to maturity at a redemption price equal to the greater of 100% of the principal amount or the present value of the remaining scheduled payments discounted at the applicable Benchmark Treasury Rate (as defined) plus 30 basis points. We used $72.7 million of cash to repurchase $73.8 million aggregate principal of the 2024 Notes during the first nine months of 2023.

On March 29, 2022, we entered into a Security Agreement Supplement supplement pursuant to which the Security and Pledge Agreement (the Security Agreement), dated March 10, 2021 was supplemented to grant collateral on behalf of the holders of the 2024 Notes, and the parties secured under the credit agreements (the Secured Parties) including first priority liens and security interests in (a) all present and future shares of capital stock owned by the Grantors (as defined in the Security Agreement) in the Grantors' present and future subsidiaries, subject to certain customary exceptions, and (b) all present and future personal property and assets of the Grantors, subject to certain exceptions.

On March 29, 2022, we entered into an amendment to our Receivables Financing Agreement. The amended Receivables Financing Agreement has a maximum borrowing capacity of $450 million. The interest rate under the Receivables Financing Agreement is based on a spread over a benchmark SOFR rate (as described in the Fourth Amendment to the Receivables Financing Agreement, as further amended by the Fifth Amendment to the Receivables Financing Agreement). Under the Receivables Financing Agreement, certain of our accounts receivable balances are sold to our wholly owned special purpose entity, O&M Funding LLC. The Receivables Financing Agreement matures in March 2025.

We had no borrowings at June 30, 2023 September 30, 2023 and $96.0 million outstanding at December 31, 2022 under our amended Receivables Financing Agreement. At June 30, 2023 September 30, 2023 and December 31, 2022, we had maximum revolving borrowing capacity of $450 million and $354 million under our amended Receivables Financing Agreement.

On March 29, 2022, we entered into a term loan credit agreement with an administrative agent and collateral agent and a syndicate of financial institutions, as lenders (the Credit Agreement) that provides for two new credit facilities (i) a $500 million Term Loan A facility (the Term Loan A), and (ii) a $600 million Term Loan B facility (the Term Loan B). The interest rate on the Term Loan A is based on the sum of either Term SOFR or the Base Rate and an Applicable Rate which varies depending on the current Debt Ratings or Total Leverage Ratio, determined as to whichever shall result in more favorable pricing to the Borrowers (each as defined in the Credit Agreement). The interest rate on the Term Loan B is based on either the Term SOFR or the Base Rate plus an Applicable Rate. The Term Loan A will mature in March 2027 and the Term Loan B will mature in March 2029. In addition to our scheduled principal payments of $3.1 $6.3 million on the Term Loan A and $3.0 $4.5 million on the Term Loan B, we made unscheduled principal payments of $35 $72.5 million on Term Loan A and $30 $52.5 million on Term Loan B during the sixnine months ended June 30, 2023 September 30, 2023.

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On March 10, 2021, we issued $500 million of 4.500% senior unsecured notes due in March 2029 (the 2029 Unsecured Notes), with interest payable semi-annually (the Notes Offering). The 2029 Unsecured Notes were sold at 100% of the principal amount with an effective yield of 4.500%. We may redeem all or part of the 2029 Unsecured Notes prior to March 31, 2024, at a price equal to 100% of the principal amount of the 2029 Unsecured Notes redeemed, plus accrued and unpaid interest, if any, to, but not including, the redemption date, plus a "make-whole" premium, as described in the Indenture dated March 10, 2021 (the Indenture). On or after March 31, 2024, we may redeem all or part of the 2029 Unsecured Notes at the

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applicable redemption prices described in the Indenture, plus accrued and unpaid interest, if any, to, but not including, the redemption date. We may also redeem up to 40% of the aggregate principal amount of the 2029 Unsecured Notes at any time prior to March 31, 2024, at a redemption price equal to 104.5% with an amount equal to or less than the net cash proceeds from certain equity offerings, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. We used $18.2 million of cash to repurchase $21.3 million aggregate principal of the 2029 Unsecured Notes during the first nine months of 2023.

On March 29, 2022, we completed the sale of $600 million in aggregate principal amount of our 6.625% senior notes due in April 2030 (the 2030 Unsecured Notes), with interest payable semi-annually. The 2030 Unsecured Notes were sold at 100% of the principal amount with an effective yield of 6.625%. We may redeem all or part of the 2030 Unsecured Notes, prior to April 1, 2025, at a price equal to 100% of the principal amount of the 2030 Unsecured Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, plus a "make-whole" premium, as described in the Indenture dated March 29, 2022 (the New Indenture). From and after April 1, 2025, we may redeem all or part of the 2030 Unsecured Notes at the applicable redemption prices described in the New Indenture, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. We may also redeem up to 40% of the aggregate principal amount of the 2030 Unsecured Notes at any time prior to April 1, 2025, at a redemption price equal to 106.625% with an amount equal to or less than the net cash proceeds from certain equity offerings, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. We used $43.5 million of cash to repurchase $47.8 million aggregate principal of the 2030 Unsecured Notes during the first nine months of 2023.

The 2029 Unsecured Notes and the 2030 Unsecured Notes are subordinated to any of our secured indebtedness, including indebtedness under our credit agreements.

On March 29, 2022, we entered into an amendment to our revolving credit agreement, dated as of March 10, 2021 with an administrative agent and collateral agent and a syndicate of financial institutions, as lenders (Revolving Credit Agreement). The amendment (i) increased the aggregate revolving credit commitments under the Revolving Credit Agreement by $150 million, to an aggregate amount of $450 million and (ii) replaced the Eurocurrency Rate with the Adjusted Term SOFR Rate (each as defined in the Revolving Credit Agreement). The Revolving Credit Agreement matures in March 2027.

At June 30, 2023 September 30, 2023 and December 31, 2022, our Revolving Credit Agreement was undrawn, and we had letters of credit, which reduce Revolver revolver availability, totaling $27.4 million and $27.9 million, leaving $423 million and $422 million available for borrowing. We also had letters of credit and bank guarantees which support certain leased facilities as well as other normal business activities in the United States and Europe that were issued outside of the Revolving Credit Agreement for $2.1 $2.9 million and $2.3 million as of June 30, 2023 September 30, 2023 and December 31, 2022.

The Revolving Credit Agreement, the Credit Agreement, the Receivables Financing Agreement, the 2024 Notes, the 2029 Unsecured Notes, and the 2030 Unsecured Notes contain cross-default provisions which could result in the acceleration of payments due in the event of default of any of the related agreements. The terms of the applicable credit agreements also require us to maintain ratios for leverage and interest coverage, including on a pro forma basis in the event of an acquisition or divestiture. We were in compliance with our debt covenants at June 30, 2023 September 30, 2023.

As of June 30, 2023 September 30, 2023, scheduled future principal payments of debt, excluding finance leases and other, were as follows:

Year	**Year**			**Year**		
2023 (remainder)	2023 (remainder)	$	9,250	2023 (remainder)	$	4,625
2024	2024		273,855	2024		200,097
2025	2025		40,375	2025		40,375
2026	2026		43,500	2026		43,500
2027	2027		367,875	2027		330,375
2028	2028		6,000	2028		6,000
2029	2029		1,028,845	2029		985,654
2030	2030		592,670	2030		552,189

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Of the $274 $200 million due in 2024, $254 $180 million is due in December 2024. Current maturities at June 30, 2023 September 30, 2023 include $15.6 $18.8 million in principal payments on our Term Loan A, $6.0 million in principal payments on our Term Loan B, and $2.8 $7.7 million in current portion of finance leases. leases and other.

Note 7—Retirement Plans

We have a frozen noncontributory, unfunded retirement plan for certain retirees in the United States (U.S. Retirement Plan). As of June 30, 2023 September 30, 2023 and December 31, 2022, the accumulated benefit obligation of the U.S. Retirement Plan was $38.5 $38.2 million and $39.3 million. Certain of our foreign subsidiaries also have defined benefit pension plans covering substantially all of their respective teammates.

The components of net periodic benefit cost for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022 were as follows:

		Three Months Ended June 30,		Six Months Ended June 30,			Three Septer
		2023	2022	**2023**	2022		**2023**
Service cost	Service cost	**$ 446**	$ 617	**$ 887**	$ 1,250	Service cost	**$ 429**
Interest cost	Interest cost	**714**	519	**1,423**	1,042	Interest cost	**705**
Recognized net actuarial loss	Recognized net actuarial loss	**123**	267	**246**	534	Recognized net actuarial loss	**124**
Net periodic benefit cost	Net periodic benefit cost	**$ 1,283**	$ 1,403	**$ 2,556**	$ 2,826	Net periodic benefit cost	**$ 1,258**

Note 8—Derivatives

We are directly and indirectly affected by changes in foreign currency, which may adversely impact our financial performance and are referred to as "market risks." When deemed appropriate, we use derivatives as a risk management tool to mitigate the potential impact of certain market risks. We do not enter into derivative financial instruments for trading purposes.

We enter into foreign currency contracts to manage our foreign exchange exposure related to certain balance sheet items that do not meet the requirements for hedge accounting. These derivative instruments are adjusted to fair value at the end of each period through earnings. The gain or loss recorded on these instruments is substantially offset by the remeasurement adjustment on the foreign currency denominated asset or liability.

We pay interest on our Credit Agreement which fluctuates based on changes in our benchmark interest rates. In order to mitigate the risk of increases in benchmark rates on our term loans, we entered into an interest rate swap agreement whereby we agree to exchange with the counterparty, at specified intervals, the difference between fixed and variable amounts calculated by reference to the notional amount. The interest rate swaps were designated as cash flow hedges. Cash flows related to the interest rate swap agreement are included in interest expense, net.

We determine the fair value of our foreign currency derivatives and interest rate swaps based on observable market-based inputs or unobservable inputs that are corroborated by market data. We do not view the fair value of our derivatives in isolation, but rather in relation to the fair values or cash flows of the underlying exposure. All derivatives are carried at fair value in our consolidated balance sheets. We consider the risk of counterparty default to be minimal. We report cash flows from our hedging instruments in the same cash flow statement category as the hedged items.

The following table summarizes the terms and fair value of our outstanding derivative financial instruments as of June 30, 2023 September 30, 2023:

			Derivative Assets		Derivative Liabilities	
	Notional Amount	Maturity Date	Classification	Fair Value	Classification	Fair Value
Cash flow hedges						
Interest rate swaps	$ 350,000	March 2027	Other assets, net	$ 15,355	Other liabilities	$ —
Economic (non-designated) hedges						
Foreign currency contracts	$ 76,916	July - August 2023	Other current assets	$ 269	Other current liabilities	$ 2

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			Derivative Assets		Derivative Liabilities	
	Notional Amount	Maturity Date	Classification	Fair Value	Classification	Fair Value
Cash flow hedges						
Interest rate swaps	$ 350,000	March 2027	Other assets, net	$ 16,406	Other liabilities	$ —
Economic (non-designated) hedges						
Foreign currency contracts	$ 78,161	October 2023	Other current assets	$ 86	Other current liabilities	$ 25

The following table summarizes the terms and fair value of our outstanding derivative financial instruments as of December 31, 2022:

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	Notional Amount	Maturity Date	Derivative Assets Classification	Derivative Assets Fair Value	Derivative Liabilities Classification	Derivative Liabilities Fair Value
Cash flow hedges						
Interest rate swaps	$ 400,000	March 2027	Other assets, net	$ 15,461	Other liabilities	$ —
Economic (non-designated) hedges						
Foreign currency contracts	$ 58,321	January 2023	Other current assets	$ 440	Other current liabilities	$ 42

The notional amount of the interest rate swaps represents the amount in effect at the end of the period. Based on contractual terms, the notional amount will decrease in increments of $50 million on the last business day of March of each year until the maturity date.

