

REFINITIV

DELTA REPORT

10-K

OMI - OWENS & MINOR INC/VA/

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

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TOTAL DELTAS 4050

█ CHANGES 277

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the year ended **December 31, 2022**

December 31, 2023

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.
INC.

(Exact name of registrant as specified in its charter)

Virginia

54-

1701843

Virginia

54-
1701843

(I.R.S.
Employer

**(I.R.S. Employer
Identification No.)**

(State or other jurisdiction of

incorporation or organization)

23116

(Zip Code)

9120 Lockwood Boulevard

Mechanicsville, Virginia

(Address of principal executive offices)

Post Office Box 27626,

Richmond, Virginia

Richmond, Virginia

(Mailing address of principal executive offices)

23261-7626

(Zip Code)

Registrant's telephone number, including area code (804) (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	OMI	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer (as defined in Rule 405 of the Securities Act). Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 Website, 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, **or** a non-accelerated filer, **or** a smaller reporting **company or an emerging growth company**. See the definitions of "large accelerated filer," "accelerated filer" **and** "smaller reporting **company**" **and** "**emerging growth company**" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		<input type="checkbox"/>

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 has filed a report on and attestation to its **management's** **management's** assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes No

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. Yes No

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). Yes No

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

The aggregate market value of Common Stock held by non-affiliates (based upon the closing sales price) was **\$2,326,856,072** **\$1,423,793,358** as of **June 30, 2022** **June 30, 2023**.

The number of shares of the Company's common stock outstanding as of **February 13, 2023** **January 31, 2024** was **76,279,143** **76,596,696** shares.

Documents Incorporated by Reference

The proxy statement for the annual meeting of shareholders to be held on **May 11, 2023** **May 9, 2024**, is incorporated by reference for Item 5 of Part II and Part III.

Table of Contents

Form 10-K Table of Contents

<u>Item</u>	<u>Page</u>
<u>Part I</u>	
1. Business	3
1A. Risk Factors	17
1B. Unresolved Staff Comments	31
1C. Cybersecurity	31
2. Properties	32
3. Legal Proceedings	33
4. Mine Safety Disclosures	34
Information about our Executive Officers	34
<u>Part II</u>	
5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities	37
6. Reserved	38
7. Management's Discussion and Analysis of Financial Condition and Results of Operations	38
7A. Quantitative and Qualitative Disclosures About Market Risk	50
8. Financial Statements and Supplementary Data	51
9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	51
9A. Controls and Procedures	51
Management's Report on Internal Control over Financial Reporting	52
Changes in Internal Control	53
9B. Other Information	53
9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	53
Report of Independent Registered Public Accounting Firm	54
<u>Part III</u>	
10. Directors, Executive Officers, and Corporate Governance	56
11. Executive Compensation	56
12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	56
13. Certain Relationships and Related Transactions, and Director Independence	56
14. Principal Accountant Fees and Services	56
<u>Part IV</u>	
15. Exhibits and Financial Statement Schedules	57
16. Form 10-K Summary	101
17. Signatures	102

<u>Item No.</u>	<u>Page</u>
<u>Part I</u>	
1. Business	3
1A. Risk Factors	15
1B. Unresolved Staff Comments	28
2. Properties	28
3. Legal Proceedings	28
4. Mine Safety Disclosures	28
Information about our Executive Officers	28
<u>Part II</u>	
5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities	30

6	Reserved	32
7	Management's Discussion and Analysis of Financial Condition and Results of Operations	32
7A.	Quantitative and Qualitative Disclosures About Market Risk	41
8	Financial Statements and Supplementary Data	42
9	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	42
9A.	Controls and Procedures	42
	Management's Report on Internal Control over Financial Reporting	42
	Changes in Internal Control	43
9B.	Other Information	43
9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	43
	Report of Independent Registered Public Accounting Firm	44

Part III

10	Directors, Executive Officers, and Corporate Governance	46
11	Executive Compensation	46
12	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	46
13	Certain Relationships and Related Transactions, and Director Independence	46
14	Principal Accountant Fees and Services	46

Part IV

15	Exhibits and Financial Statement Schedules	47
16	Form 10-K Summary	90

Table of Contents

Part I

Item 1. Business

General

Owens & Minor, Inc.^{and}, along with its subsidiaries (we, us, our or the Company), a Fortune 500 company headquartered in Richmond, Virginia, is a global healthcare solutions company that incorporates product manufacturing, distribution support and innovative technology services to deliver significant and sustained value across the breadth of the industry – from acute care to patients in their home. Our We report our business has under two distinct segments: Products & Healthcare Services and Patient Direct. Products & Healthcare Services provides distribution, outsourced logistics and value-added services, and manufactures and sources medical surgical products through our production and kitting operations. Patient Direct, expands 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 and related services which are described in the United States (U.S.), further detail below. Our teammates serve healthcare industry customers in approximately 70 80 countries, by providing quality products and helping to reduce total costs across the healthcare supply chain by optimizing point-of care performance, freeing up capital and clinical resources and managing contracts to optimize financial performance. The description of our business should be read in conjunction with the consolidated financial statements and supplementary data included in this Form 10-K.

Founded in 1882, Owens & Minor was incorporated in 1926 and has operated continuously from its Richmond, Virginia headquarters. Through organic growth and acquisitions over many years, we significantly expanded and strengthened our company, achieving international scale in the healthcare market. Today, we have production,

distribution, production, storage, customer service and sales facilities located across the United States (U.S.), Canada, Asia, Australia, Europe and Latin America and the United States.

America.

Acquisition of Apria

On March 29, 2022 (Acquisition Date), we completed the acquisition of 100% of Apria, Inc. (Apria) pursuant to the Agreement and Plan of Merger dated January 7, 2022 (Apria Acquisition), in exchange for approximately \$1.7 billion, net of \$144 million of cash acquired. See Note 3, "Acquisitions, and Discontinued Operations," of the Notes to Consolidated Financial Statements included in this annual report for further information.

This division is reported in the Patient Direct segment.

Products & Healthcare Services

In our Products & Healthcare Services segment, we offer a comprehensive portfolio of products and services to healthcare providers and manufacturers. This segment is vertically-integrated, starting with America's-based Americas-based manufacturing, using our proprietary technology, teammates, and leased or owned production facilities. We manufacture from raw material all the way to finished goods before transferring product to our distribution center network. Our portfolio of medical and surgical supplies includes branded products purchased from manufacturers and our own proprietary products. We store our products at our distribution centers and provide delivery of these products, along with related services, to healthcare providers around the U.S.

world.

Our service offerings to healthcare providers include supplier management, analytics, inventory management, and clinical supply management. These value-add services help providers improve their processes for contracting with vendors, purchasing supplies and streamlining inventory. These services include our operating room-focused inventory management program that helps healthcare providers manage suture and endo-mechanical inventory, as well as our customizable surgical supply service that includes the kitting and delivery of surgical supplies in procedure-based totes to coincide with the healthcare providers' providers' surgical schedule.

In addition to services to healthcare providers, we offer a variety of programs dedicated to providing outsourced logistics and marketing solutions to our suppliers as well. These are designed to help manufacturers drive sales growth, increase market share and achieve operational efficiencies. Manufacturer programs are generally negotiated on an annual basis and provide for enhanced levels of support that are aligned with the manufacturer's annual objectives and growth goals. We have contractual arrangements with manufacturers participating in these programs that provide performance-based incentives to us, as well as cash discounts for prompt payment. Program incentives can be earned on a monthly, quarterly or annual basis.

3

[Table of Contents](#)

We operate a network of 54 distribution centers located throughout the United States, U.S., which are strategically located to efficiently serve our provider and manufacturer customers. Investments in information technology support our business including warehouse management systems, customer service and ordering functions, demand forecasting programs, electronic commerce, data warehousing, decision support and supply chain management.

For the products we manufacture, we operate distribution centers located in the U.S. that ship finished products to customers, as well as other distribution sites that also have customer shipping capabilities, in order to optimize cost and customer service requirements.

We customize product deliveries, whether the orders are "just-in-time," "low-unit-of-measure," pallets, or truckloads. We also customize delivery schedules according to customers' needs to increase their efficiency in receiving and storing products. We use low-unit-of-measure automated picking modules in our larger distribution centers to maximize efficiency, and our distribution center teammates use voice-pick technology to enhance speed and accuracy in performing certain warehousing processes. We partner with a third party company to deliver most supplies in the United States, U.S. We also use contract carriers and parcel delivery services when they are more cost-effective and timely.

The majority of our distribution arrangements compensate us on a cost-plus percentage basis, under which a negotiated percentage mark-up is added to the contract cost of the product agreed to by the supplier and customer or Group Purchasing Organization (GPO). We price our services for other arrangements under activity-based pricing models. In these cases, pricing depends upon the type, level and/or complexity of services that we provide to customers, and in some cases we do not take title to the product (although we maintain certain custodial risks). As a result, this fee-for-service pricing model aligns the fees we charge with the cost of the services provided, which is a component of distribution, selling and administrative (DS&A) expenses, rather than with the cost of the product, which is a component of cost of goods sold.

Our Products & Healthcare Services segment manufactures and sources medical surgical products through our production and kitting operations. We provide medical supplies and solutions for the prevention of healthcare-associated infections across the acute and alternate site channels.

Our manufacturing facilities are located in the **United States, U.S.**, Thailand, Honduras, Mexico and Ireland. Our business has recognized brands across its portfolio of product offerings, including sterilization wrap, surgical drapes and gowns, facial protection, protective apparel, medical exam gloves, custom and minor procedure kits and other medical products. We use a wide variety of raw materials and other inputs in our production processes, with polypropylene polymers and nitrile constituting our most significant raw material purchases. We base our purchasing decisions on quality assurance, cost effectiveness and regulatory requirements, and we work closely with our suppliers to assure continuity of supply while maintaining high quality and reliability. We primarily purchase these materials from external suppliers, some of which are single-source suppliers. Global commodity prices can affect pricing of certain raw materials on which we rely. In our Halyard product line, polypropylene polymers, which are oil based, and nitrile represent a significant component of our manufacturing costs. In addition, the prices of other raw materials we use, such as resins and finishing supplies, often fluctuate in response to changes in oil prices.

We support customer sales through a dedicated global sales force and direct our primary sales and marketing efforts toward hospitals and other healthcare providers to highlight the unique benefits and competitive differentiation of our products. We work directly with physicians, nurses, professional societies, hospital administrators and GPOs to collaborate and educate on emerging practices and clinical techniques that prevent infection and speed recovery. These marketing programs are delivered directly to healthcare providers. Additionally, we provide marketing programs to our strategic distribution partners throughout the world. **For the products we manufacture, we operate four major distribution centers located in North America and Asia that ship finished products to customers, as well as other distribution sites that also have customer shipping capabilities, in order to optimize cost and customer service requirements.**

Our proprietary products are typically purchased pursuant to purchase orders or supply agreements in which the purchaser specifies whether such products are to be supplied through a distributor or directly. These products may be sold on an intercompany basis within our Products & Healthcare Services segment when we are the designated distributor, to other third-party distributors or directly to healthcare providers.

[Table of Contents](#)

Patient Direct

Our Patient Direct segment **expands our business along the continuum of care through** **provides** delivery of disposable medical supplies sold directly to patients and home health agencies and is a leading provider of integrated home healthcare equipment and related services in the **United States, U.S.** The segment offers a comprehensive range of products and services for in-home care and delivery across diabetes treatment, home respiratory therapy (including home oxygen and non-invasive ventilation services), and obstructive sleep apnea treatment (including continuous positive airway pressure (CPAP) and bi-level positive airway pressure devices, and patient support services). Additionally, Patient Direct supplies a wide range of other home medical equipment, patient care product lines including ostomy, wound care (including negative pressure wound therapy), urology, incontinence and other products and services to help improve the quality of life for patients with home care needs. Revenues are generated through fee-for-service and capitation arrangements with large government and commercial payors (Payors) for equipment, supplies, services and other items rented **or and** sold to patients. We provide patients with a variety of clinical and administrative support services and related products and supplies, most of which are prescribed by a physician as part

of a care plan. Patient Direct ~~remains focused on being~~ is one of the industry's highest-quality ~~provider~~providers of home healthcare equipment, medical supplies and related services, while maintaining a commitment to being a low-cost operator. We aim to provide a compelling value proposition to patients, providers and Payors by allowing patients to receive necessary care and services in the comfort of their own home, while, at the same time, reducing the costs of treatment.

Patient Direct has a nationwide sales force, focusing on managed care and key referral sources, ~~six~~ along with centers of excellence ~~strategically located in the U.S.~~ aligned with specific mail order product categories and a nationwide network ~~with over 300 locations~~ to optimize shipping distance and time, ~~with over 300 locations~~ to serve patients.

Our Customers

Through

~~The Products & Healthcare Services we currently provide~~ segment provides products and services to thousands of healthcare ~~provider customers~~ providers, along with certain ~~retailers~~ either directly or indirectly through third-party distributors. ~~Through Our~~ Patient Direct we provide ~~segment provides~~ delivery of disposable medical supplies and equipment ~~rented and sold or rented~~ directly to patients and home health agencies, for which payments are received from managed care plans, the U.S. federal government under the Medicare program, state governments under their respective Medicaid or similar programs, private insurers, home health agencies, and directly from patients. Medicare contracts within our Patient Direct segment may be subject to a Competitive Bidding Process (CBP) for ~~the~~ durable medical equipment, prosthetics, orthotics and supplies (DMEPOS), as further described in the *Regulation* section.

Our customers include multi-facility networks of healthcare providers offering a broad spectrum of healthcare services to a particular market or markets as well as smaller, independent hospitals. In addition to contracting directly with healthcare providers at the Integrated Delivery Network (IDN) level, we also contract with GPOs as well as other types of healthcare providers including surgery centers, physicians' practices and smaller networks of hospitals that have joined together to negotiate terms. We have contracts to provide distribution services to the members of a number of national GPOs, including Vizient, Premier, Inc. (Premier) and HealthTrust Purchasing Group (HPG). Below is a summary of these agreements:

GPO	Year of Renewal or Extension		Sales to Members as a % of Consolidated Net Revenue in 2023	
			Term	
Vizient		2023	5 years	34 %
Premier		2021	5 years	19 %
HPG		2022	4 years	11 %

GPO	Year of Renewal or Extension		Sales to Members as a % of Consolidated Net Revenue in 2022	
			Term	
Vizient		2021	2 years	35%
Premier		2021	5 years	19%
HPG		2022	4 years	12%

We have our own independent relationships with most of our hospital customers through separate contractual commitments that may or may not be based upon the terms of our agreement with the GPO. As a result, the termination or expiration of an agreement with a particular GPO would not necessarily mean that we would lose the members of such GPO as our customers.

Our suppliers represent the largest and most influential healthcare manufacturers in the industry. We have long-term relationships with these important companies in the healthcare supply chain and have long provided traditional distribution services to them. No sales of products from any individual suppliers exceeded 10% of our consolidated net revenue for **2022**.

2023.

Asset Management

In our business, a significant investment in inventory and accounts receivable is required to meet the rapid delivery requirements of customers and provide high-quality service. As a result, efficient asset management is essential to our profitability. We continually work to refine our processes to optimize inventory and collect accounts receivable.

Inventory

We actively monitor inventory for obsolescence and use inventory days and other operational metrics to measure our performance in managing inventory. We write down inventories which are considered excess and obsolete as a result of these assessments. We are focused in our efforts to optimize inventory and continually consolidate products and collaborate with suppliers on inventory productivity initiatives. When we convert large-scale IDN customers to our distribution network, an additional investment in inventory in advance of expected sales is generally required.

Accounts Receivable

In the normal course of business, we provide credit to our customers and use credit management techniques to evaluate customers' creditworthiness and facilitate collection. In our Products & Healthcare Services segment, these techniques may include performing initial and ongoing credit evaluations of customers based primarily on financial information provided by them and from sources available to the general public. We also use third-party information from sources such as credit reporting agencies, banks and other credit references. For Patient Direct, we have developed internal expertise to manage the unique reimbursement requirements of certain Payors and continue to negotiate simplifications in the claims submission process in an effort to reduce subsequent denials and shorten related collection periods. Our policy is to collect co-payments from the patient or applicable secondary Payor. In the absence of a secondary Payor, we generally require the co-payment to be paid at the time the patient is initially established.