The following table summarizes the effect of cash flow hedge accounting on our consolidated statements of operations for the three and six months ended June 30, 2023:

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	Amount of Gain Recognized in Other Comprehensive Income (Loss)		Location of Gain Reclassified from Accumulated Other Comprehensive Loss into Income	Total Amount of Expense Line Items Presented in the Consolidated Statement of Operations in Which the Effects are Recorded		Amount of Gain Reclassified from Accumulated Other Comprehensive Loss into Income	
	Three months ended June 30, 2023	Six months ended June 30, 2023		Three months ended June 30, 2023	Six months ended June 30, 2023	Three months ended June 30, 2023	Six months ended June 30, 2023
Interest rate swaps	$ 6,792	$ 4,405	Interest expense, net	$ (40,728)	$ (82,926)	$ 2,335	$ 4,511

The following table summarizes the effect of cash flow hedge accounting on our consolidated statements of operations for the three and six nine months ended June 30, 2022 September 30, 2023:

	Amount of Gain Recognized in Other Comprehensive Income (Loss)		Location of Loss Reclassified from Accumulated Other Comprehensive Loss into Income	Total Amount of Expense Line Items Presented in the Consolidated Statement of Operations in Which the Effects are Recorded		Amount of Loss Reclassified from Accumulated Other Comprehensive Loss into Income	
	Three months ended June 30, 2022	Six months ended June 30, 2022		Three months ended June 30, 2022	Six months ended June 30, 2022	Three months ended June 30, 2022	Six months ended June 30, 2022
Interest rate swaps	$ 2,044	$ 2,044	Interest expense, net	$ (35,839)	$ (47,858)	$ (1,692)	$ (1,692)

	Amount of Gain Recognized in Other Comprehensive Income (Loss)		Location of Gain Reclassified from Accumulated Other Comprehensive Loss into Income	Total Amount of Expense Line Items Presented in the Consolidated Statement of Operations in Which the Effects are Recorded		Amount of Gain Reclassified from Accumulated Other Comprehensive Loss into Income	
	Three months ended September 30, 2023	Nine months ended September 30, 2023		Three months ended September 30, 2023	Nine months ended September 30, 2023	Three months ended September 30, 2023	Nine months ended September 30, 2023
Interest rate swaps	$ 3,621	$ 8,026	Interest expense, net	$ (38,127)	$ (121,053)	$ 2,569	$ 7,080

The following table summarizes the effect of cash flow hedge accounting on our consolidated statements of operations for the three and nine months ended September 30, 2022:

	Amount of Gain Recognized in Other Comprehensive Income (Loss)		Location of Loss Reclassified from Accumulated Other Comprehensive Loss into Income	Total Amount of Expense Line Items Presented in the Consolidated Statement of Operations in Which the Effects are Recorded		Amount of Loss Reclassified from Accumulated Other Comprehensive Loss into Income	
	Three months ended September 30, 2022	Nine months ended September 30, 2022		Three months ended September 30, 2022	Nine months ended September 30, 2022	Three months ended September 30, 2022	Nine months ended September 30, 2022
Interest rate swaps	$ 12,153	$ 14,197	Interest expense, net	$ (39,869)	$ (87,727)	$ (234)	$ (1,926)

The amount of ineffectiveness associated with these contracts was immaterial for the periods presented.

For the three and six nine months ended June 30, 2023 September 30, 2023, we recognized a loss losses of $0.9 $2.4 million and $3.3 million associated with our economic (non-designated) foreign currency contracts. For the three and six nine months ended June 30, 2022 September 30, 2022, we recognized losses of $1.3 $1.8 million and $1.4 $3.2 million associated with our economic (non-designated) foreign currency contracts.

We recorded the change in fair value of derivative instruments and the remeasurement adjustment of the foreign currency denominated asset or liability in other operating expense (income), net for our foreign exchange contracts.

Note 9—Income Taxes

The effective tax rate was 8.8% 41.5% and 18.7% 22.0% for the three and six nine months ended June 30, 2023 September 30, 2023, compared to 25.6% 36.2% and 21.7% 24.4% in the same periods of 2022. The change in these rates resulted primarily from changes in income and losses. losses as well as the incremental income tax benefit recorded for foreign derived intangible income (FDII) in the three and nine months ended September 30, 2023.

The liability for unrecognized tax benefits was $22.7 $22.8 million at June 30, 2023 September 30, 2023 and $22.5 million at December 31, 2022. Included in the liability at June 30, 2023 September 30, 2023 and December 31, 2022 were $2.7 million of tax positions for which ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility.

On August 26, 2020, we received a Notice of Proposed Adjustment (NOPA) from the Internal Revenue Service (IRS) regarding our 2015 and 2016 consolidated income tax returns. On June 30, 2021, we received a NOPA from the IRS regarding our 2017 and 2018 consolidated income tax returns. Within the NOPAs, the IRS has asserted that our taxable income for the aforementioned years should be higher based on their assessment of the appropriate amount of taxable income that we should report in the United States in connection with our sourcing of products by our foreign subsidiaries for sale in the United States by our domestic subsidiaries. Our amount of taxable income in the United States is based on our transfer pricing methodology, which has been consistently applied for all years subject to the NOPAs. We strongly disagree with the IRS position and will pursue all available administrative and judicial remedies, including those available under the U.S. - Ireland Income Tax Treaty to alleviate double taxation. We regularly assess the likelihood of adverse outcomes resulting from examinations such as this to determine the adequacy of our tax reserves. We believe that we have adequately reserved for this matter and that the final adjudication of this matter will not have a material impact on our consolidated financial position, results of operations or cash flows. However, the ultimate outcome of disputes of this nature is uncertain, and if the IRS were to prevail on its assertions, the additional tax, interest, and any potential penalties could have a material adverse impact on our financial position, results of operations or cash flows.

Note 10—Net (Loss) Income per Common Share

The following summarizes the calculation of net (loss) income per common share attributable to common shareholders for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022:

		Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands, except per share data)	*(in thousands, except per share data)*	**2023**	2022	**2023**	2022
Net (loss) income	Net (loss) income	**$ (28,241)**	$ 28,604	**$ (52,659)**	$ 67,884
Weighted average shares outstanding - basic	Weighted average shares outstanding - basic	**75,801**	74,710	**75,559**	74,158
Dilutive shares	Dilutive shares	**—**	1,587	**—**	2,011
Weighted average shares outstanding - diluted	Weighted average shares outstanding - diluted	**75,801**	76,297	**75,559**	76,169

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands, except per share data)	**2023**	2022	**2023**	2022
Net (loss) income	**$ (6,426)**	$ 12,497	**$ (59,085)**	$ 80,381
Weighted average shares outstanding - basic	**76,203**	74,905	**75,691**	74,376
Dilutive shares	**—**	1,510	**—**	1,835
Weighted average shares outstanding - diluted	**76,203**	76,415	**75,691**	76,211

Net (loss) income per common share:	Net (loss) income per common share:					Net (loss) income per common share:				
Basic	Basic	**$ (0.37)**	$ 0.38	**$ (0.70)**	$ 0.92	Basic	**$ (0.08)**	$ 0.17	**$ (0.78)**	$ 1.08
Diluted	Diluted	**$ (0.37)**	$ 0.37	**$ (0.70)**	$ 0.89	Diluted	**$ (0.08)**	$ 0.16	**$ (0.78)**	$ 1.05

Share-based awards for the three and six nine months ended June 30, 2023 September 30, 2023 of approximately 1.8 1.5 million and 1.7 1.6 million shares were excluded from the calculation of net loss per diluted common share as the effect would be anti-dilutive.

Note 11—Accumulated Other Comprehensive (Loss) Income

The following table shows the changes in accumulated other comprehensive (loss) income by component for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022:

	Retirement Plans	**Currency Translation Adjustments**	**Derivatives**	**Total**
Accumulated other comprehensive (loss) income, March 31, 2023	$ (7,348)	$ (34,977)	$ 8,064	$ (34,261)
Other comprehensive (loss) income before reclassifications	—	(5,167)	6,792	1,625
Income tax	—	—	(1,766)	(1,766)
Other comprehensive (loss) income before reclassifications, net of tax	—	(5,167)	5,026	(141)
Amounts reclassified from accumulated other comprehensive income (loss)	123	—	(2,335)	(2,212)
Income tax	13	—	608	621
Amounts reclassified from accumulated other comprehensive income (loss), net of tax	136	—	(1,727)	(1,591)
Other comprehensive income (loss)	136	(5,167)	3,299	(1,732)
Accumulated other comprehensive (loss) income, June 30, 2023	**$ (7,212)**	**$ (40,144)**	**$ 11,363**	**$ (35,993)**

	Retirement Plans	Currency Translation Adjustments	Derivatives	Total
Accumulated other comprehensive loss, March 31, 2022	$ (14,408)	$ (26,781)	$ —	$ (41,189)
Other comprehensive (loss) income before reclassifications	—	(18,831)	2,044	(16,787)
Income tax	—	—	(532)	(532)
Other comprehensive (loss) income before reclassifications, net of tax	—	(18,831)	1,512	(17,319)
Amounts reclassified from accumulated other comprehensive loss	386	—	1,692	2,078
Income tax	(89)	—	(440)	(529)
Amounts reclassified from accumulated other comprehensive loss, net of tax	297	—	1,252	1,549
Other comprehensive income (loss)	297	(18,831)	2,764	(15,770)
Accumulated other comprehensive (loss) income, June 30, 2022	$ (14,111)	$ (45,612)	$ 2,764	$ (56,959)

		Retirement Plans	**Currency Translation Adjustments**	**Derivatives**	**Total**		**Retirement Plans**	**Currency Translation Adjustments**	**Derivatives**	**Total**
Accumulated other comprehensive (loss) income, December 31, 2022		$ (7,201)	$ (40,095)	$ 11,441	$ (35,855)					
Accumulated other comprehensive (loss) income, June 30, 2023						Accumulated other comprehensive (loss) income, June 30, 2023	$ (7,212)	$ (40,144)	$ 11,363	$ (35,993)
Other comprehensive (loss) income before reclassifications	Other comprehensive (loss) income before reclassifications	—	(49)	4,405	4,356	Other comprehensive (loss) income before reclassifications	—	(9,891)	3,621	(6,270)

Income tax	Income tax	—	—	(1,145)	(1,145)	Income tax	—	—	(941)	(941)
Other comprehensive (loss) income before reclassifications, net of tax	Other comprehensive (loss) income before reclassifications, net of tax	—	(49)	3,260	3,211	Other comprehensive (loss) income before reclassifications, net of tax	—	(9,891)	2,680	(7,211)
Amounts reclassified from accumulated other comprehensive income (loss)		246	—	(4,511)	(4,265)					
Amounts reclassified from accumulated other comprehensive (loss) income						Amounts reclassified from accumulated other comprehensive (loss) income	124	—	(2,569)	(2,445)
Income tax	Income tax	(257)	—	1,173	916	Income tax	28	—	666	694
Amounts reclassified from accumulated other comprehensive income (loss), net of tax		(11)	—	(3,338)	(3,349)					
Other comprehensive loss		(11)	(49)	(78)	(138)					
Accumulated other comprehensive (loss) income, June 30, 2023		**$ (7,212)**	**$ (40,144)**	**$ 11,363**	**$ (35,993)**					
Amounts reclassified from accumulated other comprehensive (loss) income, net of tax						Amounts reclassified from accumulated other comprehensive (loss) income, net of tax	152	—	(1,903)	(1,751)
Other comprehensive income (loss)						Other comprehensive income (loss)	152	(9,891)	777	(8,962)
Accumulated other comprehensive (loss) income, September 30, 2023						**Accumulated other comprehensive (loss) income, September 30, 2023**	**$ (7,060)**	**$ (50,035)**	**$ 12,140**	**$ (44,955)**

		Retirement Plans	Currency Translation Adjustments	Derivatives	Total		Retirement Plans	Currency Translation Adjustments	Derivatives	Total
Accumulated other comprehensive loss, December 31, 2021		$ (14,597)	$ (25,994)	$ —	$ (40,591)					
Accumulated other comprehensive (loss) income, June 30, 2022						Accumulated other comprehensive (loss) income, June 30, 2022	$ (14,111)	$ (45,612)	$ 2,764	$ (56,959)
Other comprehensive (loss) income before reclassifications	Other comprehensive (loss) income before reclassifications	—	(19,618)	2,044	(17,574)	Other comprehensive (loss) income before reclassifications	—	(19,986)	12,153	(7,833)
Income tax	Income tax	—	—	(532)	(532)	Income tax	—	—	(3,159)	(3,159)

Other comprehensive (loss) income before reclassifications, net of tax	Other comprehensive (loss) income before reclassifications, net of tax	—	(19,618)	1,512	(18,106)	Other comprehensive (loss) income before reclassifications, net of tax	—	(19,986)	8,994	(10,992)
Amounts reclassified from accumulated other comprehensive loss		635	—	1,692	2,327					
Amounts reclassified from accumulated other comprehensive (loss) income						Amounts reclassified from accumulated other comprehensive (loss) income	374	—	234	608
Income tax	Income tax	(149)	—	(440)	(589)	Income tax	(86)	—	(61)	(147)
Amounts reclassified from accumulated other comprehensive loss, net of tax		486	—	1,252	1,738					
Other comprehensive (loss) income		486	(19,618)	2,764	(16,368)					
Accumulated other comprehensive (loss) income, June 30, 2022		$ (14,111)	$ (45,612)	$ 2,764	$ (56,959)					
Amounts reclassified from accumulated other comprehensive (loss) income, net of tax						Amounts reclassified from accumulated other comprehensive (loss) income, net of tax	288	—	173	461
Other comprehensive income (loss)						Other comprehensive income (loss)	288	(19,986)	9,167	(10,531)
Accumulated other comprehensive (loss) income, September 30, 2022						Accumulated other comprehensive (loss) income, September 30, 2022	$ (13,823)	$ (65,598)	$ 11,931	$ (67,490)

	Retirement Plans	**Currency Translation Adjustments**	**Derivatives**	**Total**
Accumulated other comprehensive (loss) income, December 31, 2022	$ (7,201)	$ (40,095)	$ 11,441	$ (35,855)
Other comprehensive (loss) income before reclassifications	—	(9,940)	8,026	(1,914)
Income tax	—	—	(2,086)	(2,086)
Other comprehensive (loss) income before reclassifications, net of tax	—	(9,940)	5,940	(4,000)
Amounts reclassified from accumulated other comprehensive (loss) income	370	—	(7,080)	(6,710)
Income tax	(229)	—	1,839	1,610
Amounts reclassified from accumulated other comprehensive (loss) income, net of tax	141	—	(5,241)	(5,100)
Other comprehensive income (loss)	141	(9,940)	699	(9,100)
Accumulated other comprehensive (loss) income, September 30, 2023	**$ (7,060)**	**$ (50,035)**	**$ 12,140**	**$ (44,955)**

	Retirement Plans	Currency Translation Adjustments	Derivatives	Total

Accumulated other comprehensive loss, December 31, 2021	$ (14,597)	$ (25,994)	$ —	$ (40,591)
Other comprehensive (loss) income before reclassifications	—	(39,604)	14,197	(25,407)
Income tax	—	—	(3,691)	(3,691)
Other comprehensive (loss) income before reclassifications, net of tax	—	(39,604)	10,506	(29,098)
Amounts reclassified from accumulated other comprehensive loss	1,009	—	1,926	2,935
Income tax	(235)	—	(501)	(736)
Amounts reclassified from accumulated other comprehensive loss, net of tax	774	—	1,425	2,199
Other comprehensive income (loss)	774	(39,604)	11,931	(26,899)
Accumulated other comprehensive (loss) income, September 30, 2022	$ (13,823)	$ (65,598)	$ 11,931	$ (67,490)

We include amounts reclassified out of accumulated other comprehensive (loss) income related to defined benefit pension plans as a component of net periodic pension cost recorded in Other expense, net.

Note 12—Segment Information

We periodically evaluate our application of accounting guidance for reportable segments and disclose information about reportable segments based on the way management organizes the enterprise for making operating decisions and assessing performance. We report our business under two segments: Products & Healthcare Services and Patient Direct. The Products & Healthcare Services segment includes our United States distribution division (Medical Distribution), outsourced logistics and value-added services, and Global Products division which manufactures and sources medical surgical products through our production and kitting operations. The Patient Direct segment includes our home healthcare divisions (Byram and Apria).

We evaluate the performance of our segments based on their operating income excluding acquisition-related charges and intangible amortization and exit and realignment charges, along with other adjustments, that, either as a result of their nature or size, would not be expected to occur as part of our normal business operations on a regular basis. Segment assets exclude inter-segment account balances as we believe their inclusion would be misleading and not meaningful.

The following tables present financial information by segment:

		Three Months Ended June 30,		**Six Months Ended June 30,**			**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
		2023	2022	**2023**	2022		**2023**	2022	**2023**	2022
Net revenue:	Net revenue:					Net revenue:				
Products & Healthcare Services	Products & Healthcare Services	**$ 1,930,723**	$ 1,927,388	**$ 3,846,212**	$ 4,061,429	Products & Healthcare Services	**$ 1,943,467**	$ 1,903,356	**$ 5,789,679**	$ 5,964,784
Patient Direct	Patient Direct	**632,503**	572,627	**1,239,863**	845,538	Patient Direct	**648,275**	594,045	**1,888,138**	1,439,584
Consolidated net revenue	Consolidated net revenue	**$ 2,563,226**	$ 2,500,015	**$ 5,086,075**	$ 4,906,967	Consolidated net revenue	**$ 2,591,742**	$ 2,497,401	**$ 7,677,817**	$ 7,404,368
Operating income:	Operating income:					Operating income:				
Products & Healthcare Services	Products & Healthcare Services	**$ 2,940**	$ 61,243	**$ 4,761**	$ 150,325	Products & Healthcare Services	**$ 19,803**	$ 23,781	**$ 24,564**	$ 174,108
Patient Direct	Patient Direct	**59,065**	52,332	**104,914**	68,125	Patient Direct	**64,435**	59,666	**169,349**	127,791
Acquisition-related charges and intangible amortization	Acquisition-related charges and intangible amortization	**(22,203)**	(37,276)	**(44,392)**	(79,410)	Acquisition-related charges and intangible amortization	**(30,217)**	(21,217)	**(74,609)**	(100,628)
Exit and realignment charges	Exit and realignment charges	**(28,963)**	(1,214)	**(44,637)**	(2,896)	Exit and realignment charges	**(30,180)**	(1,983)	**(74,817)**	(4,879)
Consolidated operating income	Consolidated operating income	**$ 10,839**	$ 75,085	**$ 20,646**	$ 136,144	Consolidated operating income	**$ 23,841**	$ 60,247	**$ 44,487**	$ 196,392
Depreciation and amortization:	Depreciation and amortization:					Depreciation and amortization:				

Products & Healthcare Services	Products & Healthcare Services	**$ 18,772**	$ 19,209	**$ 37,338**	$ 38,203	Products & Healthcare Services	**$ 20,021**	$ 19,121	**$ 57,360**	$ 57,325
Patient Direct	Patient Direct	**53,290**	53,952	**105,650**	59,083	Patient Direct	**53,631**	39,030	**159,280**	98,113
Consolidated depreciation and amortization	Consolidated depreciation and amortization	**$ 72,062**	$ 73,161	**$ 142,988**	$ 97,286	Consolidated depreciation and amortization	**$ 73,652**	$ 58,151	**$ 216,640**	$ 155,438
Capital expenditures:	Capital expenditures:					Capital expenditures:				
Products & Healthcare Services	Products & Healthcare Services	**$ 6,602**	$ 18,418	**$ 12,934**	$ 29,061	Products & Healthcare Services	**$ 5,023**	$ 9,743	**$ 17,957**	$ 38,804
Patient Direct	Patient Direct	**42,887**	36,320	**88,045**	36,638	Patient Direct	**45,565**	39,706	**133,610**	76,344
Consolidated capital expenditures	Consolidated capital expenditures	**$ 49,489**	$ 54,738	**$ 100,979**	$ 65,699	Consolidated capital expenditures	**$ 50,588**	$ 49,449	**$ 151,567**	$ 115,148

		June 30, 2023	December 31, 2022		**September 30, 2023**	December 31, 2022
Total assets:	Total assets:			Total assets:		
Products & Healthcare Services	Products & Healthcare Services	**$ 2,492,214**	$ 2,809,600	Products & Healthcare Services	**$ 2,401,332**	$ 2,809,600
Patient Direct	Patient Direct	**2,509,479**	2,507,216	Patient Direct	**2,507,540**	2,507,216
Segment assets	Segment assets	**5,001,693**	5,316,816	Segment assets	**4,908,872**	5,316,816
Cash and cash equivalents	Cash and cash equivalents	**286,307**	69,467	Cash and cash equivalents	**215,191**	69,467
Consolidated total assets	Consolidated total assets	**$ 5,288,000**	$ 5,386,283	Consolidated total assets	**$ 5,124,063**	$ 5,386,283

The following table presents net revenue by geographic area, which were attributed based on the location from which we ship products or provide services:

		Three Months Ended June 30,		**Six Months Ended June 30,**			**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
		2023	2022	**2023**	2022		**2023**	2022	**2023**	2022
Net revenue:	Net revenue:					Net revenue:				
United States	United States	**$ 2,498,536**	$ 2,376,573	**$ 4,951,472**	$ 4,638,592	United States	**$ 2,518,952**	$ 2,410,790	**$ 7,470,424**	$ 7,049,382
International	International	**64,690**	123,442	**134,603**	268,375	International	**72,790**	86,611	**207,393**	354,986
Consolidated net revenue	Consolidated net revenue	**$ 2,563,226**	$ 2,500,015	**$ 5,086,075**	$ 4,906,967	Consolidated net revenue	**$ 2,591,742**	$ 2,497,401	**$ 7,677,817**	$ 7,404,368

Note 13—Recent Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13 Financial Instruments - Credit Losses, Measurement of Credit Losses on Financial Instruments, which changes the way entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net earnings. Subsequent to the issuance of ASU No. 2016-13, the FASB issued various ASUs related to Credit Losses, Measurement of Credit Losses on Financial Instruments. These ASUs do not change the core principle of the guidance in ASU No. 2016-13. Instead these amendments are intended to clarify and improve operability of certain topics included within the credit losses standard. We adopted ASU No. 2016-13 and subsequent amendments beginning January 1, 2023. The adoption did not have a material impact on our consolidated financial statements and related disclosures.

Note 14—Legal Proceedings

O&M Halyard N95 Mask FDA Release

On April 5, 2023 we received a communication from the National Institute for Occupational Safety & Health (NIOSH) that products from one lot of a model (No. 46827) of surgical N95 respirator manufactured by O&M Halyard did not pass laboratory tests for fluid resistance and for filtration efficiency, and that products from one lot of another model (No. 46727) did not pass fluid resistance testing, but did pass filtration efficiency testing. At present, our Our investigation has determined that there are a limited number of lots were potentially implicated by the results of the NIOSH particulate filtration testing on model 46827. The 46827, and that the vast majority of the products in those lots remain remained in our possession and under our control, and those control. Those lots have been segregated for disposal. We also determined that had a limited quantity of products that from one lot did reach the market have market. Although products from that lot passed internal and external follow-up testing. testing for filtration efficiency, we initiated a voluntary recall of the lot on August 9, 2023 out of an abundance of caution. O&M Halyard has confirmed to NIOSH that the particle filtration issue was isolated to the identified lots.

On April 12, 2023, the FDA U.S. Food and Drug Administration (FDA) recommended that consumers, health care providers, and facilities not use the two models (model numbers 46827 and 46727) of O&M Halyard surgical N95 respirators due to concerns about fluid resistance. resistance performance. In addition, the FDA also recommended against using certain of our surgical, procedure and pediatric face masks when fluid resistance is required. On or about that date, we voluntarily stopped the sale in the U.S. of the above-referenced surgical N95 respirators and similar models pending our investigation of the performance issues identified by the FDA and NIOSH. Regulatory bodies in other non-U.S. markets where we sell our facial protection products have inquired about the relevance of the FDA notification to products sold in their countries. The FDA updated its recommendation on April 21, 2023, to permit use of the model 46727 of Halyard N95 respirators when fluid resistance is not required. These items are included in our Products & Healthcare Services segment.

We are thoroughly investigating On September 29, 2023, the matters identified FDA updated its previous recommendation to consumers, health care providers and facilities regarding the above-referenced models of O&M Halyard surgical N95 respirators based on extensive testing and performance data provided by O&M Halyard. Specifically, the FDA stated that both O&M Halyard respirator models could be used according to the product labeling for respiratory and fluid barrier protection to the wearer (excluding the one lot of products that O&M Halyard voluntarily recalled on August 9, 2023). Following the FDA's update, we published a user notice on our website announcing the resumption of sales and shipments of O&M Halyard surgical N95 respirators, noting that the data provided to the FDA and NIOSH demonstrated that our products provide the levels of particle filtration and we fluid resistance for which they are performing product retesting as we rated. NIOSH reviewed and concurred with the facts set forth in our user notice published on September 29, 2023.