We actively manage our accounts receivable to minimize credit risk, days sales outstanding (DSO) and accounts receivable carrying costs. Our ability to accurately invoice and ship product to customers enhances our collection results and affects our DSO performance. As we diversify our customer portfolio, the change in business mix also affects our DSO. We have arrangements with certain customers under which they make deposits on account, because they do not meet our standards for creditworthiness, to reduce past due balances, or in order to obtain more favorable pricing.

On March 14, 2023, we entered into the Master Receivables Purchase Agreement (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) in exchange for cash. We account for these transactions as sales, 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 (Receivables Financing Agreement).

Competition

The industries in which we operate are highly competitive. Products & Healthcare Services competitors include two major nationwide manufacturers who also provide distribution services, Cardinal Health, Inc. and Medline Industries, Inc. We also compete against other product manufacturers, including Hogy Medical, Multigate Medical Products, Mölnlycke Health Care and the HARTMANN Group. In addition, we compete with a number of regional and local distributors, and customer self-distribution models. Major outsourced logistics competitors serving healthcare manufacturers in the **United States** **U.S.** include United Parcel Service and FedEx Corporation. **In**

[Table of Contents](#)

Within our Patient Direct segment, we compete against national providers that deliver products and services to patients' homes, including AdaptHealth Corp., Lincare, Rotech, Aerocare, Inogen, Inspire Medical Systems, Inc., Viemed Healthcare, Inc., as well as regional providers and local organizations. In addition, pharmacy benefit managers, such as CVS Health Corporation, are beginning to compete with us Global Products division in the home healthcare market.

In the United States, U.S., several of our distribution partners and GPOs directly compete with us by sourcing their own brands. We compete against reusable products, or low usage of infection prevention products, due in large part to limited awareness and education on infection prevention practices and products. The highly competitive environment requires us to seek out technological innovations and to market our products effectively. Our products face competition from other brands that may be less expensive than our products and from other companies that may have more resources than we do. Competitive factors include price, alternative clinical practices, innovation, quality and reputation. To successfully compete, we must demonstrate that our products offer higher quality, more innovative features or better value versus other products.

In our Patient Direct segment, we compete against national providers that deliver products and services to patients' homes, including AdaptHealth Corp., Lincare, Rotech, Aerocare, Inogen, Viemed Healthcare, Inc., as well as regional and local providers. In addition, pharmacy benefit managers, such as CVS Health Corporation, compete with us in the home healthcare market.

Research and Development

We continuously engage in research and development to commercialize new products and enhance the effectiveness, reliability and safety of our existing products. In our Products & Healthcare Services segment, we are focused on maintaining and improving our market position by providing innovative customer-preferred product enhancements, with a particular **focus** **emphasis** on the operating room. Leveraging customer insights and our vertically integrated manufacturing capabilities, we seek to continuously improve our product designs, specifications and features to deliver cost efficiencies while improving healthcare worker and patient protection. We continuously refresh our surgical drape and gown portfolio to ensure that our products are aligned with the latest medical and procedural standards. Our research team works with healthcare providers to develop and design exam glove and apparel portfolios that optimize comfort and fit and provide cost-effective infection prevention solutions for use **throughout the hospital** by healthcare providers. We are also investing in new categories and solutions that complement our technical expertise and existing intellectual property. We are particularly focused on those new categories that we believe will leverage our existing scalable technology platforms as well as our sales and marketing expertise.

We incurred research and development costs of \$13.2 million, \$11.8 million, and \$12.1 million for the years ended 2023, 2022 and 2021.

Intellectual Property

Patents, trademarks and other proprietary rights are very important to the growth of our **business**.**Products & Healthcare Services** segment. We also rely upon trade secrets, manufacturing know-how, continuing technological innovations and licensing opportunities to maintain and improve our competitive position.

On a regular basis, we review third-party proprietary rights, including patents and patent applications, as available, in an effort to develop an effective intellectual property strategy, avoid infringement of third-party proprietary rights, identify licensing opportunities, and monitor the intellectual property owned by others.

We have approximately 825 patents and patent applications pending in the **United States** U.S. and other countries that relate to the technology used in many of our products. We utilize patents in our surgical and infection protection products and currently have approximately **135** **580** issued **patents** in the **U.S.** and approximately **540** issued **patents** in countries outside the **U.S.** **patents**. These patents generally expire between **2023** **2024** and **2043** **2044**. We do not license any patents from third parties that are material to our business.

We also file patent applications for innovative product lines and solutions that result from our technical expertise. In order to protect our ongoing research & development investments, we have approximately **40** pending patent applications in the **U.S.** and approximately **110** pending patent applications in countries outside of the **U.S.**

applications.

With respect to trademarks, we have approximately **1,180** **1,280** trademarks and trademark applications pending in the **United States** U.S. and other countries that are used to designate or identify our company or products. We have approximately **160** **U.S.**

registration 1,100 registered trademarks and approximately 850 registered trademarks outside of the U.S. We also have approximately 60175 pending trademark applications in the U.S. and approximately 110 pending trademark applications outside applications.

[Table of the U.S. Contents](#)

We manufacture and distribute products bearing the well-known "Halyard" brand. Other well-known registered trademarks we use include: Aero Blue, Apria, Byram Healthcare, Quick Check, Smart-Fold, Orange, One Step, Purple, Purple Nitrile, Purple Nitrile-Xtra, Lavender, Sterling, and Safeskin.

We consider the patents and trademarks which we own and the trademarks under which we sell certain of our products, as a whole, to be material to our business. However, we do not consider our business to be materially dependent upon any individual patent or trademark.

Regulation

The development, manufacture, marketing, sale, promotion and distribution of products, as well as the provision of logistics and services in the healthcare industry and provisions of our contracts with certain governmental agencies, are subject to comprehensive regulation by federal, state, local and foreign governments and agencies. Compliance with these laws and regulations is costly and materially affects our business. Among other effects, healthcare regulation substantially increases the time, difficulty and costs incurred in obtaining and maintaining approvals to market newly developed and existing products. We believe we are in material compliance with all statutes and regulations applicable to our operations. Notwithstanding this, violations of these laws and regulations may still occur, which could subject us to civil and criminal enforcement actions; licensure revocation, suspension, or non-renewal; severe fines and penalties; the repayment of amounts previously paid to us; and even the termination of our ability to provide services under certain government programs.

Healthcare is an **area** of rapid regulatory change. Changes in the laws and regulations and new interpretations of or guidelines relating to existing laws and regulations may affect permissible activities and compliance requirements, licenses and approvals required to be held, the relative costs associated with doing business, and reimbursement amounts paid by federal, state and other third-party payors. We cannot predict the future of federal, state, local and foreign regulation or legislation, or possible changes in national healthcare policies. Future legislative and regulatory changes could have a material adverse effect on our financial condition, **and** results of operations.

operations and cash flows.

General Regulation

Privacy

Numerous federal and state laws and regulations, including the Health Insurance Portability and Accountability Act (HIPAA), as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 (HITECH), govern the collection, dissemination, security, use and confidentiality of Protected Health Information (PHI). HIPAA includes a number of requirements pertaining to the privacy and security of certain PHI, as well as the standard formatting of certain electronic health transactions. As part of the provision of, and billing for, healthcare equipment and services, our Patient Direct **business segment** is required to collect and maintain PHI and as such, are subject to HIPAA as a covered entity. HIPAA also applies to business associates of covered entities, which are individuals and entities that provide services for or on behalf of those covered entities. Failure of our business associates to comply with HIPAA requirements can adversely impact our business. Numerous other federal and state laws that protect the confidentiality, privacy, availability, integrity and security of PHI and healthcare related data also apply to us. In many cases, these laws are more restrictive than, and not preempted by, the HIPAA and HITECH rules and requirements, and may be subject to varying interpretation by courts and government agencies, creating complex compliance issues for us and potentially exposing us to additional expenses, adverse publicity and liability. We are also subject to privacy laws outside the **United States**. See "Products & Healthcare Services-Global Privacy Regulation."

Further, federal and state consumer laws are being applied increasingly by the Federal Trade Commission (FTC) and state enforcement authorities, to regulate the collection, use and disclosure of personal information or PHI, and to ensure that businesses and organizations maintaining personal information about individuals implement appropriate data safeguards. For instance, the California Consumer Privacy Act (CCPA) became effective on January 1, 2020. The CCPA gives California residents expanded rights to direct the use of their personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that may result in data breach litigation. Although there are limited exemptions for PHI and HIPAA regulated entities, and the CCPA's

[Table of Contents](#)

implementation standards and enforcement practices are continuing to develop and remain uncertain for the foreseeable future, the CCPA may increase our compliance costs and potential liability. In November 2020, Californians approved the California Privacy Rights Act (the CPRA), which modified and expanded the CCPA and established a new California Privacy Protection Agency. The CPRA established January 1, 2023 as the new compliance date for most of the other substantive provisions of the CPRA. Colorado, Connecticut, Utah, and Virginia have enacted similar laws to provide for the protection of consumer privacy, and numerous other states have similar laws under consideration.

Additionally, the FTC and many state attorneys general are interpreting existing federal and state consumer protection laws to impose evolving standards for the online collection, use, dissemination and security of PHI and other personal information. Courts may also adopt the standards for fair information practices promulgated by the FTC, which concern consumer notice, choice, security, and access. Consumer protection laws require us to publish statements that describe how we handle personal information and choices individuals may have about the way we handle their personal information. If we publish information that is considered untrue, it may be subject to government claims of unfair or deceptive trade practices, which could lead to significant liabilities and consequences. Furthermore, according to the FTC, violating consumers' privacy rights or failing to take appropriate steps to keep consumers' personal information secure may constitute unfair acts or practices in or affecting commerce in violation of Section 5 of the FTC Act.

New health information standards implemented on the federal and state level could have a significant effect on the manner in which we handle personal and healthcare-related data and communicate with **payors**, **Payors**, and the cost of complying with these standards could be significant. Failure to comply with existing or new laws and regulations (including the interpretations thereto) related to patient health information could subject us to criminal or civil sanctions.

Licensing

Certain of our businesses are subject to federal, state, local and foreign laws and regulations relating to the licensure of our facilities, healthcare specialists working for or engaged by us, and certain medical products, and requirements vary amongst jurisdictions.

Certain of our teammates in our Patient Direct segment are authorized and/or licensed under various federal, state and local requirements, which cover a variety of topics including standards regarding the provision of medical or care services, clinical records, infection control and care plans. Additionally, certain states may require certain of our teammates to complete training programs, undergo background checks, and maintain state certification. In addition, various federal and state authorities and clinical practice boards regulate the licensure of our clinical specialists, working either directly as employees or on a per diem or contractual basis, and **in our** facilities. We believe we are currently licensed appropriately as required by the laws of the jurisdictions in which we operate in all material respects, but additional licensing requirements may be imposed upon us in existing or future markets.

In the **United States**, **U.S.**, the Federal Food, Drug, and Cosmetic Act (FFDCA), Food and Drug Administration (FDA) regulations and other federal and state statutes and regulations govern, among other things, medical device design and development, preclinical and clinical testing, premarket clearance or approval, registration and listing, manufacturing, labeling, storage, advertising and promotion, sales and distribution and post-market surveillance. We must also comply with laws and regulations governing operations, storage, transportation, manufacturing, sales, safety and security standards for each of our manufacturing and distribution centers. This includes oversight by the FDA, the Centers for Medicare and Medicaid Services, the Drug Enforcement Agency, the Department of Transportation, the Environmental Protection Agency, the Department of Homeland Security (**DHS**), **the** Occupational Safety and Health Administration, the Department of

Labor, the Equal Employment Opportunity Commission, and state boards of pharmacy, or similar state licensing boards and regulatory agencies. For example, our locations that fill and distribute medical oxygen containers must register with the FDA as a medical gas manufacturer, and these registered locations are subject to extensive regulation. Among other requirements, the FDA's **Current** Good Manufacturing Practice (cGMP) regulations impose certain quality control, documentation and recordkeeping requirements on the receipt, processing and distribution of medical gas. Further, in each state in which we operate medical gas facilities, we are subject to regulation under varying state health and safety laws. The FDA and state authorities conduct periodic, unannounced inspections at our facilities to assess compliance with cGMPs and other regulations. Failure to comply with applicable requirements can lead to a variety of administrative or legal sanctions, such as warning letters, product recalls, product seizures, total

[Table of Contents](#)

or partial suspension of production or distribution, injunctions, fines, civil penalties and criminal prosecution. We expend significant resources to achieve compliance with federal and state law requirements at each of our facilities. There can be no assurance, however, that these efforts will be successful and that our facilities will achieve and maintain compliance with applicable federal, state and local law requirements. We are also subject to certain federal and state disclosure requirements regarding financial arrangements within the healthcare industry.

Environmental Laws

We are subject to federal, state, local and foreign laws and regulations relating to hazardous materials, pollution and the protection of the environment. Such regulations include those governing emissions to air, discharges to water, storage, treatment and disposal of wastes, including medical waste, remediation of contaminated sites and protection of worker health and safety. These laws and regulations frequently change and have become increasingly stringent over time. Non-compliance with these laws and regulations may result in significant fines or penalties or limitations on our operations or claims for remediation costs, as well as alleged personal injury or property damages. We believe our current operations are in substantial compliance with all applicable environmental, health and safety requirements and that we maintain all material permits required to operate our business.

Certain environmental laws and regulations impose strict, and under certain circumstances joint and several, liability for investigation and remediation of the release of regulated substances into the environment. Such liability can be imposed on current or former owners or operators of contaminated sites, or on persons who dispose or arrange for disposal of wastes at a contaminated site. Based on available information, we do not believe that any known compliance obligations, releases or investigations under environmental laws or regulations will have a material adverse effect on our business, financial condition, **and results of operations**. **operations and cash flows**. However, there can be no guarantee that these releases or **newly-discovered** **newly-discovered** information, more stringent enforcement of or changes in environmental requirements, or our inability to enforce available indemnification agreements will not result in significant costs.

In addition, governments in the U.S. and abroad are considering new or expanded laws to address climate change. Such laws, including recent California legislation, may include limitations on greenhouse gas emissions, mandates that companies implement processes to monitor and disclose climate-related matters, additional taxes or offset charges on specified energy sources, and other requirements. Compliance with climate-related laws may be further complicated by disparate regulatory approaches in various jurisdictions. New or expanded climate-related laws could impose substantial costs on us. Until the timing and extent of climate-related laws are clarified, we cannot predict their potential effect on our capital expenditures or our results of operations.

Antitrust Laws

The federal government, most states and foreign governments have enacted antitrust or competition laws that prohibit certain types of conduct deemed to be anti-competitive. These laws prohibit price fixing, market allocation, bid-rigging, concerted refusal to deal, market monopolization, price discrimination, tying arrangements, certain acquisitions of competitors and other practices that have, or may have, an adverse effect on competition. Violations of federal or state antitrust laws can result in various sanctions, including criminal and civil penalties. Antitrust enforcement in the healthcare sector is currently a priority of the FTC and the Department of Justice (DOJ). In addition, the DOJ has been pursuing criminal antitrust enforcement actions for conduct of parties that the DOJ is alleging to be fixing wages or limiting worker

mobility. We believe we are in compliance with such federal and state laws, but courts or regulatory authorities may reach a determination in the future that could adversely affect our operations.

Products & Healthcare Services

Global Operations

Our operations are subject to local, country and regional regulations, such as those promulgated by the European Medicines Agency and the Medical Devices Directive. In addition, quality requirements are imposed by customers which audit our operations on a regular basis. Each of our manufacturing locations is licensed or registered with the appropriate local authority. We believe we are in material compliance with all applicable statutes and regulations, as well as prevailing industry best practices, in the conduct of our business operations outside of the United States.

Since we market our products worldwide, certain products of a local nature and variations of product lines must also meet other local regulatory requirements. Certain additional risks are inherent in conducting business outside the United States, including price and currency exchange controls, changes in currency exchange rates, limitations on participation in local enterprises, expropriation, nationalization, and other governmental action.

Our operations are impacted by trade regulations in many countries that govern the import of raw materials and finished products, as well as data privacy laws that require safeguards for the protection of healthcare and other personal data. In addition, we are subject to laws and regulations that seek to prevent corruption and bribery in the marketplace as well as laws and regulations pertaining to healthcare fraud and abuse, including state and federal anti-kickback and false claims laws in the United States.