We will continue to work closely with government agencies the FDA and NIOSH following the resolution of this matter to resolve these matters. ensure that O&M Halyard products comply with regulatory requirements. We are unable to reasonably estimate the amount of any possible loss or range of possible losses or predict the ultimate outcome of these matters. However, there is a risk that these matters and any other safety concerns could have a material adverse effect on our results of operations, financial condition, or cash flows, including as a result of a significant volume of customer product returns and/or recall of products, implementation of corrective action plans, and/or other costly remedial actions in the US and elsewhere. In addition, these matters could potentially have other negative impacts including: government investigations and enforcement actions by the FDA or other US or international regulators or governmental entities; the suspension or revocation of the authority to produce, distribute or sell products, and other sanctions; losses due to patient claims, including product liability claims and lawsuits; and customer claims related to their direct costs arising from supply disruption.

Other Litigation

We are party to various legal claims that are ordinary and incidental to our business, including ones related to commercial disputes, employment, workers' compensation, product liability, regulatory and other matters. We maintain insurance coverage for employment, product liability, workers' compensation and other personal injury litigation matters, subject to policy limits, applicable deductibles and insurer solvency. We establish reserves from time to time based upon periodic assessment of the potential outcomes of pending matters.

Based on current knowledge and the advice of counsel, we believe that the accrual as of June 30, 2023 September 30, 2023 for currently pending matters considered probable of loss, which is not material, is sufficient. In addition, we believe that other currently pending matters are not reasonably possible to result in a material loss, as payment of the amounts claimed is remote, the claims are immaterial, individually and in the aggregate, or the claims are expected to be adequately covered by insurance, subject to policy limits, applicable deductibles, exclusions, and insurer solvency.

Note 15—Commitments and Contingencies

We anticipate that the noncancellable obligations beyond 12 months related to outsourced information technology operations, as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022, will no longer be material as a result of executed contract terminations, expected contract terminations, and insourcing of information technology operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis describes results of operations and material changes in the financial condition of Owens & Minor, Inc. and its subsidiaries since December 31, 2022. Trends of a material nature are discussed to the extent known and considered relevant. This discussion should be read in conjunction with the consolidated financial statements, related notes thereto, and management's discussion and analysis of financial condition and results of operations included in our Annual Report on Form 10-K for the year ended December 31, 2022.

Overview

Owens & Minor, Inc., along with its subsidiaries, (we, us, or our) is a global healthcare solutions company. Our We report our business has under two distinct segments: Products & Healthcare Services and Patient Direct. The Products & Healthcare Services provides segment includes our United States distribution division (Medical Distribution), outsourced logistics and value-added services, and Global Products division which manufactures and sources medical surgical products through our production and kitting operations. The Patient Direct expands segment includes our business along the continuum of care through delivery of disposable medical supplies sold directly to patients and home health agencies and is a leading provider of integrated home healthcare equipment divisions (Byram and related services in the United States. Apria).

On March 29, 2022 (the Acquisition Date), we completed the acquisition (the Apria Acquisition) of 100% of Apria, Inc. (Apria) pursuant to the Agreement and Plan of Merger dated January 7, 2022, in exchange for approximately $1.7 billion, net of $144 million of cash acquired. The purchase was funded with a combination of debt and cash on hand. Apria is a leading provider of integrated home healthcare equipment and related services in the United States. This division is reported as part of the Patient Direct segment.

Net (loss) per share was $(0.37) $(0.08) and $(0.70) $(0.78) for the three and six nine months ended June 30, 2023 September 30, 2023 as compared to net income per diluted share of $0.37 $0.16 and $0.89 $1.05 for the three and six nine months ended June 30, 2022 September 30, 2022. The decreases reflected lower demand for personal protective equipment (PPE), including reduced COVID-19 related product purchases, in our Products & Healthcare Services segment, an increase in exit and realignment charges associated with of $28.2 million and $69.9 million for the three and nine months ended September 30, 2023, primarily related to our Operating Model Realignment Program and inflationary pressures, IT restructuring charges, partially offset by the inclusion of Apria in our results since the Acquisition Date, a reduction in acquisition-related charges, strong revenue growth in our Patient Direct segment, and productivity gains derived from operating efficiencies. efficiencies, and Operating Model Realignment Program savings. The decrease for the nine months ended September 30, 2023 was offset by a reduction in acquisition-related charges as compared to the prior year period. Net (loss) per share was unfavorably impacted as compared to the prior year by foreign currency translation in the amount of $0.01 and $0.02 for the three and six nine months ended June 30, 2023 September 30, 2023.

Products & Healthcare Services segment operating income was $2.9 million $19.8 million and $4.8 million $24.6 million for the three and six nine months ended June 30, 2023 September 30, 2023, compared to $61.2 million $23.8 million and $150 million $174 million for the three and six nine months ended June 30, 2022 September 30, 2022. The decreases reflected changes in product sales mix, lower demand for PPE, including reduced COVID-19 related product purchases, and inflationary pressures, partially offset by productivity gains derived from operating efficiencies. efficiencies and Operating Model Realignment Program savings. Patient Direct segment operating income was $59.1 million $64.4 million and $105 million $169 million for the three and six nine months ended June 30, 2023 September 30, 2023, compared to $52.3 million $59.7 million and $68.1 million $128 million for the three and six nine months ended June 30, 2022. September 30,

2022. The increases were primarily the result of the inclusion of Apria in our results since the Acquisition Date and strong revenue growth, partially offset by inflationary pressures. growth.

Refer to 'Results of Operations' for further detail of quantitative and qualitative drivers of our results.

Philips Respironics Recall

In June 2021, one of Apria's suppliers, Philips Respironics, announced a voluntary recall for continuous and non-continuous ventilators (certain CPAP, BiLevel positive airway pressure and ventilator devices) related to polyurethane foam used in those devices. The Food and Drug Administration (FDA) has since identified this as a Class I recall, the most serious category of recall. Philips Respironics issued a subsequent voluntary recall in December 2022 (together with the June 2021 recall, the Recall), related to deficiencies in repairs made to certain of the ventilators that had been recalled in June 2021.

Because we distribute these products and provide related home respiratory services and, in part, due to the substantial number of impacted devices, we have devoted, and will likely continue to devote, substantial time and resources to coordinating Recall-related activity and to supporting our home healthcare patients' needs. The Recall has caused us, and may continue to cause us, to incur significant costs, some or all of which may not be recoverable from the product manufacturer. The Recall

may also materially negatively affect our revenues and results of operations as a result of patients not using their impacted devices, current shortages in the availability of both replacement devices for impacted patients and new devices for new patients, patient hesitancy to use Philips respiratory devices generally or other reasons.

We are closely monitoring the impact of the Recall on our business and the uncertainty surrounding the availability and supply of CPAP and ventilators due to the Recall. While the equipment shortage in the industry has begun to ease for certain CPAP and BiLevel positive airway pressure devices, we do not know whether that will continue. The Recall or other supply chain disruptions may have a future material adverse effect on our financial condition or results of operations, cash flows and liquidity.

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We will continue to work closely with government agencies the FDA and NIOSH following the resolution of this matter to resolve these matters. ensure that O&M Halyard products comply with regulatory requirements. We are unable to reasonably estimate the amount of any possible loss or range of possible losses or predict the ultimate outcome of these matters. However, there is a risk that these matters and any other safety concerns could have a material adverse effect on our results of operations, financial condition, or cash flows, including as a result of a significant volume of customer product returns and/or recall of products, implementation of corrective action plans, and/or other costly remedial actions in the US and elsewhere. In addition, these matters could potentially have other negative impacts including: government investigations and enforcement actions by the FDA or other US or international regulators or governmental entities; the suspension or revocation of the authority to produce, distribute or sell products, and other sanctions; losses due to patient claims, including product liability claims and lawsuits; and customer claims related to their direct costs arising from supply disruption.

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Results of Operations

Net revenue.

		Three Months Ended June 30,		Change			Three Months Ended September 30,		Change	
(Dollars in thousands)	*(Dollars in thousands)*	**2023**	2022	$	%	*(Dollars in thousands)*	**2023**	2022	$	%
Products & Healthcare Services	Products & Healthcare Services	**$ 1,930,723**	$ 1,927,388	$ 3,335	0.2 %	Products & Healthcare Services	**$ 1,943,467**	$ 1,903,356	$ 40,111	2.1 %
Patient Direct	Patient Direct	**632,503**	572,627	59,876	10.5 %	Patient Direct	**648,275**	594,045	54,230	9.1 %
Net revenue	Net revenue	**$ 2,563,226**	$ 2,500,015	$ 63,211	2.5 %	Net revenue	**$ 2,591,742**	$ 2,497,401	$ 94,341	3.8 %
		Six Months Ended June 30,		Change			Nine Months Ended September 30,		Change	
(Dollars in thousands)	*(Dollars in thousands)*	**2023**	2022	$	%	*(Dollars in thousands)*	**2023**	2022	$	%
Products & Healthcare Services	Products & Healthcare Services	**$ 3,846,212**	$ 4,061,429	$ (215,217)	(5.3) %	Products & Healthcare Services	**$ 5,789,679**	$ 5,964,784	$ (175,105)	(2.9) %
Patient Direct	Patient Direct	**1,239,863**	845,538	394,325	46.6 %	Patient Direct	**1,888,138**	1,439,584	448,554	31.2 %
Net revenue	Net revenue	**$ 5,086,075**	$ 4,906,967	$ 179,108	3.7 %	Net revenue	**$ 7,677,817**	$ 7,404,368	$ 273,449	3.7 %

The increase in net revenue for the three months ended June 30, 2023 September 30, 2023 was driven by double-digit strong revenue growth in most a number of our Patient Direct segment product categories. Products & Healthcare Services segment net revenue for the three months ended June 30, 2023 September 30, 2023 increased compared to the three months ended June 30, 2022 was relatively flat, driven September 30, 2022 due to net revenue growth in the Medical Distribution division of 5.4% with strong growth in non-PPE product categories, partially offset by an approximate $107 million $55 million decline in PPE net revenue due to a decrease related to glove pricing of $70.5 million, $33 million and lower demand for PPE, which was more than offset by net revenue growth in other product categories.PPE.

The increase in net revenue for the six nine months ended June 30, 2023 September 30, 2023 was driven primarily by incremental Apria net revenue in the first quarter of 2023 of $308 million as compared to the first quarter of 2022 and double-digit strong revenue growth in most a number of our Patient Direct segment product categories. The decrease in our Products & Healthcare Services segment net revenue for the six nine months ended June 30, 2023 September 30, 2023 was driven by an approximate $370 million $425 million decline in PPE net revenue due to a decrease related to glove pricing of $176 million, $209 million and lower demand for PPE, including reduced COVID-19 related product purchases, partially offset by net revenue growth in other the Medical Distribution division of 3.0% with strong growth in non-PPE product categories compared to the six nine months ended June 30, 2022 September 30, 2022.

Foreign currency translation had an unfavorable a favorable impact on net revenue of $1.5 million $0.5 million and $6.7 million an unfavorable impact of $6.2 million for the three and six nine months ended June 30, 2023 September 30, 2023 as compared to the prior year periods.

Cost of goods sold.

		Three Months Ended June 30,		Change			Three Months Ended September 30,		Change	
(Dollars in thousands)	(Dollars in thousands)	**2023**	2022	$	%	(Dollars in thousands)	**2023**	2022	$	%
Cost of goods sold	Cost of goods sold	**$ 2,043,794**	$ 1,967,510	$ 76,284	3.9 %	Cost of goods sold	**$ 2,053,244**	$ 1,984,122	$ 69,122	3.5 %

		Six Months Ended June 30,		Change			Nine Months Ended September 30,		Change	
(Dollars in thousands)	(Dollars in thousands)	**2023**	2022	$	%	(Dollars in thousands)	**2023**	2022	$	%
Cost of goods sold	Cost of goods sold	**$ 4,069,336**	$ 4,001,014	$ 68,322	1.7 %	Cost of goods sold	**$ 6,122,579**	$ 5,985,136	$ 137,443	2.3 %

Cost of goods sold includes the cost of the product (net of supplier incentives and cash discounts) and all costs incurred for shipments of products from manufacturers to our distribution centers for all customer arrangements where we are the primary obligor and bear risk of general and physical inventory loss. These are sometimes referred to as distribution contracts. Cost of goods sold also includes direct and certain indirect labor, depreciation of certain property and equipment, product costs, and material and overhead costs. The increase in cost of goods sold for the three months ended June 30, 2023 September 30, 2023 reflects higher costs of goods sold driven by changes in product sales mix and net revenue growth, partially offset by a favorable change in the $6.7 million last in, first out (LIFO) liquidation credit or provision for the three months ended September 30, 2023 as a result of $6.7 million, a $101 million reduction in our Products & Healthcare Services segment inventory, as compared to the period year. measured on a first in, first out basis, and Operating Model Realignment Program savings.

The increase in cost of goods sold for the six nine months ended June 30, 2023 September 30, 2023 was driven primarily by the incremental Apria cost of goods sold in the first quarter of 2023 of $114 million as compared to the first quarter of 2022 and net revenue growth in our Patient Direct segment, partially offset by a decline in Products & Healthcare Services segment net revenue of $215 million.

$175 million and an $11.6 million LIFO liquidation credit as a result of a $305 million reduction in our Products & Healthcare Services segment inventory, as measured on a first in, first out basis.

Foreign currency translation had a favorable an unfavorable impact on cost of goods sold of $0.6 million $0.9 million and $4.0 million a favorable impact of $3.1 million for the three and six nine months ended June 30, 2023 September 30, 2023 as compared to the prior year periods.

Gross margin.

		Three Months Ended June 30,		Change			Three Months Ended September 30,		Change	
(Dollars in thousands)	(Dollars in thousands)	**2023**	2022	$	%	(Dollars in thousands)	**2023**	2022	$	%
Gross margin	Gross margin	**$ 519,432**	$ 532,505	$ (13,073)	(2.5) %	Gross margin	**$ 538,498**	$ 513,279	$ 25,219	4.9 %

As a % of net revenue	*As a % of net revenue*	***20.26 %***	*21.30 %*			*As a % of net revenue*	***20.78 %***	*20.55 %*		

		Six Months Ended June 30,		Change			Nine Months Ended September 30,		Change	
(Dollars in thousands)	*(Dollars in thousands)*	**2023**	2022	$	%	*(Dollars in thousands)*	**2023**	2022	$	%
Gross margin	Gross margin	**$ 1,016,739**	$ 905,953	$ 110,786	12.2 %	Gross margin	**$ 1,555,238**	$ 1,419,232	$ 136,006	9.6 %
As a % of net revenue	*As a % of net revenue*	***19.99 %***	*18.46 %*			*As a % of net revenue*	***20.26 %***	*19.17 %*		

The changes in gross margin for the three and six nine months ended June 30, 2023 was September 30, 2023 were driven by the same factors impacting net revenue and cost of goods sold. The gross margin for the six nine months ended June 30, 2023 September 30, 2023 includes incremental Apria gross margin in the first quarter of 2023 of $195 million as compared to the first quarter of 2022. Foreign currency translation had an unfavorable impact on gross margin of $0.9 million $0.4 million and $2.7 million $3.1 million for the three and six nine months ended June 30, 2023 September 30, 2023 as compared to the prior year periods.

Operating expenses.

		Three Months Ended June 30,		Change			Three Months Ended September 30,		Change	
(Dollars in thousands)	*(Dollars in thousands)*	**2023**	2022	$	%	*(Dollars in thousands)*	**2023**	2022	$	%
Distribution, selling and administrative expenses	Distribution, selling and administrative expenses	**$ 455,030**	$ 421,925	$ 33,105	7.8 %	Distribution, selling and administrative expenses	**$ 452,583**	$ 430,957	$ 21,626	5.0 %
As a % of net revenue	*As a % of net revenue*	***17.75 %***	*16.88 %*			*As a % of net revenue*	***17.46 %***	*17.26 %*		
Acquisition-related charges and intangible amortization	Acquisition-related charges and intangible amortization	**$ 22,203**	$ 37,276	$ (15,073)	(40.4) %	Acquisition-related charges and intangible amortization	**$ 30,217**	$ 21,217	$ 9,000	42.4 %
Exit and realignment charges	Exit and realignment charges	**$ 28,963**	$ 1,214	$ 27,749	2,285.7 %	Exit and realignment charges	**$ 30,180**	$ 1,983	$ 28,197	1,421.9 %
Other operating expense (income), net	Other operating expense (income), net	**$ 2,397**	$ (2,995)	$ 5,392	180.0 %	Other operating expense (income), net	**$ 1,677**	$ (1,125)	$ 2,802	249.1 %

		Six Months Ended June 30,		Change			Nine Months Ended September 30,		Change	
(Dollars in thousands)	*(Dollars in thousands)*	**2023**	2022	$	%	*(Dollars in thousands)*	**2023**	2022	$	%
Distribution, selling and administrative expenses	Distribution, selling and administrative expenses	**$ 903,752**	$ 691,397	$ 212,355	30.7 %	Distribution, selling and administrative expenses	**$ 1,356,334**	$ 1,122,353	$ 233,981	20.8 %
As a % of net revenue	*As a % of net revenue*	***17.77 %***	*14.09 %*			*As a % of net revenue*	***17.67 %***	*15.16 %*		
Acquisition-related charges and intangible amortization	Acquisition-related charges and intangible amortization	**$ 44,392**	$ 79,410	$ (35,018)	(44.1) %	Acquisition-related charges and intangible amortization	**$ 74,609**	$ 100,628	$ (26,019)	(25.9) %
Exit and realignment charges	Exit and realignment charges	**$ 44,637**	$ 2,896	$ 41,741	1,441.3 %	Exit and realignment charges	**$ 74,817**	$ 4,879	$ 69,938	1,433.4 %

Other operating expense (income), net	Other operating expense (income), net	$	**3,312**	$	(3,894)	$	7,206	185.1 %	Other operating expense (income), net	**$**	**4,991**	$	(5,020)	$	10,011	199.4 %

Distribution, selling and administrative (DS&A) expenses include labor and warehousing costs associated with our distribution and outsourced logistics services and all costs associated with our fee-for-service arrangements in our Products & Healthcare Services segment. Shipping and handling costs are primarily included in DS&A expenses and include costs to store, move, and prepare products for shipment, as well as costs to deliver products to customers. The increase in DS&A expenses for the three months ended June 30, 2023 September 30, 2023 was driven primarily by incremental costs to support the $63 million, or 2.5%, net revenue growth of $94.3 million, or 3.8%, an increase of $9.2 million $15.4 million in teammate benefit costs including incentives, and inflationary pressures negatively impacting wages and occupancy costs, which increased approximately 5% and 11%, partially offset by productivity gains derived from operating efficiencies. efficiencies and Operating Model Realignment Program savings.

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The increase in DS&A expenses for the six nine months ended June 30, 2023 September 30, 2023 was driven by Apria incremental DS&A expense in the first quarter of 2023 of $171 million as compared to the first quarter of 2022, Patient Direct net revenue growth, an increase of $12.3 million $27.7 million in teammate benefit costs including incentives, and inflationary pressures negatively impacting wages and occupancy costs, which increased approximately 5% and 10%, partially offset by productivity gains derived from operating efficiencies.

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efficiencies and Operating Model Realignment Program savings.

Foreign currency translation had a favorable an unfavorable impact on DS&A of $0.2 million $0.1 million and $1.1 million a favorable impact of $0.9 million for the three and six nine months ended June 30, 2023 September 30, 2023 as compared to the prior year periods.

Acquisition-related charges were $1.3 $9.4 million and $2.5 $11.9 million for the three and six nine months ended June 30, 2023 September 30, 2023 and $6.4 million $6.9 million and $38.3 million $45.2 million for the three and six nine months ended June 30, 2022 September 30, 2022 consisting primarily of costs related to the Apria Acquisition. The declines from decline for the nine months ended September 30, 2023 as compared to the prior year periods reflect period reflects the incurrence of most of these costs within the first year after closer to the Acquisition Date. Intangible amortization was $20.9 million $20.8 million and $41.8 million $62.7 million for the three and six nine months ended June 30, 2023 September 30, 2023 and $30.9 million $14.3 million and $41.2 million $55.5 million for the three and six nine months ended June 30, 2022 September 30, 2022 related primarily to intangible assets acquired in the Apria, Halyard and Byram acquisitions. Intangible amortization for the second third quarter of 2023 declined increased as compared to the prior year primarily from due to purchase price accounting changes to the estimated value assigned to certain intangible assets. assets recorded in the third quarter of 2022.

Exit and realignment charges were $29.0 million $30.2 million and $44.6 million $74.8 million for the three and six nine months ended June 30, 2023 September 30, 2023. These charges primarily related to our (1) Operating Model Realignment Program of $24.3 million $24.5 million and $39.3 million $63.9 million, including professional fees, severance, and other costs to streamline functions and processes, (2) IT restructuring charges such as converting certain divisions to a common information technology system of $3.4 million $3.3 million and $3.5 million $6.7 million and, (3) other costs associated with strategic initiatives of $1.3 million $2.4 million and $1.8 million $4.1 million for the three and six nine months ended June 30, 2023 September 30, 2023. Exit and realignment charges were $1.2 million $2.0 million and $2.9 million $4.9 million for the three and six nine months ended June 30, 2022 September 30, 2022, which consisted primarily of severance wind-down costs related to Fusion5, leadership reorganization costs, IT restructuring charges, and other charges associated with costs related to the reorganization of our segments. U.S. operations.

The increases in other operating expense (income), net for the three and six nine months ended June 30, 2023 September 30, 2023 as compared to the prior year periods reflect $1.4 million $3.5 million and $2.5 million unfavorable changes in foreign currency transaction gains and losses, as compared to the prior year periods. During the three and six months ended June 30, 2023 we incurred $2.9 million and $3.6 million $7.1 million of losses on sale of accounts receivable inclusive of professional fees incurred to establish the agreement, under the RPA, through which we began executing sales during the second quarter of 2023. During the three and nine months ended September 30, 2023, we incurred a favorable change of $0.6 million and an unfavorable change of $2.0 million in foreign currency transaction gains and losses, net of derivative adjustments, as compared to the prior year periods.

Interest expense, net.

		Three Months Ended June 30,		Change			Three Months Ended September 30,		Change	
(Dollars in thousands)	*(Dollars in thousands)*	**2023**	2022	$	%	*(Dollars in thousands)*	**2023**	2022	$	%
Interest expense, net	Interest expense, net	**$ 40,728**	$ 35,839	$ 4,889	13.6 %	Interest expense, net	**$ 38,127**	$ 39,869	$ (1,742)	(4.4) %

Effective interest rate	*Effective interest rate*	***6.93 %***	*5.26 %*			*Effective interest rate*	***7.01 %***	*5.96 %*		

		Six Months Ended June 30,		**Change**			**Nine Months Ended September 30,**		**Change**	
(Dollars in thousands)	*(Dollars in thousands)*	**2023**	2022	$	%	*(Dollars in thousands)*	**2023**	2022	$	%
Interest expense, net	Interest expense, net	**$ 82,926**	$ 47,858	$ 35,068	73.3 %	Interest expense, net	**$ 121,053**	$ 87,727	$ 33,326	38.0 %
Effective interest rate	*Effective interest rate*	***6.86 %***	*5.12 %*			*Effective interest rate*	***6.92 %***	*5.47 %*		

Interest expense, net and the effective interest rate for the three months ended June September 30, 2023 increased decreased primarily due to lower average outstanding borrowings driven by $188 million and $355 million reductions in total debt during the three and nine months ended September 30, 2023, partially offset by an increase in the effective interest rate due to higher interest rates on our term loans, net of interest rate swaps, of $6.9 million, partially offset by lower average outstanding borrowings.which contributed $3.6 million in interest expense as compared to the prior year period. Interest expense, net for the sixnine months ended June September 30, 2023 increased due to higher average outstanding borrowings and higher interest rates on our term loans, net of interest rate swaps, of $25.8 million, which contributed $29.3 million to the increase, and to higher average outstanding borrowings on our 2030 Unsecured Notes, of $9.7 million. which were issued on the Acquisition Date and contributed $9.1 million to the increase, partially offset by a reduction in average borrowings under our amended Receivables Financing Agreement. See Note 6 in Notes to Consolidated Financial Statements.