Global Privacy Regulation

Our international operations are impacted by data privacy laws that require safeguards for the protection of healthcare and other personal data. Data protection laws and regulations are evolving globally and may continue to add additional compliance costs and legal risks to our international operations. In the European Union, the General Data Protection Regulation (EU GDPR) imposes a comprehensive data protection regime with the potential for regulatory fines as well as data breach litigation by impacted data subjects. Under the EU GDPR, regulatory penalties may be passed by data protection authorities for up to the greater of 4% of worldwide turnover or €20 million. The United Kingdom has implemented similar legislation (the UK GDPR) that may carry similar compliance and operational costs, and potential fines, as the EU GDPR. The costs of compliance with, and other burdens imposed by, the EU GDPR, UK GDPR and other international data protection laws may impact our operations outside the U.S. and may limit the ways in which we can provide services or use personal data collected while providing services.

Anti-bribery and Corruption

In addition, we are subject to laws and regulations that seek to prevent corruption and bribery in the marketplace, including the U.S. Foreign Corrupt Practices Act (FCPA) and the United Kingdom Bribery Act. These regimes have been the focus of increasing enforcement activity globally in recent years. A violation of the FCPA or other similar laws by us and/or our agents or representatives could result in, among other things, the imposition of fines and penalties, changes to our business practices, the termination of or other adverse impacts under our contracts or debarment from bidding on contracts, and/or harm to our reputation, any of which could have a material adverse effect on our business, results of operations, financial condition, cash flows and stock price.

Patient Direct

Reimbursement

To participate in and qualify for reimbursement under governmental reimbursement programs such as Medicare and Medicaid, we must comply with extensive conditions of participation imposed by federal and state authorities as well as third-parties administering such governmental reimbursement programs. If we were to violate the applicable regulations or requirements governing participation, we could be excluded from participation in federal and state healthcare programs and be subject to substantial administrative, civil and criminal penalties.

Demand for many of the existing and new medical devices and supplies dispensed to our customers is, and will continue to be, affected by the extent to which government healthcare programs and private health insurers reimburse us and our customers for their members/beneficiaries' medical expenses in the jurisdictions where we do business. Statutory and regulatory requirements for Medicare, Medicaid and other government healthcare programs govern provider reimbursement levels. From time to time, legislative changes are made to government healthcare programs that impact our business, and the federal and/or state governments may continue to enact measures in the future aimed at containing or reducing reimbursement levels for medical expenses paid for in whole or in part with government funds. The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (collectively, ACA), the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA), the Deficit Reduction Act of 2005 (DRA) and the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), each contain provisions that have directly impacted reimbursement for the products we provide. Reimbursement from private third-party payors varies and is dependent on contract negotiations and there is no guarantee that such contracts will be profitable, and failure to comply with these contracts may result in termination or financial liabilities. Efforts by Payors to reduce healthcare costs have intensified in recent years and will likely continue, which may result in reductions or slower growth in reimbursement for certain services provided by healthcare companies. It is possible that healthcare companies will continue to experience a shift in Payor mix away from fee-for-service Payors, resulting in an increase in the percentage of revenues attributable to reimbursement based upon value-based principles and quality-driven managed care programs, and general industry trends that include pressures to control healthcare costs. Pressures to control healthcare costs and a shift away from traditional health insurance reimbursement to payments based upon quality outcomes have increased the uncertainty of payments.

The ACA affects how healthcare services are delivered and reimbursed through the expansion of health insurance coverage, constraining Medicare and Medicaid program spending, and establishing programs that tie reimbursement to quality and integration. Potential changes to the ACA may impact our business including but not limited to court challenges, and administration and legislative modifications.

Lower numbers of insured individuals, reduced coverage for insured individuals and reduced government funding for programs could each cause our revenues to decrease to the extent such legislation reduces reimbursement rates.

The MMA established a Competitive Bidding Process (CBP) for certain durable medical equipment, prosthetics, orthotics and supplies (DMEPOS) we provide. The DMEPOS CBP impacts the Medicare reimbursement amounts for suppliers of certain DMEPOS items, and in the past, included some DMEPOS items that we provide to our patients. Cumulatively, in previous competition rounds of the DMEPOS CBP in effect between 2011 and 2018, we were offered contracts for a substantial majority of the product categories for which we submitted bids. Competitive bidding contracts are expected to be re-bid at least every three years. While we cannot predict the outcome of the DMEPOS CBP on our business in the future nor the Medicare payment rates that will be in effect in future years, the program may materially adversely affect our financial condition and results of operations.

State Medicaid programs implement reimbursement policies for the products and services we provide which can vary from state to state. We cannot predict whether states may consider adopting reimbursement reductions or whether any such changes could have a material adverse effect on our business.

Fraud and Abuse Laws

There are various federal and state laws that regulate the operation of healthcare providers, including those that prohibiting prohibit fraudulent and abusive business practices by healthcare providers, suppliers, and parties that contract with such providers and suppliers who participate in, receive payments from or are in a position to make or influence referrals in

[Table of Contents](#)

connection with government-sponsored healthcare programs, including the Medicare and Medicaid programs. Of particular importance, each of which may be amended and updated from time to time, are:

- The federal Anti-Kickback statute and similar state equivalents prohibits providers and others from directly or indirectly soliciting, receiving, offering or paying any remuneration with the intent of generating referrals or orders for services or items covered by a federal healthcare program. Courts have interpreted this statute broadly and held that there is a violation of the Anti-Kickback Statute if just one purpose of the remuneration is to generate referrals. Violations of the federal Anti-Kickback Statute may result in civil monetary penalties up to \$50,000 for each violation, plus up to three times the remuneration involved. Civil penalties for such conduct can further be assessed under the federal False Claims Act (FCA). Violations can also result in criminal penalties, including criminal fines of up to \$100,000 and imprisonment of up to 10 years. Similarly, violations can result in exclusion from participation in government healthcare programs, including Medicare and Medicaid;
- The federal Physician Self-Referral Law, commonly known as the Stark Law, prohibits physicians from referring Medicare and Medicaid patients to healthcare entities in which they or any of their immediate family members have ownership interests or other financial arrangements, if these entities provide certain designated health services (including home healthcare services) reimbursable by Medicare or Medicaid, unless an exception applies. The Stark Law also prohibits entities that provide designated health services reimbursable by Medicare and Medicaid from billing the Medicare and Medicaid programs for any items or services that result from a prohibited referral and requires the entities to refund amounts received for items or services provided pursuant to the prohibited referral on a timely basis. Sanctions for violating the Stark Law include denial of payment, civil monetary penalties of up to \$27,750 per claim submitted and exclusion from the federal healthcare programs. Failure to refund amounts received as a result of a prohibited referral on a timely basis may constitute a false or fraudulent claim and may result in civil penalties and additional penalties under the FCA. The statute also provides for a penalty of up to \$185,009 for a circumvention scheme;
- The FCA and similar state laws provide, in part, that the federal government may bring a lawsuit against any person whom it believes has knowingly presented, or caused to be presented, a false or fraudulent request for payment from the federal government, or who has made a false statement or used a false record to get a claim approved. Among the many other potential bases for liability is the knowing and improper failure to report and refund amounts owed to the government within 60 days of identifying an overpayment. Submission of claims for services or items generated in violation of the Anti-Kickback Statute constitutes a false or fraudulent claim under the FCA. The federal government has taken the position, and some courts have held, that providers who allegedly have violated other statutes, such as the Stark Law, have thereby submitted false claims under the FCA. The FCA may be enforced directly by the federal government or by a whistleblower on the government's behalf;
- The federal Eliminating Kickbacks in Recovery Act, which imposes criminal liability on individuals or entities that pay, receive, or solicit any remuneration in return for patient referrals to recovery homes, clinical treatment facilities, or laboratories;

- The federal Civil Monetary Penalties Law prohibits, among other things, the offering or transfer of remuneration to a Medicare or state healthcare program beneficiary if the person knows or should know it is likely to influence the beneficiary's selection of a particular provider, practitioner, or supplier of services reimbursable by Medicare or a state healthcare program, unless an exception applies;
- Similar state law provisions pertaining to Anti-Kickback, self-referral and false claims issues, some of which may apply to items or services reimbursed by any third-party Payor, including commercial insurers or services paid out-of-pocket by patients; and
- Federal and state laws that prohibit providers from billing and receiving payment from Medicare and Medicaid for services unless the services are medically necessary, adequately and accurately documented, and billed using codes that accurately reflect the type and level of services rendered.

11

- The federal Anti-Kickback statute and similar state equivalents prohibits providers and others from directly or indirectly soliciting, receiving, offering or paying any remuneration with the intent of generating referrals or orders for services or items covered by a federal healthcare program. Courts have interpreted this statute broadly and held that there is a violation of the Anti-Kickback Statute if just one purpose of the remuneration is to generate referrals. Violations of the federal Anti-Kickback Statute may result in civil monetary penalties up to \$112,131 for each violation, plus up to three times the remuneration involved. Civil penalties for such conduct can further be assessed under the federal False Claims Act (FCA). Violations can also result in criminal penalties, including criminal fines of up to \$100,000 and imprisonment of up to 10 years. Similarly, violations can result in exclusion from participation in government healthcare programs, including Medicare and Medicaid; [Contents](#)

- The federal physician self-referral law, commonly known as the Stark Law, prohibits physicians from referring Medicare and Medicaid patients to healthcare entities in which they or any of their immediate family members have ownership interests or other financial arrangements, if these entities provide certain designated health services (including home healthcare services) reimbursable by Medicare or Medicaid, unless an exception applies. The Stark Law also prohibits entities that provide designated health services reimbursable by Medicare and Medicaid from billing the Medicare and Medicaid programs for any items or services that result from a prohibited referral and requires the entities to refund amounts received for items or services provided pursuant to the prohibited referral on a timely basis. Sanctions for violating the Stark Law include denial of payment, civil monetary penalties of up to \$27,750 per claim submitted and exclusion from the federal healthcare programs. Failure to refund amounts received as a result of a prohibited referral on a timely basis may constitute a false or fraudulent claim and may result in civil penalties and additional penalties under the FCA. The statute also provides for a penalty of up to \$185,009 for a circumvention scheme;
- The federal FCA and similar state laws provide, in part, that the federal government may bring a lawsuit against any person whom it believes has knowingly presented, or caused to be presented, a false or fraudulent request for payment from the federal government, or who has made a false statement or used a false record to get a claim approved.. Among the many other potential bases for liability is the knowing and improper failure to report and refund amounts owed to the government within 60 days of identifying an overpayment. Submission of claims for services or items generated in violation of the Anti-Kickback Statute constitutes a false or fraudulent claim under the FCA. The federal government has taken the position, and some courts have held, that providers who allegedly have violated other statutes, such as the Stark Law, have thereby submitted false claims under the FCA. The FCA may be enforced directly by the federal government or by a whistleblower on the government's behalf;
- The Eliminating Kickbacks in Recovery Act, which imposes criminal liability on individuals or entities that pay, receive, or solicit any remuneration in return for patient referrals to recovery homes, clinical treatment facilities, or laboratories;
- The federal Civil Monetary Penalties Law prohibits, among other things, the offering or transfer of remuneration to a Medicare or state healthcare program beneficiary if the person knows or should know it is likely to influence the beneficiary's selection of a particular provider, practitioner, or supplier of services reimbursable by Medicare or a state healthcare program, unless an exception applies;
- Similar state law provisions pertaining to Anti-Kickback, self-referral and false claims issues, some of which may apply to items or services reimbursed by any third-party Payor, including commercial insurers or services paid out-of-pocket by patients; and
- Federal and state laws that prohibit providers from billing and receiving payment from Medicare and Medicaid for services unless the services are medically necessary, adequately and accurately documented, and billed using codes that accurately reflect the type and level of services rendered.

To enforce compliance with the federal laws, the U.S. Department of Justice (DOJ) and the U.S. Department of Health and Human Services (HHS) Office of Inspector General (OIG) have continued their scrutiny of healthcare providers, which has led to a number of investigations, prosecutions, convictions and settlements in the healthcare industry. An example of the continued prioritization by the DOJ on

corporate and healthcare matters is evidenced by the September 2022 release of the Monaco Guidelines, which reflect enhancements to long-standing DOJ Guidelines on corporate accountability. Dealing with investigations can be time- and resource-consuming and can divert management's attention from the business. Any such investigation or settlement could increase costs or otherwise have an adverse effect on operations. In addition, because of the potential for large monetary exposure under the **federal False Claims Act, FCA**, which provides for treble damages and mandatory minimum penalties of **\$12,537** **\$13,508** to **\$25,076** **\$27,018** per false claim or statement, with such penalty amounts being updated from time to time, healthcare providers often resolve allegations without admissions of liability for significant and material amounts to avoid the uncertainty of treble damages that may be awarded in litigation proceedings. Such settlements often contain additional compliance and reporting requirements as part of a consent decree, settlement agreement or corporate integrity agreement.

Given the significant size of actual and potential settlements, it is expected that the government will continue to devote substantial resources to investigating healthcare providers' compliance with the healthcare reimbursement rules and fraud and abuse laws.

We completed our acquisition of Apria on March 29, 2022.

On December 18, 2020, **prior to the completion of the Apria Acquisition on the Acquisition Date**, a federal judge approved a civil and administrative settlement between Apria and the **United States** **U.S.** and certain state Medicaid programs, in a complaint filed by three relators under the qui tam provisions of the FCA, 31 U.S.C. § 3729 et seq., as well as comparable state false claims laws, in connection with the rental of non-invasive ventilation products (NIVs). Apria also entered into separate settlements to resolve the relators' claims brought on behalf of the states of California and Illinois related to NIVs covered by private insurers.

To resolve any potential liability regarding alleged improper use of NIVs, Apria agreed to enter a civil settlement agreement and to pay \$40 million to the federal government and the states. Apria also agreed with the California Department of Insurance to pay \$500,000 to resolve claims asserted by the relators under the California Insurance Frauds Prevention Act, Cal. Ins. Code § 1871 et seq. Apria separately agreed with the relators to settle all remaining claims from their complaint, including: (1) claims for retaliation in violation of federal and state laws; (2) claims for attorneys' fees and costs available under federal and state law; and (3) claims under the Illinois Insurance Claims Fraud Prevention Act, 740 Ill. Comp. Stat. 92/1 et seq. Apria did not admit that any of its conduct was illegal or otherwise improper.

All amounts were paid prior to the Acquisition Date.

As part of the settlement, Apria also entered into a five-year **CIA** **Corporate Integrity Agreement (CIA)** with the HHS OIG. The CIA requires Apria to maintain its ongoing corporate compliance program and implement a set of defined corporate integrity activities for a period of five years from the effective date of the CIA. Among other things, the CIA requires Apria to impose certain oversight obligations on **our** **Apria's** board of directors; provide certain management certifications; continue or implement, as applicable, certain compliance training and education; and engage an Independent Review Organization to perform certain reviews. The CIA also includes certain reporting, certification, record retention, and notification requirements. In the event of a breach of the CIA, Apria could become liable for payment of certain stipulated penalties or could be excluded from participation in federal healthcare programs.

Federal and state agencies and health insurance carriers often conduct audits and request customer records and other documents to support claims submitted for payment of services rendered to customers. In response to an audit or inquiry, we are obligated to procure and submit the underlying medical records retained by various clinical providers, medical facilities and prescribers, which may be challenging. If a determination is made that our records or the patients' medical records are insufficient to meet requirements for the claims, we could be subject to denials or overpayment demands for claims submitted for Medicare reimbursement. In the rare event that such an audit results in major discrepancies of claims records which lacked medical necessity, we may be subject to broader corrective measures, including extrapolation of audit results across a wider population of claims, submission of recoupment demands for claims other than those examined in the audit, or placing **the provider** **us** on a full pre-payment review.

Our operations are subject to local, country and regional regulations, such as those promulgated by the European Medicines Agency and the Medical Devices Directive. In addition, quality requirements are imposed by customers which audit our operations on a regular basis. Each of our manufacturing locations is licensed or registered with the appropriate local authority. We believe we are in material compliance with all applicable statutes and regulations, as well as prevailing industry best practices, in the conduct of our business operations outside of the U.S.

Since we market our products worldwide, certain products of a local nature and variations of product lines must also meet other local regulatory requirements. Certain additional risks are inherent in conducting business outside the U.S., including price and currency exchange controls, changes in currency exchange rates, limitations on participation in local enterprises, expropriation, nationalization, and other governmental action.

Our operations are impacted by trade regulations in many countries that govern the import of raw materials and finished products, as well as data privacy laws that require safeguards for the protection of healthcare and other personal data. In addition, we are subject to laws and regulations that seek to prevent corruption and bribery in the marketplace as well as laws and regulations pertaining to healthcare fraud and abuse, including state and federal anti-kickback and false claims laws in the U.S.

Global Privacy Regulation

Our international operations are impacted by data privacy laws that require safeguards for the protection of healthcare and other personal data. Data protection laws and regulations are evolving globally and may continue to add additional compliance costs and legal risks to our international operations. In the European Union, the General Data Protection Regulation (EU GDPR) imposes a comprehensive data protection regime with the potential for regulatory fines as well as data breach litigation by impacted data subjects. Under the EU GDPR, regulatory penalties may be passed by data protection authorities for up to the greater of 4% of worldwide turnover or €20 million. The United Kingdom (U.K.) has implemented similar legislation (the U.K. GDPR) that carries similar compliance and operational costs, and potential fines, as the EU GDPR. The costs of compliance with, and other burdens imposed by, the EU GDPR, U.K. GDPR and other international data protection laws may impact our operations outside the U.S. and may limit the ways in which we can provide services or use personal data collected while providing services.

Anti-bribery and Corruption

We are subject to laws and regulations that seek to prevent corruption and bribery in the marketplace, including the U.S. Foreign Corrupt Practices Act (FCPA) and the U.K. Bribery Act. These regimes have been the focus of increasing enforcement activity globally in recent years. A violation of the FCPA or other similar laws by us and/or our agents or representatives could result in, among other things, the imposition of fines and penalties, changes to our business practices, the termination of or other adverse impacts under our contracts or debarment from bidding on contracts, and/or harm to our reputation, any of which could have a material adverse effect on our business, results of operations, financial condition, cash flows and stock price.

Patient Direct

Reimbursement

To participate in and qualify for reimbursement under governmental reimbursement programs such as Medicare and Medicaid, we must comply with extensive conditions of participation imposed by federal and state authorities as well as third-parties administering such governmental reimbursement programs. If we were to violate the applicable regulations or requirements governing participation, we could be excluded from participation in federal and state healthcare programs and be subject to substantial administrative, civil and criminal penalties.

Table of Contents

Demand for many of the existing and new medical devices and supplies dispensed to our customers is, and will continue to be, affected by the extent to which government healthcare programs and private health insurers reimburse us and our customers

for their members'/beneficiaries' medical expenses in the jurisdictions where we do business. Statutory and regulatory requirements for Medicare, Medicaid and other government healthcare programs govern provider reimbursement levels. From time to time, legislative changes are made to government healthcare programs that impact our business, and the federal and/or state governments may continue to enact measures in the future aimed at containing or reducing reimbursement levels for medical expenses paid for in whole or in part with government funds. The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (collectively, ACA), the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA), the Deficit Reduction Act of 2005 (DRA) and the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), each contain provisions that have directly impacted reimbursement for the products we provide. Reimbursement from private third-party Payors varies and is dependent on contract negotiations and there is no guarantee that such contracts will be profitable, and failure to comply with these contracts may result in termination or financial liabilities. Efforts by Payors to reduce healthcare costs have intensified in recent years and will likely continue, which may result in reductions or slower growth in reimbursement for certain services provided by healthcare companies. It is possible that healthcare companies will continue to experience a shift in Payor mix away from fee-for-service Payors, resulting in an increase in the percentage of revenues attributable to reimbursement based upon value-based principles and quality-driven managed care programs, and general industry trends that include pressures to control healthcare costs. Pressures to control healthcare costs and a shift away from traditional health insurance reimbursement to payments based upon quality outcomes have increased the uncertainty of payments.

The ACA affects how healthcare services are delivered and reimbursed through the expansion of health insurance coverage, constraining Medicare and Medicaid program spending, and establishing programs that tie reimbursement to quality and integration. Potential changes to the ACA may impact our business including but not limited to court challenges, and administration and legislative modifications. Lower numbers of insured individuals, reduced coverage for insured individuals and reduced government funding for programs could each cause our revenues to decrease to the extent such legislation reduces reimbursement rates.

The MMA established a Competitive Bidding Process (CBP) for certain DMEPOS we provide. The DMEPOS CBP impacts the Medicare reimbursement amounts for suppliers of certain DMEPOS items, and in the past, included some DMEPOS items that we provide to our patients. Cumulatively, in previous competition rounds of the DMEPOS CBP in effect between 2011 and 2018, we were offered contracts for a substantial majority of the product categories for which we submitted bids. Competitive bidding contracts are expected to be re-bid at least every three years. While we cannot predict the outcome of the DMEPOS CBP on our business in the future nor the Medicare payment rates that will be in effect in future years, the program may materially adversely affect our financial condition, results of operations and cash flows.

State Medicaid programs implement reimbursement policies for the products and services we provide which can vary from state to state. We cannot predict whether states may consider adopting reimbursement reductions or whether any such changes could have a material adverse effect on our business.

Marketing and Transparency Reporting Laws

Communications with consumers are also subject to laws and regulations governing communications, including the Telephone Consumer Protection Act of 1991 (TCPA), the Federal CAN-SPAM Act, additional fax regulations under the Junk Fax Act and the Telemarketing Sales Rule and Medicare regulations. Under such regulations, companies are restricted in the methods used to contact consumers by email, telephone, and text message, for example, through the use of random or sequential "auto-dialer" devices. Numerous class-action suits under federal and state laws have been filed in recent years against companies that conduct SMS texting programs, with many resulting in multi-million-dollar settlements to the plaintiffs. We believe we are in substantial compliance with the federal regulations we are subject to, as well as state equivalents where applicable. The scope and interpretation of the laws that are or may be applicable to the delivery of consumer phone calls, emails and text messages are continuously evolving and developing. If we do not comply with these laws or regulations or if we become liable under these laws or regulations, we could face direct

liability, could be required to change some portions of our business model, could face negative publicity and our business, financial condition, and results of operations and cash flows could be adversely affected.

Fair Debt Collection Practices Act

Some of our operations may be subject to compliance with certain provisions of the Fair Debt Collection Practices Act (FDCPA) and comparable statutes in many states. Under the Fair Debt Collection Practices Act, FDCPA, a third-party collection company is restricted in the methods it uses to contact consumer debtors and elicit payments with respect to placed accounts. Requirements under state collection agency statutes vary, with most requiring compliance similar to that required under the Fair Debt Collection Practices Act, FDCPA. We believe we are in substantial compliance with the Fair Debt Collection Practices Act, FDCPA and comparable state statutes where applicable. If our collection practices are viewed as inconsistent with these standards, we may be subject to damages and penalties.

Human Capital Resources

Teammate

Teammate Overview

Our teammates are at the heart of everything that we do. Through their creativity, talent and hard work, our teammates allow us to offer exceptional products and services, and they provide the force that propels our mission to empower our customers to advance healthcare. Thus, we are committed to maintaining a culture and providing benefits that will attract and retain top talent. We are also committed to creating a diverse and inclusive environment that allows our teammates to perform at a high level, emphasizes a culture of safety and is conducive to professional and personal growth.

At the end of 2022, 2023, we employed approximately 13,400 13,700 full-time and part-time teammates in the U.S. and 9,100 8,500 teammates outside of the U.S (OUS). None of our domestic U.S. teammates are represented by a labor union or subject to a collective bargaining agreement (CBA), but certain OUS teammates are represented and covered by labor agreements. Throughout our operations, we continue to have positive relationships with our teammates, as well as the unions and works councils that represent our OUS teammates.

We depend on our key personnel to successfully operate our business, including our executive officers, senior corporate management and management at our operating segments. We seek to attract and retain top talent for these critical roles by offering competitive base and incentive compensation packages (and in certain instances share-based compensation and retention incentives), attractive benefits, and opportunities for advancement and rewarding careers. We periodically review and adjust, if needed, our teammates' total compensation (including salaries, annual cash incentive compensation, other cash and equity incentives, and benefits) to ensure that our offerings are competitive within the industry and consistent with our performance. We have also implemented enterprise-wide talent development and succession planning programs designed to identify future and/or replacement candidates for key positions. In addition to compensation, we promote numerous charitable, philanthropic, and social awareness programs that not only support the communities we serve, but also provide experiences for teammates to promote a collaborative and rewarding work environment.

In order to take advantage of available opportunities and successfully implement our long-term strategy, we understand that we must be able to employ, train and retain skilled personnel. To that end, we support and utilize various training and educational initiatives, and we have developed Company-wide and project-specific teammate training and educational programs. Key programs focus on teammate safety, leadership development, health and wellness, work-life balance, talent management, diversity and inclusion, and teammate engagement. We believe that diversity, inclusion, and teammate engagement are integral to our Life Takes Care purpose, vision, strategy and business success. We pride ourselves on sustaining a culture that respects teammates and values concern for others. We believe that fostering an environment that values diversity, inclusion and ethical conduct creates an organization that is able to embrace, leverage and respect differences among our teammates, customers and the communities where we live, work and serve. As a result, we created Teammate Resource Groups (TRGs) that to provide resources support and support for underrepresented

identity groups help in personal and career development while creating a safe space where teammates can bring their authentic selves to improve innovation, promote belonging, increase team alignment, and boost engagement work every day. Our current TRGs include Black Heritage, Outreach, Mentorship and Enrichment, Asian Americans and Pacific Islanders Rising to Excellence,

[Table of Contents](#)

Hispanic Organization for Leadership and Achievement, LGBTQ+, Military and Veteran, Women Veterans, Women's Empowerment Network, and Women in Technology. Technology, Diverse Abilities Inclusion and Support, and Young Emerging Professionals. We also believe that our teammates are the face of Owens & Minor, and we expect every teammate to model our values and commitment to ethical business practices as set forth in our Code of Honor.

In 2021, we established the Owens & Minor Foundation, which is dedicated to further our commitment towards building healthier communities through impactful contributions to the charitable and civic organizations in the communities we serve. The Owens & Minor Foundation focuses on three primary areas, the environment, healthcare, and diversity and inclusion.

We believe that our efforts to create an environment that is conducive to our values and teammate success have been rewarded. Our values reflect our commitment to our customers and our teammates, as well as the environment and the communities where we live and work. Our values embody "IDEAL" behavior — Integrity, Development, Excellence, Accountability and Listening. All teammates are expected to reflect these values in all they do each and every day. We also hold our teammates to a high standard of performance, and we regularly evaluate teammates' productivity against current requirements, future demand expectations and historical trends. From time to time, we may add, reduce or adjust resources in certain areas to align with changing circumstances.

Teammate Benefits

We believe teammate benefits are an essential component of a competitive total compensation package. Our benefits programs are designed to attract and retain top talent, and include medical, health and dental insurance, short-term and long-term disability insurance, accidental death and disability dismemberment insurance, life insurance, travel and accident insurance, our annual and long-term incentive plans, teammate stock purchase plan and our 401(k) savings and retirement plans.

plan.

Our Board of Directors' Role in Human Capital Resource Management

Our Board of Directors (Board) believes that human capital management, and particularly the ability to attract, retain and develop key talent, is essential to our continued growth and success. Our Board also believes that effective human capital management is vital to maintaining a culture that reflects our core values and our shared commitment to excellence and ethical business practices.

Management regularly reports to the Our People & Culture Committee of the Board on human capital management topics, including corporate culture, diversity and inclusion, teammate development, compensation, and benefits. From time to time, we also conduct teammate engagement surveys to solicit feedback, and report findings from these surveys to the Board. The Our People & Culture Committee has oversight of talent retention and development, including succession planning, and the Board provides input on important decisions in each of these areas.

COVID-19 Response

In response to the 2019 novel coronavirus (COVID-19) pandemic, we implemented health and safety protocols to protect our teammates and customers. These protocols meet or exceed health and safety standards required by federal, state and local government agencies, and are based on guidance from the Centers for Disease Control (CDC) and Prevention, as well as, other public health authorities. Actions taken to protect our teammates and customers in response to the COVID-19 pandemic include:

- Providing personal protective equipment (PPE) to teammates in distribution and manufacturing locations;
- Monitoring CDC community levels and taking actions to mitigate risks during high community level surges;
 - Providing paid time off for teammates to receive COVID-19 vaccinations;
- Significantly increasing remote work arrangements and virtual interactions among teammates and with customers;

For additional discussion of the impact of the COVID-19 pandemic on our business, see Item 1A. "Risk Factors – General Risk Factors – We are subject to risks related to public health crises or future outbreaks of health crises or other adverse public health developments such as the COVID-19 global pandemic."

Available Information

The Company files annual reports, quarterly reports, proxy statements and other documents with the Securities and Exchange Commission (SEC) under the Securities Exchange Act of 1934 (Exchange Act), 1934. We make these filings available free of charge through the SEC Filings link in the Investor Relations content section on our website located at www.owens-minor.com as soon as reasonably practicable after they are filed with or furnished to the SEC. Information included on our website is not incorporated by reference into this Annual Report on Form 10-K.

Furthermore, the SEC also maintains a website that contains reports, proxy and information statements, and other information regarding Owens & Minor, Inc. The public can obtain any documents that the Company files with the SEC at <http://www.sec.gov>.

Investors and others should note that we

We announce material financial information to our investors using our investor relations website, SEC filings, press releases, public conference calls and webcasts. We use these channels as well as social media and blogs to communicate with our teammates and the public about our company, our services and other issues. It is possible that the information we post on social media and blogs could be deemed to be material information. Therefore, we encourage

16

Table of Contents

investors, the media, and others interested in our company **Company** to review the information we post on the social media channels and blogs listed on our investor relations **Investor Relations** website.

Additionally, we have adopted a written Code of Honor that applies to all of our directors, officers and teammates, including our principal executive officer and senior financial officers. This Code of Honor (including any amendments to or waivers of a provision thereof) and our Corporate Governance Guidelines are available on our website at www.owens-minor.com.

Item 1A. Risk Factors

Set forth below are certain risk factors that we currently believe could materially and adversely affect our business, financial condition, results of operations and cash flows. These risk factors are in addition to those mentioned in other parts of this report and are not all of the risks that we face. We could also be affected by risks that we currently are not aware of or that we currently do not consider material to our business.

Operational Risks

We have concentration in and dependence on certain healthcare provider customers, Group Purchasing Organizations, and Payors.

In 2022, 2023, although no single customer accounted for 5% of our consolidated net revenue, our top ten customers in the United States U.S. represented approximately 26% 20% of our consolidated net revenue. In addition, in 2022, 2023, approximately 66% 64% of our consolidated net revenue was from sales to member hospitals under contract with our largest GPOs: Vizient, Premier and HPG. We could lose a significant healthcare provider customer or GPO relationship if an existing contract expires without being replaced or is terminated by the customer or GPO prior to its expiration. Although the termination of our relationship with a given GPO would not necessarily result in the loss of the member hospitals as customers, any such termination of a GPO relationship, or a significant individual healthcare provider customer relationship or Payor, could have a material adverse effect on our results of operations, financial condition and cash flows.

The medical products industry is subject to a multi-tiered costing structure, which can vary by manufacturer and/or product. Under this structure, certain institutions can obtain more favorable prices for medical products than we are able to obtain. The multi-tiered costing structure continues to expand as many large integrated healthcare providers and others with significant purchasing power, such as GPOs, demand more favorable pricing terms. Additionally, the formation of new provider networks and GPOs may shift purchasing decisions to entities or persons with whom we do not have a historical relationship. This may threaten our ability to compete effectively, which could in turn negatively impact our financial results. Although we are seeking to obtain similar terms from manufacturers to obtain access to lower prices demanded by GPO contracts or other contracts, and to develop relationships with provider networks and new GPOs, we cannot assure you that such terms will be obtained or contracts will be executed.

Our failure to establish and maintain relationships with hospital and physician referral sources may cause our revenue to decline.

We do not have contracts or exclusive arrangements with most hospitals or physicians for our Patient Direct segment. Instead, we attempt to work closely with hospitals and physicians to accept discharges and referrals of their patients who require our services. Therefore, the success of our Patient Direct segment is significantly dependent on referrals from hospital and physician sources. If we are unable to successfully establish new referral sources and maintain strong relationships with our current referral sources, if there is an actual or perceived decrease in the quality of service and care levels we provide, or if efforts to increase the skill level and effectiveness of our sales force fail, our revenues may decline. In addition, our relationships with referral sources are subject to federal and state healthcare laws such as the U.S. federal Anti-kickback Statute (Anti-kickback Statute) and the U.S. federal Stark Law (Stark Law), and compliance with these laws limits the scope of our relationships with our referral sources.

Possible changes in customer and product mix could have a material adverse effect on our business, financial condition, results of operations, cash flows, capital resources and liquidity.

Our revenues are determined by a number of factors, including mix of customers, the rates of payment among customers and the mix of our products and services provided. A shift towards customers with lower prices, or from higher gross margin products to lower gross margin products, would reduce our gross margins. Changes in the mix of

our customers, products and services provided and payment methodologies could have a material adverse effect on our business, financial condition, results of operations, cash flows, capital resources and liquidity.