Other (income) expense, net.

		Three Months Ended June 30,		**Change**			**Three Months Ended September 30,**		**Change**	
(Dollars in thousands)	*(Dollars in thousands)*	**2023**	2022	$	%	*(Dollars in thousands)*	**2023**	2022	$	%
Other expense, net		**$ 1,072**	$ 783	$ 289	36.9 %					
Other (income) expense, net						Other (income) expense, net	**$ (3,302)**	$ 783	$ (4,085)	(521.7) %

		Six Months Ended June 30,		**Change**			**Nine Months Ended September 30,**		**Change**	
(Dollars in thousands)	*(Dollars in thousands)*	**2023**	2022	$	%	*(Dollars in thousands)*	**2023**	2022	$	%
Other expense, net		**$ 2,458**	$ 1,565	$ 893	57.1 %					
Other (income) expense, net						Other (income) expense, net	**$ (843)**	$ 2,347	$ (3,190)	(135.9) %

Other (income) expense, net for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022 includes interest cost and net actuarial losses related to our retirement plans. In addition, other (income) expense, net for the three and six nine months ended June 30, 2023 September 30, 2023 includes the loss gain on extinguishment of debt of $0.3 million $5.2 million and $0.8 million $4.4 million associated with the early retirement of indebtedness of $48.0 million $195 million and $73.0 million $268 million.

Income taxes.

(Dollars in thousands)	(Dollars in thousands)	Three Months Ended June 30, 2023	2022	Change $	%	(Dollars in thousands)	Three Months Ended September 30, 2023	2022	Change $	%
Income tax (benefit) provision	Income tax (benefit) provision	**$ (2,720)**	$ 9,859	$ (12,579)	(127.6) %	Income tax (benefit) provision	**$ (4,558)**	$ 7,098	$ (11,656)	(164.2) %
Effective tax rate	*Effective tax rate*	***8.8 %***	*25.6 %*			*Effective tax rate*	***41.5 %***	*36.2 %*		

(Dollars in thousands)	(Dollars in thousands)	Six Months Ended June 30, 2023	2022	Change $	%	(Dollars in thousands)	Nine Months Ended September 30, 2023	2022	Change $	%
Income tax (benefit) provision	Income tax (benefit) provision	**$ (12,079)**	$ 18,837	$ (30,916)	(164.1) %	Income tax (benefit) provision	**$ (16,638)**	$ 25,937	$ (42,575)	(164.1) %
Effective tax rate	*Effective tax rate*	***18.7 %***	*21.7 %*			*Effective tax rate*	***22.0 %***	*24.4 %*		

The change in the effective tax rate for the three and six nine months ended June 30, 2023 September 30, 2023 compared to the same periods in 2022 resulted primarily from changes in income and losses. losses, as well as the incremental income tax benefit recorded for FDII in the three and nine months ended September 30, 2023.

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Financial Condition, Liquidity and Capital Resources

Financial condition. We monitor operating working capital through days sales outstanding (DSO) and merchandise inventory days. We estimate a hypothetical increase (decrease) in DSO of one day would result in a decrease (increase) in our cash balances, an increase (decrease) in borrowings against our Revolving Credit Agreement or Receivables Financing Agreement, or a combination thereof of approximately $28 million.

The majority of our cash and cash equivalents are held in cash depository accounts with major banks in North America, Europe, and Asia. Changes in our working capital can vary in the normal course of business based upon the timing of inventory purchases, collections of accounts receivable, and payments to suppliers.

(Dollars in thousands)	(Dollars in thousands)	June 30, 2023	December 31, 2022	Change $	%	(Dollars in thousands)	September 30, 2023	December 31, 2022	Change $	%
Cash and cash equivalents	Cash and cash equivalents	**$ 286,307**	$ 69,467	$ 216,840	312.1 %	Cash and cash equivalents	**$ 215,191**	$ 69,467	$ 145,724	209.8 %
Accounts receivable, net of allowances	Accounts receivable, net of allowances	**$ 672,511**	$ 763,497	$ (90,986)	(11.9) %	Accounts receivable, net of allowances	**$ 682,682**	$ 763,497	$ (80,815)	(10.6) %
Consolidated DSO (1)		***23.5***	*27.0*							
DSO (1)						*DSO (1)*	***23.9***	*27.0*		
Merchandise inventories	Merchandise inventories	**$ 1,168,227**	$ 1,333,585	$ (165,358)	(12.4) %	Merchandise inventories	**$ 1,084,350**	$ 1,333,585	$ (249,235)	(18.7) %
Inventory days (2)	*Inventory days (2)*	***52.0***	*57.2*			*Inventory days (2)*	***48.6***	*57.2*		
Accounts payable	Accounts payable	**$ 1,194,173**	$ 1,147,414	$ 46,759	4.1 %	Accounts payable	**$ 1,182,408**	$ 1,147,414	$ 34,994	3.0 %

(1) Based on period end accounts receivable and net revenue for the quarters ended June 30, 2023 September 30, 2023 and December 31, 2022. Consolidated DSO reflected the impact of the reduction in accounts receivable, net of allowances, due to sales of accounts receivable under the RPA. Excluding the impact of the RPA, Consolidated DSO would have been 27.6 27.0 as of June 30, 2023 September 30, 2023.

(2) Based on period end merchandise inventories and cost of goods sold for the quarters ended June 30, 2023 September 30, 2023 and December 31, 2022. The decrease in inventory days is due to inventory management efforts in our Products & Healthcare Services segment.

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Liquidity and capital expenditures. The following table summarizes our consolidated statements of cash flows for the six nine months ended June 30, 2023 September 30, 2023 and 2022:

(Dollars in thousands)	*(Dollars in thousands)*	**2023**	2022	*(Dollars in thousands)*	**2023**	2022
Net cash provided by (used for):	Net cash provided by (used for):			Net cash provided by (used for):		
Operating activities	Operating activities	**$ 471,510**	$ 169,524	Operating activities	**$ 628,945**	$ 238,045
Investing activities	Investing activities	**(65,668)**	(1,745,299)	Investing activities	**(98,340)**	(1,771,705)
Financing activities	Financing activities	**(183,120)**	1,580,633	Financing activities	**(366,115)**	1,560,585
Effect of exchange rate changes	Effect of exchange rate changes	**196**	(3,864)	Effect of exchange rate changes	**(515)**	(5,752)
Net increase in cash, cash equivalents and restricted cash	Net increase in cash, cash equivalents and restricted cash	**$ 222,918**	$ 994	Net increase in cash, cash equivalents and restricted cash	**$ 163,975**	$ 21,173

Cash provided by operating activities in the first six nine months of 2023 reflected a net loss, as compared to net income in the first six nine months of 2022. The increase in cash provided by operating activities in 2023 as compared to 2022 reflected changes in working capital, including a cash benefit of $247 million from reduction in inventory and a cash benefit of $108 million from net cash proceeds from under the sale of accounts receivables, as described in Note 1 of Notes to Consolidated Financial Statements RPA, and the inclusion of Apria in our results since the Acquisition Date.

Cash used for investing activities in the first six nine months of 2023 included capital expenditures of $101.0 million $152 million for patient equipment and our strategic and operational efficiency initiatives associated with property and equipment and capitalized software, partially offset by $35.7 million $53.6million in proceeds related primarily to the sale of patient property and equipment. Cash used for investing activities in the first six nine months of 2022 included cash paid for the acquisition of Apria of $1.7 billion and capital expenditures of $65.7 million $115 million for patient equipment and our strategic and operational efficiency initiatives associated with property and equipment and capitalized software. software, partially offset by $29.7 million in proceeds related to the sale of property and equipment.

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Cash used for financing activities in the first six nine months of 2023 included repayments of debt of $78.3 million $270 million, including $65.0 million $125 million of unscheduled and $10.8 million of scheduled principal payments on the Term Loan A and the Term Loan B. B, $134 million of cash to repurchase $143 million aggregate principal of the 2024 Notes, the 2029 Unsecured Notes and the 2030 Unsecured Notes. We had no borrowings under our revolving credit facility on a net basis for the first six nine months of 2023 and made net repayments of $96.0 million under our amended Receivables Financing Agreement. Payments for taxes related to the vesting of restricted stock awards, which are included in Other, net, were $10.2 million for the first six months of 2023. Cash used for provided by financing activities in the first six nine months of 2022 included borrowings under our revolving credit facility, net and Receivables Financing Agreement of $30.0 million. Gross issuances and repayments under our amended Receivable Financing Agreement program were $347.8 million and $402.8 million for the first six months of 2022. We also had proceeds from borrowings of $1.7 billion related to the 2030 Unsecured Notes, Term Loan A, and Term Loan B for the first six nine months of 2022 and borrowings under our revolving credit facility, net and Receivables Financing Agreement of $30.0 million. Net repayments under our amended Receivables Financing Agreement program were $73.0 million for the first nine months of 2022. We also paid $41.5 million $42.6 million in financing costs in the first six nine months of 2022. Payments for taxes related to the vesting of restricted stock awards were $44.4 million $44.6 million for the first six nine months of 2022, which are included in Other, net.

Capital resources. Our primary sources of liquidity include cash and cash equivalents, our amended Receivables Financing Agreement, and our Revolving Credit Agreement. The Receivables Financing Agreement provides a maximum revolving borrowing capacity of $450 million. The interest rate under the Receivables Financing Agreement is based on a spread over a benchmark SOFR rate (as described in the Fourth Amendment to the Receivables Financing Agreement, as further amended by the Fifth Amendment to the Receivables Financing Agreement). Under the Receivables Financing Agreement, certain of our accounts receivable balances are sold to our wholly owned special purpose entity, O&M Funding LLC. The Receivables Financing Agreement matures in March 2025. We had no borrowings at June 30, 2023 September 30, 2023 and $96.0 million outstanding at December 31, 2022 under our amendedReceivables Financing Agreement. At June 30, 2023 September 30, 2023 and December 31, 2022, we had maximum revolving borrowing capacity of $450 million$450 million and $354 million under our Receivable amended Receivables Financing Agreement.

The Revolving Credit Agreement provides a revolving borrowing capacity of $450 million. We have $1.0 billion $960 million in outstanding term loans under a term loan credit agreement (the Credit Agreement). The interest rate on our Revolving Credit Agreement is based on a spread over a benchmark rate (as described in the Revolving Credit Agreement). The Revolving Credit Agreement matures in March 2027. The interest rate on the Term Loan A is based on either the Term SOFR or the Base Rate plus an Applicable Rate which varies depending on the current Debt Ratings or Total Leverage Ratio, determined as to whichever shall result in more favorable pricing to the Borrowers (each as defined in the Credit Agreement). The interest rate on the Term Loan B is based on either the Term SOFR or the Base Rate plus an Applicable Rate. The Term Loan A matures in March 2027 and the Term Loan B matures in March 2029.

At June 30, 2023 September 30, 2023 and December 31, 2022, our Revolving Credit Agreement was undrawn, and we had letters of credit, which reduce Revolver revolver availability, totaling $27.9 of $27.4 million and $27.9 million, leaving $422 $423 million and $422 million available for borrowing. We also had letters of credit and bank guarantees which support certain leased facilities as well as other normal business activities in the United States and Europe that were issued outside of the Revolving Credit Agreement for $2.1 million $2.9 million and $2.3 million as of June 30, 2023 September 30, 2023 and December 31, 2022.

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On March 29, 2022, we entered into a Security Agreement Supplement supplement pursuant to which the Security and Pledge Agreement (the Security Agreement), dated March 10, 2021 was supplemented to grant collateral on behalf of the holders of the 4.375% senior notes due in December 2024 (the 2024 Notes), Notes, and the parties secured under the credit agreements (the Secured Parties) including first priority liens and security interests in (a) all present and future shares of capital stock owned by the Grantors (as defined in the Security Agreement) in the Grantors' present and future subsidiaries, subject to certain customary exceptions, and (b) all present and future personal property and assets of the Grantors, subject to certain exceptions.

The Revolving Credit Agreement, the Credit Agreement, Receivables Financing Agreement, the 2024 Notes, 4.500% senior unsecured notes due in March 2029 (the the 2029 Unsecured Notes), Notes, and the 2030 Unsecured Notes contain cross-default provisions which could result in the acceleration of payments due in the event of default of any of the related agreements. The terms of the applicable credit agreements also require us to maintain ratios for leverage and interest coverage, including on a pro forma basis in the event of an acquisition or divestiture. We were in compliance with our debt covenants at June 30, 2023 September 30, 2023.