Our business is dependent on certain significant suppliers.

In our Products & Healthcare Services segment is dependent on certain significant suppliers.

In the United States, we distribute products from approximately 1,000 suppliers in our Products & Healthcare Services segment and are dependent on these suppliers for the continuing supply of products. In 2022, sales of products of our ten largest domestic suppliers accounted for approximately 37% of consolidated net revenue. No sales of products of any individual suppliers exceeded 10% of our consolidated net revenue for 2022. We rely on suppliers to provide agreeable purchasing and delivery terms and performance incentives. Our ability to sustain adequate operating income has been, and will continue to be, dependent upon our ability to obtain favorable terms and incentives from suppliers, as well as suppliers continuing use of third-party distributors to sell and deliver their products. A change in terms by a significant supplier, the decision of such a supplier to distribute its products directly to healthcare providers rather than through third-party distributors, or a key supplier's failure to sell and deliver us products necessary to meet our customers' demands could have a material adverse effect on our results of operations, financial condition and cash flows.

In addition, for quality assurance or cost effectiveness, we have purchased from sole suppliers certain components and raw materials such as polymers used in our products, and we expect to continue to purchase these components and raw materials from these sole suppliers. Although there are other sources in the marketplace for these items, we may not be able to quickly establish additional or replacement sources for certain components or materials due to regulations and requirements of the U.S. Food and Drug Administration (FDA) and other regulatory authorities regarding the manufacture of our products. The loss of any sole supplier or any sustained supply interruption that affects the ability to manufacture or distribute our products in a timely or cost-effective manner could have a material adverse effect on our business, results of operations, financial condition and cash flows.

The reliance of

In our Patient Direct segment, on relatively few vendors for the majority of its patient equipment and supplies could adversely affect our ability to operate this business.

We currently rely on a relatively small number of vendors suppliers to provide us with the majority of our patient service equipment and supplies for our home healthcare business. From time to time, we also enter into certain exclusive arrangements with a given vendor suppliers for the provision of patient service equipment and supplies. Further, some of our supply agreements contain pricing scales that depend on meeting certain order volumes. Our inability to procure certain equipment and supplies, including as a result of failure to maintain and renew certain agreements and access arrangements, could have a materially adverse effect on our results of operations and cash flows. We often use vendors suppliers selectively for quality and cost reasons. Significant price increases, or disruptions in the ability to obtain such equipment and supplies from existing vendors, suppliers, such as the disruptions associated with the Philips Respironics recall as described in Management's Discussion and Analysis of Financial Condition and Results of Operations, may force us to increase our prices (which we may be unable to do) or reduce our margins income and could force us to use alternative vendors, suppliers. Any change in the existing vendors suppliers we use could cause delays in the delivery of products and possible losses in revenue, which could adversely affect our results of operations and cash flows. In addition, alternative vendors suppliers may not be available, or may not provide their products and services at similar or favorable prices. If we cannot obtain the patient service equipment and supplies we currently use, or alternatives at similar or favorable prices, our ability to provide such products may be severely impacted, which could have an adverse effect on our business, financial condition, results of operations, cash flows, capital resources and liquidity.

An interruption in the ability of our business to manufacture products may have a material adverse effect on our business.

We manufacture the majority of our products in 17 facilities: twelve in the United States, two in Mexico, and one each in Thailand, Ireland and Honduras. If one or more of these facilities experience damage, or if these manufacturing capabilities are otherwise limited or stopped due to quality, regulatory or other reasons, including pandemic, natural disasters, geopolitical events, prolonged power or equipment failures, labor disputes or unsuccessful imports/exports of products as well as supply chain transportation disruptions, it may

not be possible to timely manufacture the relevant products at required levels or at all. A reduction or interruption in any of these manufacturing processes could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Our business and operations depend on the proper functioning of critical facilities and distribution networks.

Damage or disruption to any of our facilities or distribution capabilities due to pandemic, weather, natural disaster, fire, terrorism, strikes, trade restrictions, the financial and/or operational instability of key suppliers, geo-political events (such as the Russia-Ukraine conflict) or other reasons could impair our ability to offer services, distribute products and conduct our business. To the extent that we are unable, or it is not financially feasible, to mitigate the likelihood or potential impact of such events, or to manage effectively such events if they occur, there could be a material adverse effect on our business, results of operations, financial condition and cash flows.

Our operations depend on the proper functioning of information systems, and our business or results of operations could be adversely affected if we experience a cyberattack or other systems breach or failure.

We and our external service providers use and rely on information systems to perform our business operations including receiving, processing, analyzing, and managing data in distributing thousands of products to customers from numerous distribution centers. These systems are also relied upon for receiving and filling orders for customers, billings to and collections from customers, the purchase of and payment for inventory and related transactions from our suppliers, and the secure electronic transmission, processing, storage, and hosting of sensitive information, including protected health information and other types of personal information, confidential financial information, proprietary information, and other sensitive information relating to our customers, company, and teammates. In addition, the success of our long-term growth strategy is dependent upon the ability to continually monitor and upgrade our information systems to provide better service to customers.

As described in Item 1C, we have an integrated framework to prevent, identify and mitigate risks related to cybersecurity attacks on our systems. Despite physical, technical, and administrative security measures by us and our external service providers and consultants, our technology systems and operations have in the past and may be in the

[Table of Contents](#)

future subject to cyberattacks from sources beyond our control. In recent years, cyberattacks in our industry have increased and become more sophisticated. For instance, we expect threat actors may use more advanced tools and techniques, such as artificial intelligence, that are designed to circumvent security controls. As a result, the risk of a cyberattack on our systems has increased. We do not oversee or actively monitor cybersecurity risks related to our external service providers and we rely on these providers to inform us of risks, breaches or cyberattacks. Cyberattacks include actual or attempted unauthorized access, tampering, malware insertion, ransomware attacks, or other system integrity events. A future cybersecurity incident could involve a material data breach or other material impact to the operations of our technology systems, or the third party service providers on which we rely, which could result in failure of our systems to operate properly for an extended period of time, litigation or regulatory action, loss of customers or revenue, and increased expense, any of which might have a material adverse impact on our business operations, reputation, our growth and strategic initiatives, results of our operations, financial condition and cash flows.

An interruption in the ability of our business to manufacture products may have a material adverse effect on our business.

We manufacture the majority of our products in 17 facilities: 12 in the U.S., two in Mexico, and one each in Thailand, Ireland and Honduras. If one or more of these facilities experience damage, or if these manufacturing capabilities are otherwise limited or stopped due to quality, regulatory or other reasons, including pandemics, natural disasters, geopolitical events, prolonged power or equipment failures, labor disputes or unsuccessful imports/exports of products as well as supply chain transportation disruptions, it may not be possible to timely manufacture the relevant products at required levels or at all. A reduction or interruption in any of these manufacturing processes could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Our business and operations depend on the proper functioning of critical facilities and distribution networks.

Damage or disruption to any of our facilities or distribution capabilities due to pandemic, weather, natural disaster, fire, terrorism, strikes, trade restrictions, the financial and/or operational instability of key suppliers, geo-political events (such as the Russia-Ukraine conflict or the Israel-Hamas War) or other reasons could impair our ability to offer services, distribute products and conduct our business. To the extent that we are unable, or it is not financially feasible, to mitigate the likelihood or potential impact of such events, or to manage effectively such events if they occur, there could be a material adverse effect on our business, results of operations, financial condition and cash flows.

Our capitation arrangements may prove unprofitable if actual utilization rates exceed our assumptions.

From time to time, we enter into capitation arrangements with commercial Payors pursuant to which they agree to pay us a set amount (on a per member per month basis for a defined patient population) without regard to the actual services provided. We negotiate the contractual rates in these arrangements with Payors based on assumptions regarding average expected utilization of services. If actual utilization rates exceed our assumptions, the profitability of such arrangements may be diminished. Moreover, we may be obligated to perform under such capitation arrangements even if the contractual reimbursement rates are insufficient to cover our costs based on actual levels of utilization.

Our ability to attract and retain talented and qualified teammates is critical to our success and competitiveness.

The success of our business depends on our ability to attract, engage, develop and retain qualified and experienced teammates, including key executives. We may not be able to successfully compete for, attract, or retain qualified and experienced teammates, especially in North America where labor markets are currently tight. Competition among potential employers, labor shortages, and inflationary pressures might result in increased salaries, benefits or other teammate-related costs, or in our failure to recruit and retain teammates. We may experience sudden loss of key personnel due to a variety of causes, including illness, and must adequately plan for succession of key executive roles. Teammates might not successfully transition into new roles. If we are unable to recruit or retain a sufficient number of qualified employees, or if the costs of compensation or employee benefits increase substantially, our ability to deliver services effectively could suffer and our profitability would likely be adversely affected. In addition, union organizing activities have occurred in the past and may occur in the future, and the adverse impact of unionization and organizing activities on our costs and operating results could be substantial.

Our inability to adequately integrate acquisitions could have a material adverse effect on our operations.

In connection with our growth strategy, we from time to time acquire other businesses, that we believe will expand or complement our existing businesses and operations. The integration of acquisitions involves a number of

significant risks, which may include but are not limited to, the following:

- **Expenses** expenses and difficulties in the transition and integration of operations and systems;
- **Complexities** complexities associated with managing the expanded operations;
- **Retention** retention of current customers and the ability to obtain new customers;
 - The assimilation and retention of personnel;
 - Accounting, accounting, tax, regulatory and compliance issues;
- **Difficulties** difficulties in implementing uniform controls, procedures, policies and information systems;
- **Unanticipated** unanticipated expenses, delays or regulatory issues associated with integrating the operations;
- **General** general economic conditions in the markets in which the acquired businesses operate;
- **Difficulties** difficulties encountered in conducting business in markets where we have limited experience and expertise;
- **Difficulties** difficulties obtaining or failure to obtain necessary regulatory licenses and Payor-specific approvals;
- **Diversion** diversion of management's attention caused by completing the integration of the operations;
 - Inadequate inadequate indemnification from the seller; and
- **Failure** failure of the seller to perform under any transition services agreement.

Even if we are able to integrate an acquired business successfully, this integration may not result in the realization of the full benefits that we expected or may be more costly than we expected. For instance, the integration of Apria's business may result in unanticipated problems, expenses, liabilities, regulatory risks and competitive responses that could have material adverse consequences and we may fail to realize the full expected synergies from this acquisition. If we are unable to successfully complete and integrate our strategic acquisitions in a timely manner, our business, growth strategies, results of operations and cash flows could be adversely affected.

Our operations involve the storage, transportation and provision of compressed and liquid oxygen, which carries an inherent risk of rupture or other accidents with the potential to cause substantial loss.

Our operations are subject to the many hazards inherent in the storage, transportation and provision of medical gas products and compressed and liquid oxygen, including ruptures, leaks and fires. These risks could result in substantial losses due to personal injury or loss of life, severe damage to and destruction of property and equipment and pollution or other environmental damage and may result in curtailment or suspension of our related operations. If a significant accident or event occurs, it could adversely affect our business, financial position, results of operations, and cash flows. Additionally, corrective action plans, fines or other sanctions may be levied by government regulators who oversee the storage, transportation and provision of hazardous materials such as compressed or liquid oxygen.

Our goodwill may become impaired, which would require us to record a significant charge to earnings in accordance with generally accepted accounting principles.

U.S. Generally Accepted Accounting **Principles** (GAAP) requires us to test our goodwill for impairment on an annual basis, or more frequently if indicators for potential impairment exist. The testing required by GAAP involves estimates and judgments by management. Although we believe our assumptions and estimates are reasonable and appropriate, any significant adverse changes in one or a combination of key assumptions, including, but not limited to, a failure to meet our business plans or expected earnings and cash flows, unanticipated events and circumstances such as changes in assumptions about the duration and magnitude of increased supply chain expense, commodities costs or inflationary pressures and our planned efforts to mitigate such impacts, further disruptions in the supply chain, estimated demand and selling prices for PPE personal protective equipment (PPE) or other products, a further an increase in the discount rate,

a decrease in the terminal growth rate, increases in tax rates (including potential tax reform) or a significant change in industry or economic trends, may affect the accuracy or validity of such estimates and may result in goodwill impairment. No impairment charges to goodwill were recorded in **2023**, **2022**, **2021**, or **2020**. We may be required to record a material charge to earnings in our consolidated financial statements during the period in which any impairment of our goodwill is determined, which charge could adversely affect our results of operations.

Industry and Economic Risks

We face increasing competition, accelerating pricing pressure and changes in technology.

The medical/surgical supply distribution industry in which our Products & Healthcare Services segment operates is highly competitive and characterized by pricing and margin pressure for our business. We compete with other national distributors and a number of regional and local distributors, as well as customer self-distribution models and, to a lesser extent, certain outsourced logistics companies. In the **United States**, **U.S.**, several of our distribution partners and GPOs directly compete with us by sourcing their own brands. Competitive factors within the medical/surgical supply distribution industry include market pricing, the relative bargaining power of provider networks and GPOs, total delivered product cost, product availability, the ability to fill and invoice orders accurately, delivery time, range of services provided, efficient product sourcing, inventory management, information technology, electronic commerce capabilities, and the ability to meet customer-specific requirements. Our success is dependent on the ability to compete on the above factors, while managing internal costs and expenses.

20

Table of Contents

The home healthcare industry in which our Patient Direct segment operates is also intensely competitive and highly fragmented. There are a large number of providers, including hospital systems, physician specialists and sleep labs, industrial gas manufacturers, home healthcare agencies, health maintenance organizations, and alternative treatment providers. There are also relatively few barriers to entry in local home healthcare markets. Hospitals, health systems, and Payors are routinely looking to provide coverage and better control of post-acute healthcare services, including home healthcare services of the types we provide. From time to time our contracts are amended (sometimes through unilateral action regarding payment policy), renegotiated, subjected to a bidding process with our competitors, or terminated altogether. Payors may enlarge their provider networks, reducing the amount of referrals or revenue we may receive from them, reduce their provider networks in exchange for lower payment rates or change the order of preference among the providers to which they refer business. In addition, pharmacy benefit managers, such as CVS Health Corporation, are beginning to compete with us in the home healthcare market. Large technology companies, such as Amazon.com, Inc. and Alphabet Inc., have disrupted other supply businesses and, in the case of Amazon.com, Inc. and its **new emerging **pharmacy offerings**, entered the healthcare market. In the event such providers enter the home healthcare market, we may experience a loss of referrals or revenue.**

Traditional distribution relationships are also being challenged by online commerce solutions. Such competition will require us to cost-effectively adapt to changing technology, to continue to provide enhanced service offerings and to continue to differentiate our business (including with additional value-added services) to address demands of consumers and customers on a timely basis. The emergence of such competition and our inability to anticipate and effectively respond to changes on a timely basis could have a material adverse effect on our business.

Some of our competitors may now or in the future have greater financial or marketing resources than we do, or have more effective sales and marketing activities, which may increase pricing pressure and limit our ability to maintain or increase our market share. In addition, in certain markets, competitors may have other products and services that are or perceived to be superior to our own.

It is also possible that major changes in available technology, Payor benefit or coverage policies related to those changes, or the preferences of customers, patients and referral sources, may cause our current product offerings to become less competitive or obsolete, and it will be necessary for us to adapt to those changes. Such unanticipated changes could cause us to incur increased capital expenditures and change strategies and could have a material adverse effect on our business, results of operations, financial condition and cash flows.

An inability to obtain key components, raw materials or manufactured products from third parties in a timely and cost-effective manner, or a material disruption in our supply chain, may have a material adverse effect on our business.

We depend on the availability of various components, raw materials and manufactured products supplied by others for our operations. If the capabilities of suppliers and third-party manufacturers are limited or stopped, due to quality, regulatory or other reasons, including pandemic, pandemics, natural disasters, geopolitical events, prolonged power or equipment failures, labor disputes or unsuccessful imports/exports of products as well as supply chain transportation disruptions, or other reasons, that could negatively impact our ability to manufacture or distribute our products and could lead to exposure to regulatory actions. In addition, any material interruption in our supply chain, including as a result of shipping or trade restrictions, could materially adversely affect our business operations and our results of operations, financial condition and cash flows.

Furthermore, the failure of third parties to timely deliver quality products to us may negatively impact our operations. Disputes with significant suppliers, including disputes regarding pricing or performance, could adversely affect our ability to supply products to our customers and could materially adversely affect our results of operations, financial condition and cash flows. Failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, particularly when a product is sourced from a single location or supplier, could adversely affect our business, results of operations, and cash flows, as well as require additional resources to restore our supply chain.