On March 14, 2023, we entered into a the RPA, pursuant to which accounts receivable with an aggregate outstanding amount not to exceed $200 million are sold, on a limited-recourse basis, to a third-party financial institution (Purchaser) the Purchaser in exchange for cash. During the three months ended June 30, 2023, we Cash received net cash proceeds of$409 million from the sale of accounts receivable, under its RPA which net of payments made to the Purchaser, is included reflected in the change in accounts receivable within cash provided by operating activities in the consolidated statements of cash flows. As Total accounts receivable sold under the RPA were $482 million and $894 million for the three and nine months ended September 30, 2023. During the three and nine months ended September 30, 2023, we received net cash proceeds of June 30, 2023 there were a total $478 million and $888 million from the sale of $115 accounts receivable under the RPA and collected $508 million and $805 million of uncollected the sold accounts receivable that had been sold and removed receivable. For the nine months ended September 30, 2023, we received a cash benefit of $108 million from our consolidated balance sheet.net cash proceeds under the RPA.

We regularly evaluate market conditions, our liquidity profile and various financing alternatives to enhance our capital structure. We have from time to time, entered into, and from time to time in the future we may enter into transactions to repay,

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repurchase or redeem our outstanding indebtedness (including by means of open market purchases, privately negotiated repurchases, tender or exchange offers and/or repayments or redemptions pursuant to the debt's terms). Our ability to consummate any such transaction will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. We cannot provide any assurance as to if or when we will consummate any such transactions or the terms of any such transaction.

We believe cash generated by operating activities, available financing sources, and borrowings under the Receivables Financing Agreement and Revolving Credit Agreement, as well as cash on hand, will be sufficient to fund our working capital needs, capital expenditures, long-term strategic growth, payments under long-term debt and lease arrangements, debt repurchases and other cash requirements. While we believe that we will have the ability to meet our financing needs in the foreseeable future, changes in economic conditions may impact (i) the ability of financial institutions to meet their contractual commitments to us, (ii) the ability of our customers and suppliers to meet their obligations to us or (iii) our cost of borrowing.

We earn a portion of our operating income in foreign jurisdictions outside the United States. Our cash and cash equivalents held by our foreign subsidiaries subject to repatriation totaled $44.1 million $39.5 million and $26.3 million at June 30, 2023 September 30, 2023 and December 31, 2022. As of June 30, 2023 September 30, 2023, we are permanently reinvested in our foreign subsidiaries.

Goodwill

Impact of Inflation

The cost As compared to manufacture and distribute our products is influenced by the cost of raw materials, finished goods, labor, and transportation. During the first six months of 2023, we have experienced continued inflationary pressure and higher costs as a result date of the increasing cost most recent annual goodwill impairment test performed as of labor, occupancy October 1, 2022, the fair value of our Global Products and Apria reporting units have been adversely impacted by unfavorable industry and macroeconomic conditions, including higher interest rates, inflation, pricing pressures and lower demand for certain product categories. Adverse changes in these and other administrative costs associated with the normal course of business. We can only pass elevated costs onto customers factors could result in an effort to offset inflationary pressures on a limited basis. Future volatility of general price inflation and the impact of inflation on costs and availability of materials, costs for shipping and warehousing and other operational overhead could adversely affect our financial results. future goodwill impairment.

Seasonality

Our business is affected by seasonality, which historically has resulted in higher sales volume during our third and fourth quarters, ending September 30 and December 31.

Contractual obligations

We anticipate that the noncancellable obligations beyond 12 months related to outsourced information technology operations, as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022, will no longer be material as a result of executed contract terminations, expected contract terminations, and insourcing of information technology operations. Refer to our Annual Report on Form 10-K for the year ended December 31, 2022 for disclosure of other material contractual obligations.

Guarantor and Collateral Group Summarized Financial Information

We are providing the following information in compliance with Rule 13-01, "Financial Disclosures about Guarantors and Issuers of Guaranteed Securities" and Rule 13-02 of Regulation S-X, of with respect to our 2024 Notes. See Note 6 of the accompanying consolidated financial statements for additional information regarding the terms of the 2024 Notes.

The following tables present summarized financial information for Owens & Minor, Inc. and the guarantors of Owens & Minor, Inc.'s 2024 Notes (together, "the the Guarantor Group") Group), on a combined basis with intercompany balances and transactions between entities in the Guarantor Group eliminated. The guarantor subsidiaries are 100% owned by Owens & Minor, Inc. Separate financial statements of the guarantor subsidiaries are not presented because the guarantees by our guarantor subsidiaries are full and unconditional, as well as joint and several.

Summarized financial information of the Guarantor Group is as follows:

Summarized Consolidated Statement of Operations - Guarantor Group		**Six Nine Months Ended June 30, 2023 September 30,**
(Dollars in thousands)		
Net revenue(1)	**$**	**5,002,701 7,552,889**
Gross margin		**979,789 1,507,745**
Operating income		**16,500 44,584**
Net loss		**(50,043) (49,614)**

(1)Includes $63.6 million $101 million in sales to non-guarantor subsidiaries for the six nine months ended June 30, 2023 September 30, 2023.

Summarized Consolidated Balance Sheets - Guarantor Group				
(Dollars in thousands)		**June 30, 2023**		December 31, 2022
Total current assets	**$**	**1,566,927**	$	1,442,661
Total assets		**4,726,801**		4,658,382
Total current liabilities		**1,745,464**		1,613,228
Total liabilities		**4,410,080**		4,360,673

Summarized Consolidated Balance Sheets - Guarantor Group				
(Dollars in thousands)		**September 30, 2023**		December 31, 2022
Total current assets	**$**	**1,471,896**	$	1,442,661
Total assets		**4,609,063**		4,658,382
Total current liabilities		**1,814,070**		1,613,228
Total liabilities		**4,283,534**		4,360,673

The following tables present summarized financial information for Owens & Minor, Inc. and the pledged subsidiaries of Owens & Minor, Inc.'s 2024 Notes pledged that constitute a substantial portion of collateral (together, "the the Collateral Group") Group), on a combined basis with intercompany balances and transactions between entities in the Collateral Group eliminated. The pledged subsidiaries are 100% owned by Owens & Minor, Inc. No trading market for the subsidiaries included in the Collateral Group exists.

Summarized financial information of the Collateral Group is as follows:

Summarized Consolidated Balance Sheets - Collateral Group	**Summarized Consolidated Balance Sheets - Collateral Group**	**June 30, 2023**	December 31, 2022	**Summarized Consolidated Balance Sheets - Collateral Group**	**September 30, 2023**	December 31, 2022

(Dollars in thousands)	(Dollars in thousands)					(Dollars in thousands)				
Total current assets	Total current assets	$	**1,643,155**	$	1,523,290	Total current assets	**$**	**1,295,619**	$	1,523,290
Total assets	Total assets		**4,668,692**		4,614,380	Total assets		**4,240,524**		4,614,380
Total current liabilities	Total current liabilities		**1,688,001**		1,562,680	Total current liabilities		**1,648,174**		1,562,680
Total liabilities	Total liabilities		**4,388,132**		4,343,750	Total liabilities		**3,861,037**		4,343,750

The results of operations of the Collateral Group are not materially different from the corresponding amounts presented in our consolidated statements of operations.

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Recent Accounting Pronouncements

For a discussion of recent accounting pronouncements, see our Annual Report on Form 10-K for the year ended December 31, 2022 and Note 13 in the Notes to Consolidated Financial Statements, included in this Quarterly Report on Form 10-Q for the period ended on June 30, 2023 September 30, 2023.

Forward-looking Statements

Certain statements in this discussion constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Although we believe our expectations with respect to the forward-looking statements are based upon reasonable assumptions within the bounds of our knowledge of our business and operations, all forward-looking statements involve risks and uncertainties and, as a result, actual results could differ materially from those projected, anticipated or implied by these statements. Such forward-looking statements involve known and unknown risks, including, but not limited to:

- risks related to public health crises or future outbreaks of health crises or other adverse public health developments such as the novel coronavirus (COVID-19) global pandemic;
- increasing competitive and pricing pressures in the marketplace;
- our ability to retain existing and attract new customers and our dependence on sales to certain customers;
- our dependence on certain vendors, suppliers and third-parties for key components, raw materials, equipment and services;
- our ability to successfully identify, manage or integrate acquisitions, including Apria;
- our ability to successfully implement our Operating Model Realignment Program and our strategic initiatives;
- our ability to successfully manage our international operations, including risks associated with changes in international trade regulations, foreign currency volatility, adverse tax consequences, and other risks of operating in international markets;
- uncertainties related to, and our ability to adapt to and comply with, changes in government regulations, including healthcare, tax and product licensing laws and regulations;

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- risks arising from possible violations of legal, regulatory or licensing requirements of the markets in which we operate;
- uncertainties related to general economic, regulatory and business conditions and our ability to adapt to changes in product pricing and other terms of purchase by suppliers of product;
- our ability to meet the terms to qualify for supplier funding programs;
- the ability of customers and suppliers to meet financial commitments due to us;
- changes in manufacturer preferences between direct sales and wholesale distribution;
- changing trends in customer profiles and ordering patterns;
- our ability to manage operating expenses and improve operational efficiencies;
- availability of, and our ability to access, special inventory buying opportunities;

- our ability to continue to obtain financing at reasonable rates and to manage financing costs and interest rate risk, and our ability to refinance, extend or repay our substantial indebtedness;
- our ability to attract and retain talented and qualified teammates;
- recalls of any of our products, or safety risks or the discovery of serious safety issues with our products;
- changes, delays and uncertainties in the reimbursement process;
- our ability to adequately establish, maintain, protect and enforce our intellectual property and proprietary rights as well as avoid infringement, misappropriation or other violations of the intellectual property and proprietary rights of third parties;
- our ability to engage in transactions that may be limited by the restrictive covenants in our credit facilities and existing notes;

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- the risk that information systems are interrupted or damaged or fail for any extended period of time, that new information systems are not successfully implemented or integrated, or that there is a data security breach in our information systems;
- the risk of an impairment to goodwill or other long-lived assets;
- our ability to timely or adequately respond to technological advances;
- our failure to adequately insure against losses, including from substantial claims and litigation;
- our ability to meet performance targets specified by customer contracts under contractual commitments;
- our capitation arrangements may prove unprofitable if actual utilization rates exceed our assumptions;
- the outcome of outstanding and any future litigation, including product and professional liability claims;
- volatility in the price of our common stock and securities;
- other factors detailed from time to time in the reports we file with the SEC, including those described in “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2022.

We undertake no obligation to update or revise any forward-looking statements, except as required by applicable law.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are subject to price risk for our raw materials, the most significant of which relates to the cost of polypropylene and nitrile used in the manufacturing processes of our Products & Healthcare Services segment. Prices of the commodities underlying these raw materials are volatile and have fluctuated significantly in recent years and in the future may contribute to fluctuations in our results of operations. The ability to hedge these commodity prices is limited.

We are exposed to risks of changes in shipping and freight costs, including container and other third party fees associated with the transportation of our products. Shipping and freight costs have fluctuated significantly in recent years and in the future may contribute to changes in our results of operations.

In the normal course of business, we are exposed to foreign currency translation and transaction risks. Our business transactions outside of the United States are denominated in the euro, Malaysian ringgit, Mexican peso, Thai baht and other currencies. We may use foreign currency forwards, swaps and options, where possible, to manage our risk related to certain

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foreign currency fluctuations. As of June 30, 2023 September 30, 2023 and December 31, 2022, we held contracts with notional amounts of $76.9 million $78.2 million and $58.3 million to exchange the U.S. dollar, Euro, and Thai baht. See Note 8 of Notes to Consolidated Financial Statements.

We are exposed to market risk from changes in interest rates related to our borrowing under our Revolving Credit Agreement and Receivables Financing Agreement. Agreement, and related to our participation in the RPA. Excluding deferred financing costs and third party fees, we had $462 million $421 million in borrowings under our Term Loan A, $563 million $539 million in borrowings under our Term Loan B, and no borrowings under our Revolving Credit Agreement and under our amended Receivables Financing Agreement at June 30, 2023 September 30, 2023. After considering the effects of our interest rate swap agreement (see Note 8 of Notes to Consolidated Financial Statements), we estimate an increase in interest rates of 100 basis points would result in a potential reduction in future pre-tax earnings of approximately $8 million$8 million per year based on our borrowings at June 30, 2023 September 30, 2023 and annualized sales volume the maximum aggregate outstanding accounts receivable amount of $200 million under the RPA.