We have experienced, and may continue to experience, higher supply chain costs, particularly related to international freight and commodities. Due to competitive dynamics and contractual limitations, we may be unable to pass along these cost increases through higher prices. Short-term or sustained increases in demand for our products may exceed our production capacity or otherwise strain our supply chain. These and other supply chain issues can increase our costs, disrupt or reduce our production, delay our product shipments, prevent us from meeting customer demand,

damage our customer relationships, and could materially adversely affect our business operations, results of operations, financial condition and cash flows.

Our profitability and cash flows may vary based on the impacts of rising inflationary pressures.

Inflation has and may continue to materially impact the costs to source materials or produce and distribute finished goods to customers. Continued inflationary pressures could result in market pressures on our customers to reduce costs, which could impact our profitability and cash flows. Additionally, there is uncertainty that we will be able to pass elevated costs onto customers in an effort to offset inflationary pressures, or that

such increases may outpace the compensating inflation-based increase in Medicare payment rates or any other rate increases we may receive.

Our Products & Healthcare Services segment is exposed to price fluctuations of key commodities, which may negatively impact our results of operations and cash flows.

Our Global Products business, which falls within our Products & Healthcare Services segment, relies on product inputs, such as polypropylene and nitrile, as well as other commodities, in the manufacture of its products. Prices of these commodities are volatile and have fluctuated significantly in recent years, which may contribute to fluctuations in our results of operations and cash flows. The ability to hedge commodity prices is limited. Furthermore, due to competitive dynamics, we may be unable to pass along commodity-driven cost increases through higher prices. If we cannot fully offset cost increases through other cost reductions, or recover these costs through price increases or surcharges, we could experience lower margins and profitability which could have a material adverse effect on our business, results of operations and cash flows.

Changing conditions in the United States healthcare industry may impact our results of operations and cash flows.

A large percentage of our revenue is derived in the United States. We, along with our customers and suppliers, are subject to extensive federal and state regulations relating to healthcare as well as the policies and practices of the private healthcare insurance industry. In recent years, there have been a number of government and private initiatives to reduce healthcare costs and government spending. These changes have included an increased reliance on managed care; consolidation of competitors, suppliers and customers; a shift in healthcare provider venues from acute care settings to clinics, physician offices and home care; and the development of larger, more sophisticated purchasing groups. National and regional insurers and managed care organizations are regularly attempting to seek reductions in the prices we charge for our products and services to them and their members, including through direct contracts with healthcare providers, increased oversight and greater enrollment of patients in managed care programs and preferred provider organizations. We have faced, and expect to continue to face, pricing pressures due to reductions in provider reimbursement for our products and services. In addition, in recent years, the healthcare industry in the United States has experienced and continues to experience significant consolidation in response to cost containment legislation and general market pressures to reduce costs. This consolidation of our customers, health insurers and suppliers generally gives them greater bargaining power to reduce the pricing available to them. All of these changes place additional financial pressure on healthcare provider customers, who in turn seek to reduce the costs and pricing of products and services provided by us. We expect the healthcare industry to continue to change significantly and these potential changes, which may include a reduction in government support of healthcare services, adverse changes in legislation or regulations, and further reductions in healthcare reimbursement practices, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Uncertainty about current and future economic conditions and other adverse changes in general political conditions may adversely affect demand for our products and services.

services and collectability of our accounts receivable.

Poor or deteriorating economic and political conditions in the United States U.S. and the other countries in which we conduct business could adversely affect the demand for healthcare services and consequently, the demand for our products and services. Such change in demand may result in further inventory valuation adjustments. Poor economic conditions also could lead our suppliers to offer less favorable terms of purchase to distributors, which would negatively affect our profitability. Further, the potential decline in federal and state revenues that may result from a deterioration in economic and political conditions may create additional pressures to contain or reduce reimbursements for our services from Medicare, Medicaid and other government sponsored programs. Increases in job losses in the U.S. as a result of adverse economic conditions could result in a smaller percentage of our patients being covered by an employer group health plan and a larger percentage being covered by lower paying Medicare and Medicaid programs. Employers may also select more restrictive commercial plans with lower reimbursement rates. To the extent that Payors are negatively impacted by a decline in the economy, we may experience further pressure on commercial rates, a slowdown in collections and a reduction in the amounts we expect to collect. Furthermore, the collection of accounts receivable requires constant focus and involvement by management and ongoing enhancements to information systems and billing center operating procedures. There can be no assurance that we will be able to improve upon or maintain current levels of collectability and DSO in future periods. Worsening economic conditions have had and may continue to have an adverse impact on the businesses and financial health of many of our customers and hurt their creditworthiness. The bankruptcy, insolvency or other credit failure of one or more customers with substantial balances due to us could have a material adverse effect on our results of operations, financial condition and cash flows. These and other possible consequences of financial and economic decline could have a material adverse effect on our business, results of operations, financial condition and cash flows.

The U.S. and larger global economies experienced high inflation rates during 2022, 2023. The Federal Reserve and other Central Banks already have raised interest rates more aggressively and, as a result, the prospect for risk of a recession is high and considered by many to be likely, elevated. The present conditions and state of our U.S. and global economies make it difficult to predict whether and/or when and to what extent a recession has occurred or will occur in the near future. Uncertainty about the effects of current and future economic and political conditions on us, our customers, suppliers and partners makes it difficult for us to forecast operating results and to make decisions about future investments. Any significant downturn in the health of the general economy, or any recession, depression or other sustained adverse market event, including inflationary pressures, could have an adverse effect on our revenues and financial performance, resulting in impairment of assets.

Our Products & Healthcare Services segment is exposed to price fluctuations of key commodities, which may negatively impact our results of operations and cash flows.

Our Global Products business, which falls within our Products & Healthcare Services segment, relies on product inputs, such as polypropylene and nitrile, as well as other commodities, in the manufacture of its products. Prices of these commodities are volatile and have fluctuated significantly in recent years, which may contribute to fluctuations in our results of operations and cash flows. The ability to hedge commodity prices is limited. Furthermore, due to competitive dynamics, we may be unable to pass along commodity-driven cost increases through higher prices. If we cannot fully offset cost increases through other cost reductions, or recover these costs through price increases or surcharges, we could experience lower margins and profitability which could have a material adverse effect on our business, results of operations and cash flows.

Changing conditions in the U.S. healthcare industry may impact our results of operations and cash flows.

A large percentage of our revenue is derived in the U.S. We, along with our customers and suppliers, are subject to extensive federal and state regulations relating to healthcare as well as the policies and practices of the private healthcare insurance industry. In recent years, there have been a number of government and private initiatives to reduce healthcare costs and government spending. These changes have included an increased reliance on managed care; consolidation of competitors, suppliers and customers; a shift in healthcare provider venues from acute care settings to clinics, physician offices and home care; and the development of larger, more sophisticated purchasing groups. National and regional insurers and managed care organizations are regularly attempting to seek reductions in the prices we charge

for our products and services to them and their members, including through direct contracts with healthcare providers, increased oversight and greater enrollment of patients in managed care programs and preferred provider organizations. We have faced, and expect to continue to face, pricing pressures due to reductions in provider reimbursement for our products and services. In addition, in recent years, the healthcare industry in the U.S. has experienced and continues to experience significant consolidation in response to cost containment legislation and general market pressures to reduce costs. This consolidation of our customers, health insurers and suppliers generally gives them greater bargaining power to reduce the pricing available to them. All of these changes place additional financial pressure on healthcare provider customers, who in turn seek to reduce the costs and pricing of products and services provided by us. We expect the healthcare industry to continue to change significantly and these potential changes, which may include a reduction in government support of healthcare services, adverse changes in legislation or regulations, and further reductions in healthcare

reimbursement practices, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Our profitability and cash flows may vary based on the impacts of rising inflationary pressures.

Inflation has and may continue to materially impact the costs to source materials or produce and distribute finished goods to customers. Continued inflationary pressures could result in market pressures on our customers to reduce costs, which could impact our profitability and cash flows. Additionally, there is uncertainty that we will be able to pass elevated costs onto customers in an effort to offset inflationary pressures, or that such increases may outpace the compensating inflation-based increase in Medicare payment rates or any other rate increases we may receive.

Litigation & Regulatory Risks

We are subject to stringent regulatory and licensing requirements, and we have been, are and could become the subject of federal and state investigations and compliance reviews.

We are required to comply with extensive and complex laws and regulations at the federal, state and local government levels in the **United States** **U.S.** and other countries where we operate. We, and certain of our employees, also are required to hold permits and licenses and to comply with the operational and security standards of various governmental bodies and agencies. Any failure to comply with these laws and regulations or any failure to maintain the necessary permits, licenses or approvals, or to comply with the required standards, could disrupt our operations and/or adversely affect our results of operations, financial condition and cash flows.

Among the U.S. healthcare related laws that we are subject to include the Anti-kickback Statute, the Stark Law, the **False Claims Act** **FCA** and similar state laws relating to fraud, waste and abuse. The requirements of these laws are complex and subject to varying interpretations, and it is possible that regulatory authorities could challenge our policies and practices. If we fail to comply with these laws, we could be subject to federal or state government investigations or qui tam actions (false claims cases initiated by private parties purporting to act on behalf of federal or state governments), which could result in civil or criminal sanctions, including the loss of licenses or the ability to participate in Medicare, Medicaid and other federal and state healthcare programs. Such sanctions and damages could adversely affect our results of operations, financial condition and cash flows.

Our global operations are also subject to risks of violation of laws, including those that prohibit improper payments to and bribery of government officials and other individuals and organizations. These laws include the U.S. **Foreign Corrupt Practices Act** **FCPA**, the U.K. Bribery Act and other similar laws and regulations in foreign jurisdictions, any violation of which could result in substantial liability and a loss of reputation in the marketplace. Failure to comply with these laws also could subject us to civil and criminal penalties that could adversely affect our business, results of operations, financial condition and cash flows.

Our Patient Direct segment is a Medicare-certified supplier and participates in state Medicaid programs. Failure to comply with applicable standards and regulations could result in civil or criminal sanctions, including the loss of our ability to participate in Medicare, Medicaid and other federal and state healthcare programs.

We collect, handle and maintain patient-identifiable health information and other sensitive personal and financial information, which are subject to federal, state and foreign laws that regulate the use and disclosure of such information. Regulations currently in place continue to evolve, and new laws in this area could further restrict our ability to collect, handle and maintain personal or patient information, or could require us to incur additional compliance costs, either of which could have an adverse impact on our results of operations and cash flows. Violations of federal (such as the **Health Insurance Portability and Accountability Act**

HIPAA), state or foreign laws (such as the European Union's General Data Protection Regulation, as amended, EU GDPR or U.K. GDPR) concerning privacy and data protection could subject us to civil or criminal penalties, breach of contract claims, costs for remediation and harm to our reputation.

Our operations, including our billing practices and our arrangements with healthcare providers, are also subject to extensive federal and state laws and audits, inquiries and investigations from government agencies. For example, in connection with the settlement agreements resolving the investigation conducted by the U.S. Attorney's Office for the Southern District of New York regarding civil investigative demands, Apria was required to enter into a five-year Corporate Integrity Agreement (CIA) with the Office of Inspector General for the U.S. Department of Health and Human Services HHS OIG. The CIA provides that Apria will, among other things, impose certain oversight obligations on Owens & Minor's board of directors, provide certain management certifications, and continue or implement, as applicable certain compliance training and education. The CIA also requires Apria to engage independent third parties to review compliance with the CIA, as well as certain reporting, certification, record retention and notification requirements. Failure to comply with the obligations under the CIA could have material consequences for us including monetary penalties or exclusion from participation in federal healthcare programs.

Applicable laws may be directed at payments for the products and services we provide, conduct of our operations, preventing fraud and abuse, and billing and reimbursement from government programs such as Medicare, Medicaid and from commercial Payors. These laws may have related rules and regulations that are subject to interpretation and may not provide definitive guidance as to their application to our operations, including our arrangements with hospitals, physicians, and other healthcare providers.

Federal and state governments have contracted with private entities to audit and recover revenue resulting from payments made in excess of those permitted by federal and state benefit program rules. These entities include, but are not limited to, Recovery Audit Contractors that are responsible for auditing Medicare claims, Unified Program Integrity Contractors that are responsible for the identification of suspected fraud through medical record review and Medicaid Integrity Contractors, that are responsible for auditing Medicaid claims. We believe audits, inquiries, and investigations from these contractors and others will occur from time to time in the ordinary course of our business. We also may be subject to increased audits from commercial Payors and pursuant to federal, civil, and criminal statutes that relate to our billings to commercial Payors. Our efforts to be responsive to these audits, inquiries, and investigations may result in substantial costs and divert management's time and attention away from the operation of our business. Moreover, an adverse outcome with respect to any audit, inquiry or investigation may result in damage to our reputation, or in fines, penalties or other sanctions imposed on us. Such pending or future audits, inquiries, or investigations, or the public disclosure of such matters, could have a material adverse effect on our business, financial condition, results of operations, cash flows, capital resources and liquidity.

Federal and state laws are broadly worded and may be interpreted or applied by prosecutorial, regulatory, or judicial authorities in ways that we cannot predict. Additionally, in many instances, there are only limited publicly available guidelines and methodologies for determining errors with certain audits. As a result, there can be a significant lack of clarity regarding required documentation and audit methodology. The clarity and completeness of each patient medical file, some of which is the work product of physicians not employed by us, is essential to successfully challenging any payment denials.

Certain of our operations engage in Ethylene Oxide (EtO) sterilization of medical products either directly or indirectly through third-parties. In the United States, several regulators, including the EPA, the FDA, and agencies at the state and local level, play a role in regulating the use of EtO sterilization. Recent announcements of the temporary or permanent closure of sterilization facilities operated by others have been associated with state and/or local regulatory or other legal action related to EtO emissions at those facilities. We have taken and will continue to take measures to comply with all applicable emissions regulations and to reduce emissions. However, no assurance can be given that current or future legislative or regulatory action, or current or future litigation to which we may become a party, will not significantly increase the costs of conducting sterilization operations or curtail or eliminate the use of EtO in our operations. Further, we could be liable for damages and fines as a result of legislative or regulatory action or litigation, which could have a material adverse effect on our financial condition.

condition, results of operations, cash flows, capital resources and liquidity.

Accordingly, our arrangements and business practices may be the subject of government scrutiny or be found to violate applicable laws. If federal or state government officials challenge our operations or arrangements with third parties that we have structured based upon our interpretation of these laws, rules, and regulations, such a challenge could potentially disrupt our business operations and we may incur substantial defense costs, even if we successfully defend our interpretation of these laws, rules, and regulations. If the government or third parties successfully challenge our

24

[Table of Contents](#)

interpretation, such a challenge may have a material adverse effect on our business, financial condition, results of operations, cash flows, capital resources and liquidity.

We must obtain clearance or approval from the appropriate regulatory authorities prior to introducing a new product or a modification to an existing product. The regulatory clearance process may result in substantial costs, delays and limitations on the types and uses of products we can bring to market, any of which could have a material adverse effect on our business.

In the **United States**, before we can market a new product, or a new use of, or claim for, or significant modification to, an existing product, we generally must first receive clearance or approval from the FDA and certain other regulatory authorities. Most major markets for medical products outside the **United States** also require clearance, approval or compliance with certain standards before a product can be commercially marketed. The process of obtaining regulatory clearances and approvals to market a medical product can be costly and time consuming, involve rigorous pre-clinical and clinical testing, require changes in products or result in limitations on the indicated uses of products. We cannot assure you that these clearances and approvals will be granted on a timely basis, or at all. In addition, once a medical product has been cleared or approved, a new clearance or approval may be required before it may be modified, its labeling changed or marketed for a different use. Medical products are cleared or approved for one or more specific intended uses and promoting a device for an off-label use could result in government enforcement action. Furthermore, a product approval or clearance can be withdrawn or limited due to unforeseen problems with the medical product or issues relating to its application. The regulatory clearance and approval process may result in, among other things, delayed, if at all, realization of product net sales, substantial additional costs and limitations on the types of products we may bring to market or their indicated uses, any one of which could have a material adverse effect on our results of operations, financial condition and cash flows.

Our failure to comply with regulatory requirements or receive regulatory clearances or approvals for our medical gas facilities, products or operations could adversely affect our business.

We have a number of medical gas facilities in several states. These facilities are subject to federal and state regulatory requirements. Our medical gas facilities and operations are subject to extensive regulation by the FDA and other federal and state authorities. The FDA regulates medical gases, including medical oxygen, pursuant to its authority under the **Federal Food, Drug, and Cosmetic Act**, **FFDCA**. Among other requirements, the FDA's cGMP regulations impose certain quality control, documentation, and recordkeeping requirements on the receipt, processing, and distribution of medical gas. Further, in each state where we operate medical gas facilities, we are subject to regulation under state health and safety laws, which vary from state to state. The FDA and state authorities conduct periodic, unannounced inspections at medical gas facilities to assess compliance with the cGMP and other regulations. We expend significant time, money, and resources in an effort to achieve substantial compliance with the cGMP regulations and other federal and state law requirements at each of our medical gas facilities. There can be no assurance, however, that these efforts will be successful and

that our medical gas facilities will achieve and maintain compliance with federal and state laws and regulations. Our failure to achieve and maintain regulatory compliance at our medical gas facilities could result in enforcement action, including warning letters, fines, product recalls or seizures, temporary or permanent injunctions, or suspensions in operations at one or more locations, as well as civil or criminal penalties, all of which could materially harm our business, financial condition, results of operations, cash flows, capital resources, and liquidity.

The medical gas products we manufacture and distribute and certain other products we distribute are subject to extensive regulation by the FDA and other federal and state governing authorities. Compliance with FDA, state, and other requirements regarding production, safety, quality, manufacturing, distribution and marketing is costly and time-consuming, and while we seek to be in full compliance, instances of non-compliance could arise from time to time. We cannot be assured that any of our medical gases will be certified by the FDA. We have applied for, and received, designated gas certifications for our medical gas products. We may not be successful in receiving certification in the future. Other potential product manufacturing-related risks include difficulties or delays in product manufacturing, sales, or marketing, which could affect future results through regulatory actions, shutdowns, approval delays, withdrawals, recalls, penalties, supply disruptions or shortages, reputational harm, product liability, and/or unanticipated costs.

Failure to comply with applicable regulatory requirements could result in administrative enforcement action by the FDA or state agencies, which may include any of the following: adverse publicity; warning or untitled letters; fines; injunctions; consent decrees; civil money penalties; recalls; termination of distribution or seizure of our products; operating restrictions or partial suspension or total shutdown of production; delays in the introduction of products into

[Table of Contents](#)

the market; withdrawals or suspensions of current medical gas certifications or drug approvals, resulting in prohibitions on sales of our products; and criminal prosecution. There is also a risk that we may not adequately implement sustainable processes and procedures to maintain regulatory compliance and to address future regulatory agency findings, should they occur. The FDA may change its policies, adopt additional regulations or revise existing regulations, each of which could prevent or delay certification of our medical gases, or could impact our ability to market a device that was previously certified or cleared by the FDA. Any of these sanctions could result in higher than anticipated costs or lower than anticipated sales and have a material adverse effect on our business, financial condition, results of operations, cash flows, capital resources and liquidity.

Our business may be adversely affected if we are unable to adequately establish, maintain, protect and enforce our intellectual property and proprietary rights or prevent third parties from making unauthorized use of such rights.

Our intellectual property is an important part of our business. Failure to adequately protect our intellectual property rights could result in our competitors offering similar products and services, potentially resulting in the loss of our competitive advantage and a decrease in our revenue, which would adversely affect our business prospects, financial condition, results of operations, and cash flows. Our success depends in part on our ability to protect our proprietary rights and intellectual property. We rely on a combination of intellectual property rights, such as patents, trademarks, copyrights, trade secrets (including know-how) and domain names, in addition to teammate and third-party confidentiality agreements, intellectual property licenses and other contractual rights, to establish, maintain, protect and enforce our rights in our technology, proprietary information and processes. For example, we rely on trademark protection to protect our rights to various marks as well as distinctive logos and other marks associated with our products and services. Furthermore, intellectual

property laws and our procedures and restrictions provide only limited protection and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated. If we fail to protect our intellectual property rights adequately, we may lose an important advantage in the markets in which we compete.

Other parties may also independently develop technologies, products and services that are substantially similar or superior to ours. We also may be forced to bring claims against third parties. However, the measures we take to protect our intellectual property from unauthorized use by others may not be effective, and there can be no assurance that our intellectual property rights will be sufficient to protect against others offering technologies, products or services that are substantially similar or superior to ours and that compete with our business. Our management's attention may be diverted by these attempts, and we may need to use funds in litigation to protect our proprietary rights against any infringement, misappropriation or other violation.

We may become subject to litigation, investigations, claims and other legal proceedings brought by regulatory agencies, third parties, claiming infringement, misappropriation or other violation by us of their intellectual property rights.

individuals.

Our commercial success depends in part on avoiding infringement, misappropriation or other violations of the intellectual property and proprietary rights of third parties. However, we may become party to disputes from time to time over rights and obligations concerning intellectual property held by third parties. For example, third parties may allege that we have infringed upon or not obtained sufficient rights in the technologies used in our products and services. We cannot assure that we are not infringing or violating, and have not infringed or violated, any third-party intellectual property rights, or that we will not be held to have done so or be accused of doing so in the future. Any claim that we have violated intellectual property or other proprietary rights of third parties, with or without merit, and whether or not it results in litigation, is settled out of court or is determined in our favor, could be time consuming and costly to address and resolve, and could divert the time and attention of management and technical personnel from our business. Our liability insurance may not cover potential claims of this type adequately or at all. Any of these events could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We are subject to risks relating to asserted claims, litigation and other proceedings relating to employment and pay practices. We are facing, or may face, claims or become a party to a variety of legal actions that affect our business, including breach of contract actions, employment and employment discrimination-related suits or employee benefit claims under California and Federal law. We may also be subject to examination of our payroll practices from various federal and state taxation authorities from time to time. While we believe that our employment and pay practices materially comply with relevant laws and regulations, interpretations of these laws may change. There is a risk that we could be subject to payment of additional wages, insurance and employment, and payroll-related taxes and sizeable statutory penalties negatively impacting our financial position, results of operations and cash flows. In addition, our

26

[Table of Contents](#)

involvement in these matters and any related adverse rulings may result in increased costs and expenses, significant costs in defending such claims, even if groundless, reputational damage, cause us from time to time to significantly increase our legal expenses and/or modify our pay practices, all of which would likely have an adverse impact on our financial performance and profitability.

We may incur product liability losses, litigation liability, product recalls, safety alerts or regulatory action associated with the provision of healthcare services, and the products that we source, assemble, manufacture and sell which can be costly and disruptive to our business.

There is an inherent risk of liability in the provision of the services we provide and the design, assembly, manufacture and marketing of the medical products of the types we sell. As participants in the healthcare industry, we are and expect to be periodically subject to lawsuits, some of which may involve large claims and significant costs to defend, such as mass tort or other class actions. A number of factors could result in an unsafe condition or injury to, or death of, a patient with respect to the products that we source, assemble, manufacture or sell, including physician technique and experience in performing the relevant surgical procedure, component failures, manufacturing flaws, design defects or inadequate disclosure of product-related risks or information. A successful claim in excess of, or not covered by, our insurance policies could have a material adverse effect on our business, financial condition, results of operations, cash flows, capital resources and liquidity. Our insurance policies are also subject to annual renewal and our insurance premiums could be subject to material increases in the future.

In addition to product liability claims and litigation, an unsafe condition or injury to, or death of, a patient associated with our products could lead to a recall of, or issuance of a safety alert relating to, our products, or suspension or delay of regulatory product approvals or clearances, product seizures or detentions, governmental investigations, civil or criminal sanctions or injunctions to halt manufacturing and distribution of our products. Any one of these could result in significant costs and negative publicity resulting in reduced market acceptance and demand for our products and harm our reputation. In addition, a recall or injunction affecting our products could temporarily shut down production lines or place products on a shipping hold.

In April 2023 the FDA recommended that consumers, health care providers and facilities not use certain models of O&M Halyard surgical N95 respirators when fluid resistance is required. While there was no injury or damage to any individuals, as a result of the recommendation we voluntarily stopped the sale in the U.S. of the affected respirators for a temporary period, until the FDA concluded testing and updated its recommendations for use. While the FDA recommendation did not materially affect our results of operations for 2023, there is no guarantee that future recommendations or sanctions will be resolved on the same timeline, if at all.

All of the foregoing types of legal proceedings and regulatory actions are inherently unpredictable and, regardless of the outcome, could disrupt our business, result in substantial costs or the diversion of management attention and could have a material adverse effect on our results of operations, financial condition and cash flows.

We could be subject to adverse changes in the tax laws or challenges to our tax positions.

We operate throughout the United States U.S. and other countries. As a result, we are subject to the tax laws and regulations of the United States U.S. federal, state and local governments and of various foreign jurisdictions. From time to time, legislative and regulatory initiatives are proposed, including but not limited to proposals to repeal last-in, first-out (LIFO) treatment of inventory in the United States U.S. or changes in tax accounting methods for inventory, import tariffs and taxes, or other tax items. Changes in tax laws and regulations could adversely affect our tax positions, tax rate or cash payments for taxes. There can be no assurance that our effective tax rate will not be materially adversely affected by legislative developments.

Audits by tax authorities could result in additional tax payments for prior periods, and tax legislation could materially adversely affect our financial results and tax liabilities.

The amount of income taxes we pay is subject to ongoing audits by U.S. federal, state and local tax authorities and by non-U.S. tax authorities. In addition, tax laws and regulations are extremely complex and subject to varying interpretations. Although we believe that our historical tax positions are sound and consistent with applicable laws, regulations and existing precedent, there can be no assurance that our tax positions will not be challenged by relevant tax authorities or that we would be successful in any such challenge. If these audits result in assessments different from our reserves, our future results may include unfavorable adjustments to our tax liabilities.

[Table of Contents](#)

Our aspirations, goals and disclosures related to ESG matters expose us to numerous risks, including risks to our reputation and stock price.

Companies are facing increasing scrutiny from regulators, investors, consumers and other stakeholders related to ESG matters. We engage with key stakeholders to develop ESG focus areas and to set ESG-related goals, many of which are aspirational. We have set and disclosed these focus areas, goals and related objectives as part of our continued commitment to ESG matters, but our goals and objectives reflect our current plans and aspirations and are not guarantees that we will be able to achieve them. Our efforts to accomplish and accurately report on these goals and objectives present numerous operational, reputational, financial, legal and other risks, certain of which are outside of our control, and could have, under certain circumstances, a material adverse impact on us, including on our reputation and stock price. Moreover, while we create and publish voluntary disclosures regarding ESG matters from time to time, some of the statements in those voluntary disclosures may be based on hypothetical expectations and assumptions that may or may not be representative of current or actual risks or events or forecasts of expected risks or events, including the costs associated therewith. Such expectations and assumptions are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and the lack of an established single approach to identifying, measuring and reporting on many ESG matters. If our ESG practices do not meet evolving regulator, investor or other stakeholder expectations and standards, then our reputation, our ability to attract or retain employees and our attractiveness as an investment, business partner or acquiror could be negatively impacted. Similarly, our failure or perceived failure to adequately pursue or fulfill our goals and objectives or to satisfy various reporting standards within the timelines we announce, or at all, could also have similar negative impacts and expose us to other risks, which under certain circumstances could be material. Further, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on ESG matters. Such ratings are used by some investors to inform their investment and voting decisions, and thus unfavorable ESG ratings may have a negative impact on our reputation, stock price and access to and costs of capital.

Our amended and restated bylaws designates the United States U.S. District Court for the Eastern District of Virginia as the exclusive forum for certain litigation that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.

Pursuant to our amended and restated bylaws, unless we consent in writing to the selection of an alternative forum, the **United States U.S.** District Court for the Eastern District of Virginia, (or, if **United States U.S.** District Court for the Eastern District of Virginia lacks subject matter jurisdiction, another state or federal court located within the Commonwealth of Virginia) will be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a duty owed by any director or officer or other employee of the Company to the Company or the Company's shareholders, (iii) any action asserting a claim against the Company or any director or officer or other employee of the Company arising pursuant to any provision of the Virginia Stock Corporation Act, our articles of incorporation or our amended and restated bylaws (as either, or (iv) any action asserting a claim against the Company or any director or officer or other employee of the Corporation governed by the internal affairs doctrine. In addition, our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the **United States U.S.** of America shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended. The forum selection clause in our amended and restated bylaws may have the effect of discouraging lawsuits against us or our directors and officers and may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.

Risks Related to Our Debt

We may not be able to generate sufficient cash to service our debt and other obligations.

As of **December 31, 2022** **December 31, 2023**, on a consolidated basis we had approximately **\$2.5 billion** **\$2.1 billion** of aggregate principal amount of indebtedness, excluding deferred financing costs and third party fees, as well as approximately **\$262 million** in contractual obligations under our operating leasing arrangements due beyond the next twelve months, **\$354 million** **\$450 million** of undrawn availability under our accounts receivable securitization program, and **\$422 million** Receivables Financing Agreement, **\$423 million** of undrawn availability under our revolving credit facility, as well as other contractual obligations due beyond the next twelve months. Our ratio of total debt to total shareholders' equity as of **December 31, 2022** **December 31, 2023** was **264%** **227%**. See Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations – Contractual Obligations" of this Annual Report on Form 10-K for additional details.

[Table of Contents](#)

Our ability to make payments on our indebtedness and our other obligations will depend on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. We cannot assure you that we would be able to implement any of these alternatives on satisfactory terms or at all. In the absence of such operating results and resources, we could face substantial liquidity problems and may be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to consummate those dispositions or to obtain the proceeds that we could realize from them, and these proceeds may not be adequate to meet any debt service obligations then due.

If we are unable to service our debt obligations from cash flows, we may need to refinance all or a portion of our debt obligations prior to maturity. Our ability to refinance or restructure our debt will depend upon our financial condition or the condition of the capital markets at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. We may not be able to refinance any of our indebtedness on commercially reasonable terms or at all.

We may not be able to refinance, extend or repay our substantial indebtedness which would have a material adverse affect on our financial condition.

Our 2024 Notes, 2029 Notes and 2030 Notes become due and payable in December 2024, March 2029 and March 2030. We may need to raise capital in order to repay the 2024 Notes, 2029 Notes, and 2030 Notes. As of **December 31, 2022** **December 31, 2023**, we owed **\$246 million** **\$171 million**, **\$500 million** **\$479 million** and **\$600 million** **\$552 million** in principal under our 2024 Notes, 2029 Notes, and 2030 Notes, respectively. If we are unable to raise sufficient capital to repay these obligations at maturity and we are otherwise unable to extend the maturity dates or refinance these obligations, we would be in default. We cannot provide any assurances that we will be able to raise the necessary amount of capital to repay this obligation or that we will be able to extend the maturity dates or otherwise refinance this obligation. Upon a default, our lenders would have the right to exercise its rights and remedies to collect, which would include foreclosing on our assets. Accordingly, a default would have a material adverse effect on our business and financial condition.

Our credit facilities and our existing notes have restrictive covenants that could limit our financial flexibility.

Our Credit Agreement, Receivables **Securitization Program**, **Financing Agreement**, and Revolver, as well as the indentures that govern our existing senior notes, contain financial and other restrictive covenants that limit our ability to engage in activities that may be in our long-term best interests.

Our credit facilities and the indentures governing our existing notes include restrictions that, among other things, limit our ability to: incur indebtedness; grant liens; engage in acquisitions, mergers, consolidations and liquidations; use proceeds from asset dispositions for general corporate purposes, restricted payments, or investments; enter into transactions with affiliates; and amend, modify or prepay certain indebtedness. Under our credit facilities, we are subject to financial covenants that require us to maintain ratios for leverage and interest coverage, including on a pro forma basis in the event of an acquisition.

These restrictions limit our ability to manage our business in our sole discretion, which could adversely affect our business by, among other things, limiting our ability to take advantage of financings, mergers, acquisitions and other corporate opportunities that we believe would be beneficial to us. The terms of any future indebtedness we may incur could include more restrictive covenants. We cannot assure you that we will be able to maintain compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the lenders and/or amend the covenants. Our ability to comply with these various covenants may be affected by events beyond our control, including prevailing economic, financial and industry conditions. Our failure to comply with these restrictions or covenants could result in a default under the agreements governing the relevant indebtedness. If a default under the credit facilities and the indentures governing our existing notes is not cured or waived, such default could result in the acceleration of debt or other payment obligations under our debt or other agreements that contain cross-acceleration, cross-default or similar provisions, which could require us to repurchase or pay debt or other obligations prior to the date it is otherwise due.