Due to the nature and pricing of our Products & Healthcare Services segment distribution services, we are exposed to potential volatility in fuel prices. Our strategies for helping to mitigate our exposure to changing domestic fuel prices have included using trucks with improved fuel efficiency. We benchmark our domestic diesel fuel purchase prices against the U.S. Weekly Retail On-Highway Diesel Prices (benchmark) as quoted by the U.S. Energy Information Administration. The benchmark averaged $4.16 $4.20 and $4.92 $5.00 per gallon in the first six nine months of 2023 and 2022. Based on business activity during the first six nine months of 2023, we estimate that every 10 cents per gallon increase in the benchmark would reduce our annual operating income by approximately $0.6 million on an annualized basis. . We are also indirectly exposed to increased shipping and freight costs, including container and other third party fees associated with the transportation of our products due to changes in fuel prices. Changes in fuel prices have contributed to significant shipping and freight costs in recent years and in the future may contribute to changes in our results of operations.

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Item 4. Controls and Procedures

We carried out an evaluation, with the participation of management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (pursuant to Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based upon that evaluation, the principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of June 30, 2023 September 30, 2023. Beginning with the first quarter of 2023, management's evaluation and conclusion as to the effectiveness of the design and operation of our disclosure controls and procedures as of and for the period covered by this report includes the evaluation of the internal control over financial reporting of Apria, Inc. There were no other changes in our internal control over financial reporting that occurred during the period of this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

Certain legal proceedings pending against us are described in our Annual Report on Form 10-K for the year ended December 31, 2022. Through June 30, 2023 September 30, 2023, there have been no material developments in any legal proceedings reported in such Annual Report.

O&M Halyard N95 Mask FDA Release

On April 5, 2023 we received a communication from the NIOSH National Institute for Occupational Safety & Health (NIOSH) that products from one lot of a model (No. 46827) of surgical N95 respirator manufactured by O&M Halyard did not pass laboratory tests for fluid resistance and for filtration efficiency, and that products from one lot of another model (No. 46727) did not pass fluid resistance testing, but did pass filtration efficiency testing. At present, our Our investigation has determined that there are a limited number of lots were potentially implicated by the results of the NIOSH particulate filtration testing on model 46827. The 46827, and that the vast majority of the products in those lots remain remained in our possession and under our control, and those control. Those lots have been segregated for disposal. We also determined that had a limited quantity of products that from one lot did reach the market have market. Although products from that lot passed internal and external follow-up testing. testing for filtration efficiency, we initiated a voluntary recall of the lot on August 9, 2023 out of an abundance of caution. O&M Halyard has confirmed to NIOSH that the particle filtration issue was isolated to the identified lots.

On April 12, 2023, the FDA recommended that consumers, health care providers, and facilities not use the two models (model numbers 46827 and 46727) of O&M Halyard surgical N95 respirators due to concerns about fluid resistance. resistance performance. In addition, the FDA also recommended against using certain of our surgical, procedure and pediatric face masks

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when fluid resistance is required. On or about that date, we voluntarily stopped the sale in the U.S. of the above-referenced surgical N95 respirators and similar models pending our investigation of the performance issues identified by the FDA and NIOSH. Regulatory bodies in other non-U.S. markets where we sell our facial protection products have inquired about the relevance of the FDA notification to products sold in their countries. The FDA updated its recommendation on April 21, 2023, to permit use of the model 46727 of Halyard N95 respirators when fluid resistance is not required. These items are included in our Products & Healthcare Services segment.

We are thoroughly investigating On September 29, 2023, the matters identified FDA updated its previous recommendation to consumers, health care providers and facilities regarding the above-referenced models of O&M Halyard surgical N95 respirators based on extensive testing and performance data provided by O&M Halyard. Specifically, the FDA stated that both O&M Halyard respirator models could be used according to the product labeling for respiratory and fluid barrier protection to the wearer (excluding the one lot of products that O&M Halyard voluntarily recalled on August 9, 2023). Following the FDA's update, we published a user notice on our website announcing the resumption of sales and shipments of O&M Halyard surgical N95 respirators, noting that the data provided to the FDA and NIOSH demonstrated that our products provide the levels of particle filtration and we fluid resistance for which they are performing product retesting as we rated. NIOSH reviewed and concurred with the facts set forth in our user notice published on September 29, 2023.

We will continue to work closely with government agencies the FDA and NIOSH following the resolution of this matter to resolve these matters. ensure that O&M Halyard products comply with regulatory requirements. We are unable to reasonably estimate the amount of any possible loss or range of possible losses or predict the ultimate outcome of these matters. However, there is a risk that these matters and any other safety concerns could have a material adverse effect on our results of operations, financial condition, or cash flows, including as a result of a significant volume of customer product returns and/or recall of products, implementation of corrective action plans, and/or other costly remedial actions in the US and elsewhere. In addition, these matters could potentially have other negative impacts including: government investigations and enforcement actions by the FDA or other US or international regulators or governmental entities; the suspension or revocation of the authority to produce, distribute or sell products, and other sanctions; losses due to patient claims, including product liability claims and lawsuits; and customer claims related to their direct costs arising from supply disruption.

Item 1A. Risk Factors

Certain risk factors that we believe could affect our business and prospects are described in our Annual Report on Form 10-K for the year ended December 31, 2022. Through June 30, 2023 September 30, 2023, there have been no material changes in the risk factors described in such Annual Report.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities

None.

Item 5. Other Information.

None. On August 8, 2023, Alexander Bruni, Executive Vice President & Chief Financial Officer, adopted a trading plan intended to satisfy Rule 10b5-1(c) to sell up to 12,996 shares of Owens & Minor, Inc. common stock between November 10, 2023 and November 17, 2023, subject to certain conditions.

On August 9, 2023, Jonathan Leon, Senior Vice President, Corporate Treasurer, adopted a trading plan intended to satisfy Rule 10b5-1(c) to sell up to 40,282 shares of Owens & Minor, Inc. common stock between November 20, 2023 and November 29, 2024, subject to certain conditions.

On August 10, 2023, Heath Galloway, Executive Vice President, General Counsel & Corporate Secretary, adopted a trading plan intended to satisfy Rule 10b5-1(c) to sell up to 17,486 shares of Owens & Minor, Inc. common stock between November 10, 2023 and June 14, 2024, subject to certain conditions.

On August 11, 2023, Perry Bernocchi, Executive Vice President and Chief Executive Officer, Patient Direct, adopted a trading plan intended to satisfy Rule 10b5-1(c) to sell up to 58,342 shares of Owens & Minor, Inc. common stock between November 21, 2023 and May 16, 2024, subject to certain conditions.

Item 6. Exhibits

(a) Exhibits

22.1	List of Guarantor Subsidiaries
22.2	List of Subsidiaries Pledged as Collateral
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline iXBRL and contained in Exhibit 101)

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	Owens & Minor, Inc. (Registrant)
Date: August 4, November 3, 2023	/s/ Edward A. Pesicka Edward A. Pesicka President, Chief Executive Officer & Director
Date: August 4, November 3, 2023	/s/ Alexander J. Bruni Alexander J. Bruni Executive Vice President & Chief Financial Officer

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Exhibit 22.1

Owens & Minor, Inc.

List of Guarantor Subsidiaries

The following table lists the guarantors, issuers, or co-issuers of Owens & Minor, Inc.'s 2024 Notes as of June 30, 2023 September 30, 2023:

Entity:
Owens & Minor, Inc.
Owens & Minor Distribution, Inc.
Owens & Minor Medical, Inc.
Barista Acquisition I, LLC
Barista Acquisition II, LLC
O&M Halyard, Inc.
O&M Byram Holding, GP
Byram Holdings I, Inc.
Byram Healthcare Centers, Inc.
Owens & Minor International Logistics, Inc.
AVID Medical, Inc., a Delaware corporation
Clinical Care Services, L.L.C. Medical Action Industries, Inc., a Utah limited liability company Delaware corporation
Diabetes Specialty Center, L.L.C., a Utah limited liability company
Fusion 5 Inc., a Delaware corporation
Halyard North Carolina, LLC, a North Carolina limited liability company
Medical Action Industries, Inc., a Delaware corporation
O&M Worldwide, LLC, a Virginia limited liability company
Owens & Minor Global Resources, LLC, a Virginia limited liability company
Apria, Inc.
Apria Healthcare Group LLC
Apria Healthcare LLC
Apria Holdco LLC
CPAP Sleep Stores, LLC
DMEHUB LLC
Healthy Living Home Medical LLC
Lofta, Inc.
American Contract Systems, Inc.

Exhibit 22.2

Owens & Minor, Inc.

List of Subsidiaries Pledged as Collateral

The following table lists the pledged subsidiaries of Owens & Minor, Inc.'s 2024 Notes that constitute collateral (together, "the Collateral Group") as of June 30, 2023 September 30, 2023:

Entity
Owens & Minor, Inc.
Owens & Minor Distribution, Inc.
Owens & Minor Medical, Inc.
Barista Acquisition I, LLC
Barista Acquisition II, LLC
O&M Halyard, Inc.
O&M Byram Holding, GP
Byram Holdings I, Inc.
Byram Healthcare Centers, Inc.
Owens & Minor International Logistics, Inc.
AVID Medical, Inc., a Delaware corporation

Clinical Care Services, L.L.C., a Utah limited liability company
Diabetes Specialty Center, L.L.C., a Utah limited liability company
Fusion 5 Inc., a Delaware corporation
Halyard North Carolina, LLC, a North Carolina limited liability company
Medical Action Industries, Inc., a Delaware corporation
O&M Worldwide, LLC, a Virginia limited liability company
Owens & Minor Global Resources, LLC, a Virginia limited liability company
O&M Halyard Canada Inc.
O&M Halyard Honduras S.A. de C.V.
O&M Halyard Mexico S. del R.L. de C.V.
O&M Brasil Consultoria Ltda
La Ada de Acuna-S. de R.L. de C.V.
O&M Halyard UK Limited
O&M Halyard France
O&M Halyard Germany GMBH
O&M Halyard Netherlands B.V.
O and M Halyard South Africa Pty Ltd
Mira MEDsource Holding Company Limited
Mira MEDsource (Shanghai) Co., LTD
O&M International Healthcare C.V.
Owens & Minor Ireland Unlimited Company
ArcRoyal Holdings Unlimited Company
ArcRoyal Unlimited Company
Owens & Minor Global Services Unlimited Company
O&M Healthcare Italia S.R.L.
O&M Halyard Belgium
O&M Halyard Australia PYT LTD
O&M Halyard Singapore PTE Ltd
O&M Halyard Ireland Limited
O&M Halyard Japan GK
O&M Halyard Health India Private Limited
Safeskin Medical & Scientific (Thailand) Ltd.
Halyard Malaysia SND BHD
Apria, Inc.
Apria Healthcare Group LLC

Apria Healthcare LLC
Apria Holdco LLC
CPAP Sleep Stores, LLC
DMEHUB LLC
Healthy Living Home Medical LLC
Lofta, Inc.
American Contract Systems, Inc.
Owens & Minor India Private Limited

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Edward A. Pesicka, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 September 30, 2023 of Owens & Minor, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, November 3, 2023

/s/ Edward A. Pesicka

Edward A. Pesicka

President, Chief Executive Officer & Director

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Alexander J. Bruni, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 September 30, 2023 of Owens & Minor, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, November 3, 2023

/s/ Alexander J. Bruni

Alexander J. Bruni

Executive Vice President & Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Owens & Minor, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2023 September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Edward A. Pesicka, President, Chief Executive Officer & Director of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Edward A. Pesicka

Edward A. Pesicka

President, Chief Executive Officer & Director

Owens & Minor, Inc.

August 4, November 3, 2023

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Owens & Minor, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2023 September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Alexander J. Bruni, Executive Vice President & Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C.

Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Alexander J. Bruni

Alexander J. Bruni
Executive Vice President & Chief Financial Officer
Owens & Minor, Inc.
August 4, November 3, 2023