29

[Table of Contents](#)

Our variable rate indebtedness subjects us to interest rate risk, which could cause our indebtedness service obligations to increase significantly.

Certain borrowings under our Credit Agreement and Receivables **Securitization Program** **Financing Agreement** bear interest at variable rates and expose us to interest rate risk. If interest rates were to increase, our debt service obligations on our variable rate indebtedness would increase even though the amount borrowed remained the same, and our earnings and cash flows will correspondingly decrease.

Despite current indebtedness levels, we may continue to incur indebtedness in the future, and the amount of that additional indebtedness may be substantial, which could further exacerbate the risks described herein.

We and our subsidiaries may incur substantial additional indebtedness in the future. If new debt is added to our current debt levels, the related risks that we and our subsidiaries now face to service debt levels and the risks associated with failure to adequately service our debt could intensify.

General Risk Factors

Our continued success is substantially dependent on positive perceptions of our reputation.

One of the reasons why customers choose to do business with us and why teammates choose us as a place of employment is the reputation that we have built over many years. To be successful in

the future, we must continue to preserve, grow and leverage the value of our brand. Reputational value is based in large part on perceptions of subjective qualities. Even an isolated incident, or the aggregate effect of individually insignificant incidents, can erode trust and confidence, particularly if they result in adverse publicity, governmental investigations or litigation, and as a result, could tarnish our brand and lead to adverse effects on our business, results of operations, financial condition and cash flows.

We are subject to risks related to public health crises or future outbreaks of health crises or other adverse public health developments such as the COVID-19 global pandemic.

developments.

As a global healthcare solutions company, we are impacted by public health crises. For instance, COVID-19 affected the ability of suppliers and vendors to provide products and services to us or to do so at acceptable quality levels or prices. Any **worsening of the COVID-19 pandemic or any future outbreaks of COVID-19** could further **reduce affect** demand for our products, which could have a material negative impact on our revenues and profit for future periods. In addition, public health crises may cause health care professionals to prioritize the needs of impacted patients and access to other healthcare services may be limited, which could negatively impact new patient growth in our Patient Direct segment. While we experienced growth in sales volumes for certain of our products (such as PPE) during the COVID-19 pandemic, as well as improved productivity and manufacturing output, there can be no assurance that such growth rates, increased sales volumes or other improvements **will** **would be** **maintained** **achieved** during or following the COVID-19 pandemic or any other public health crisis.

Adverse public health developments such as COVID-19 can also disrupt global capital markets, which can adversely impact our access to capital including deferred payment arrangements with key suppliers. In addition, actions by the **United States** **U.S.** government or other foreign government in response to any such public health developments could adversely affect our business and operations, including by way of closure of one or more facilities for an unknown period of time.

We **have** incurred additional costs to ensure we **meet** **met** the needs of our customers and **protect** **protected** our workforce in response to the COVID-19 pandemic, and expect to continue to **may** **similarly** incur additional costs which may be significant, as **if** **we** **continue** **are required** to implement operational changes in response to the COVID-19 pandemic and any future pandemics. If we do not respond appropriately to the pandemic, any future outbreaks or similar pandemics, or if customers do not perceive our response to be adequate for the **United States** **U.S.** or our international markets, we could suffer damage to our reputation and our brands, which could adversely affect our business. We may also experience additional impacts that we are not aware of currently. Due to the uncertainty of the COVID-19 pandemic's duration, any future outbreaks, the timing of recovery, travel restrictions, business closures or business disruptions, a recession or other sustained adverse market event resulting from the spread of the COVID-19, we **We** are not able to predict at this time to predict the extent to which the COVID-19 pandemic, or any future outbreaks of COVID-19, or similar pandemics, **may** **would** have a material effect on our financial or operational results.

Our continued success is substantially dependent on positive perceptions of our reputation.

One of the reasons why customers choose to do business with us and why teammates choose us as a place of employment is the reputation that we have built over many years. To be successful in the future, we must continue to preserve, grow and leverage the value of our brand. Reputational value is based in large part on perceptions of subjective qualities. Even an isolated incident, or the aggregate effect of individually insignificant incidents, can erode trust and confidence, particularly if they result in adverse publicity, governmental investigations or litigation, and as a result, could tarnish our brand and lead to adverse effects on our business, results of operations, financial condition and cash flows.

The market price for our common stock and debt have been, and may continue to be, highly volatile.

The market price for our common stock and debt have been, and may continue to be, highly volatile. A variety of factors may have a significant impact on the market price of our common stock and debt, including, but not limited to:

- the publication of earnings estimates or other research reports and speculation in the press or investment community;

[Table of Contents](#)

changes in our financial projections or our failure to meet these projections;

- changes in our industry and competitors;
- changes in government or legislation;
- government debt and/or budget crises;
- changes in our **board of directors** or management;
- our financial condition, results of operations and cash flows and prospects;
- activism by any single large shareholder or combination of shareholders;
- lawsuits threatened or filed against us;
- any future issuances of our common stock, which may include primary offerings for cash, stock splits, issuances in connection with business acquisitions, issuances of restricted stock/units and the grant or exercise of stock options from time to time;
- the trading volume of our common stock and debt;
- general market and economic conditions;
- any **worsening future outbreaks** or reemergence of the COVID-19 pandemic, **or future outbreaks** and any future pandemics;
- the threat or outbreak of war, terrorism or public unrest (including, without limitation, the war in the Ukraine and a wider European **conflict**, the conflict between Israel and Hamas, **or any other** global conflict); and
- the other factors discussed in this Item 1A. **Risk** "Risk Factors," any of which could have a material effect on us.

The stock and bond markets have recently experienced extreme price and volume fluctuations. The market prices of securities of companies have experienced fluctuations that often have been unrelated or disproportionate to their operating results. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against companies. This type of litigation, if instituted, could result in substantial costs and a diversion of management's attention and resources, which could have a material adverse effect on our business.

Our global operations increase the extent of our exposure to the economic, political, currency, regulatory and other risks of international operations.

Our global operations involve issues and risks, including but not limited to the following, any of which could have an adverse effect on our business, results of operations and cash flows:

- **Lack** lack of familiarity with and expertise in conducting business in foreign markets;
 - **Foreign** foreign currency fluctuations and exchange risk;
- **Unexpected** unexpected changes in foreign regulations or conditions relating to labor, the economic or political environment, and social norms or requirements;
- **Adverse** adverse tax consequences and difficulties in repatriating cash generated or held abroad;
- **Local** local economic environments, recession, inflation, indebtedness, currency volatility and competition; and
- **Changes** changes in trade protection laws and other laws affecting trade and investment, including import/export regulations in both the **United States** U.S. and foreign countries.

We may be adversely affected by global climate change or by legal, regulatory or market responses to such change.

The long-term effects of climate change are difficult to predict and may be widespread. The impacts may include physical risks (such as rising sea levels or frequency and severity of extreme weather conditions), social and human effects (such as population dislocations or harm to health and well-being), compliance costs

and transition risks (such as regulatory or technology changes) and other adverse effects. The effects could impair, for example, the availability and cost of certain products, commodities and energy (including utilities), which in turn may impact our ability to procure goods or services required for the operation of our business at the quantities and levels we require. We bear losses incurred as a result of, for example, physical damage to or destruction of our facilities (such as distribution centers), loss or spoilage of inventory, and business interruption due to weather events that may be attributable to climate change. These events and impacts could materially adversely affect our business operations and our financial position, results of operations and cash flows.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Our Cybersecurity program is managed by our Chief Information Security Officer (CISO). The CISO is responsible for developing and managing the overall strategy, leading the response to cybersecurity incidents and reporting to the Board. The Audit Committee of the Board monitors our information security programs, including our cybersecurity risk management program, and receives updates quarterly, or more frequently as determined appropriate, from management on our cybersecurity program and systems protection.

Our CISO has over twenty-five years of experience in cybersecurity and holds active Certified Information Systems Security Professional and Certified Information Security Manager certifications. Our policies require

31

None.

[**Table of Contents**](#)

teammates, contractors, service providers and suppliers who become aware of a cybersecurity incident or the individual's supervisor must immediately report the cybersecurity incident to the appropriate reporting channels, which include the CISO. In the event of a cybersecurity incident, in addition to the standing members, teammates would be selected to serve on the Cybersecurity Incident Response Team (CIRT) based on the facts and circumstances of the particular cybersecurity incident. Additionally, our outside legal counsel is held on retainer to assist with our response to cybersecurity incidents.

We model our cybersecurity program to align with practices and standards referenced within the National Institute of Standards and Technology cybersecurity framework. Our information security program is integrated within our larger enterprise risk management program and includes, but is not limited to:

- Following the methodology of Identify, Protect, Detect, Respond, and Recover;**
- Mandatory annual cybersecurity awareness training for all teammates accessing our network;**
- Monthly Company-wide phishing prevention and awareness exercises;**

- Identification and remediation of information security risks and vulnerabilities in our information technology systems, including regular scanning of both internal and externally facing systems and annual third-party penetration testing;
- Implementation of security technologies intended to identify and assist in containing and remediating malware risks;
- Active monitoring of logs and events for our network perimeter and internal systems;
- Due diligence of information security maintained by third-party vendors that handle our data;
- Partnering with the Cybersecurity and Infrastructure Security Agency (CISA), DHS, and the Federal Bureau of Investigation, to leverage their provided sensitive or confidential threat intel and with CISA for weekly vulnerability scans of our key public-facing servers;
- Maintaining a cyber insurance policy that provides coverage for security breach recovery and response; and
- Engagement of third party consultants to assess the health of our cybersecurity program.

We maintain a Cybersecurity Incident Response Plan (CIRP) to assist in promptly responding to, resolving, and recovering from cybersecurity incidents. The CIRP includes guidelines for assessing, identifying, managing, reporting, including disclosure of material breaches with the SEC, and remediating cybersecurity incidents. Following a cybersecurity incident, external subject matter experts, including legal counsel are consulted to reduce the risk of further compromise to our information and to ensure proper reporting and documentation. The Audit Committee would be informed promptly of material cybersecurity incidents in the event that they arise. If a material cybersecurity incident were to occur, it could have a material effect on our business strategy, results of operations and financial condition. For more information see Item 1A. "Risk Factors" for the Risk Factor entitled "Our operations depend on the proper functioning of information systems, and our business or results of operations could be adversely affected if we experience a cyberattack or other systems breach or failure."

Item 2. Properties

As of December 31, 2022 December 31, 2023, we our Products & Healthcare Services segment operated facilities located throughout the world that handle production, assembly, research, quality assurance testing, distribution, packaging, and sales of our products, as well as office and warehouse space. We also leased customer service centers as well as small offices for sales personnel across the United States. In addition, we lease space on a temporary basis from time to time to meet our inventory storage needs.

32

[Table of Contents](#)

As of December 31, 2022 December 31, 2023, our Patient Direct segment had over 300 locations to serve patients including 277 branch locations that are capable of reaching over 90% of the U.S. population, six centers of excellence aligned with specific mail order product categories, as well as regional distribution and repair centers, customer service and billing centers, a national pharmacy

and a biomedical center for the repair, maintenance and distribution of patient service equipment.

We own our corporate headquarters building, and adjacent acreage, in Mechanicsville, Virginia, a suburb of Richmond, Virginia.

The following table provides a summary of our principal facilities:

	Owned	Leased	Other ⁽¹⁾	Total	Location
Production	6	11	—	17	United States, Europe, Honduras, Mexico and Thailand
Distribution	1	52	1	54	United States and India
Storage	—	26	—	26	United States, Honduras and Mexico
Office	1	36	—	37	United States, Asia, Australia, Canada and Europe
Branch	—	277	—	277	United States
Total	8	402	1	411	

	Owned	Leased	Other ⁽¹⁾	Total	Location
Production	6	11	—	17	U.S., Europe, Honduras, Mexico and Thailand
Distribution	1	52	1	54	U.S.
Storage	—	21	—	21	U.S., Honduras and Mexico
Office	1	38	—	39	U.S., Asia, Australia, Canada and Europe
Branch	—	277	—	277	U.S.
Total	8	399	1	408	

^(a) Represents a distribution center owned by a customer.

⁽¹⁾ Represents a distribution center owned by a customer.

We regularly assess our business needs and make changes to the capacity and the location of our facilities. We believe that our facilities are adequate to carry on our business as currently conducted. A number of leases are scheduled to terminate expire within the next several years. We believe that, if necessary, we could find facilities to replace these leased premises without suffering a material adverse effect on our business.

Item 3. 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. Our investigation determined that a limited number of lots were potentially implicated by the results of the NIOSH particulate filtration testing on model No. 46827, and that the vast majority of the products in those lots remained in our possession and under our control. Those lots have been segregated for disposal. We also determined that a limited quantity of products from one lot did reach the market. Although products from that lot passed internal and external follow-up 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 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 No. 46727 of Halyard N95 respirators when fluid resistance is not required. These items are included in our Products & Healthcare Services segment.

On September 29, 2023, the 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

33

[Table of Contents](#)

(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 fluid resistance for which they are rated. NIOSH reviewed and concurred with the facts set forth in our user notice published on September 29, 2023.

While the FDA recommendation did not materially affect our results of operations for 2023, 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 U.S. and elsewhere. In addition, these matters could potentially have other negative impacts including: government investigations and enforcement actions by the FDA or other U.S. 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 relating ones related to commercial disputes, employment, workers' compensation, product liability, regulatory, cybersecurity and other matters. We establish reserves from time to time based upon periodic assessments of the potential outcomes of pending matters. In addition, we believe that any potential liability arising from maintain insurance coverage for cybersecurity, employment, product liability, workers' compensation and other personal injury litigation matters, would subject to policy limits, applicable deductibles and insurer solvency. From time to time, we establish estimated liabilities based upon periodic assessment of the potential outcomes of pending matters.

Based on current knowledge and the advice of counsel, we believe that the liability recorded on the consolidated balance sheet as of December 31, 2023 for currently pending matters considered probable of loss, 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 our insurance, subject to policy limits, applicable deductibles, exclusions, and insurer solvency. While the outcome of legal actions cannot be predicted with certainty, we believe, based on current knowledge and the advice of counsel, that the outcome of these currently pending matters, individually or in the aggregate, will not have a material adverse effect on our financial condition or results of ope

rations.

Item 4. Mine Safety Disclosures

Not applicable.

Information about our Executive Officers

Edward A. Pesicka (55)

(56)

President, Chief Executive Officer & Director

President and Chief Executive Officer since joining Owens & Minor in March 2019. Mr. Pesicka was also appointed to the board of directors at the time he joined the company. Previously Mr. Pesicka served as an independent consultant and advisor in the healthcare, life sciences and distribution industries since January 1, 2016. From January 2000 through April 2015, Mr. Pesicka served in various roles of increasing responsibility at Thermo Fisher Scientific Inc., including most recently, Chief Commercial Officer and Senior Vice President from January 2014 to April 2015. Prior to that, he was President, Customer Channels at Thermo Fisher from July 2008 to January 2014 and President, Research Market from

November 2006 to July 2008. Earlier in his career, Mr. Pesicka held various Vice President-level roles in Thermo Fisher Scientific's finance department, serving as Chief Financial Officer of numerous divisions. Prior to Thermo Fisher Scientific, Mr. Pesicka spent eight years with TRW, Inc. in its finance department and three years with PricewaterhouseCoopers as an auditor.

34

[Table of Contents](#)

Alexander J. Bruni (46)

(47)

Executive Vice President & Chief Financial Officer

Executive Vice President & Chief Financial Officer of Owens & Minor since October 2022. Previously, Mr. Bruni served as the senior finance partner of the Patient Direct segment and prior to that, as the senior finance partner of the Products & Healthcare Services segment after joining the company in April 2020. Prior to joining the Company from 2019 to 2020, Mr. Bruni served as Chief Financial Officer & Chief Operating Officer for Centerline Communications, a services company providing infrastructure solutions to the wireless telecommunications industry. From 2018 to 2019, Mr. Bruni was Chief Financial Officer and Chief Operating Officer for Torque Therapeutics, an immuno-oncology company, where he led finance, manufacturing and corporate operations. Prior to joining Torque Therapeutics, Mr. Bruni served from 2012 until 2018 in multiple Vice President vice president positions including Finance, Corporate FP&A, Continuous Improvement and Corporate Development at Patheon, a pharmaceutical services company.

Andrew G. Long

Daniel J. Starck (57)

Executive Vice President, & Chief Executive Officer of Products & Healthcare Services Segment

Business Excellence

Executive Vice President, & Chief Executive Officer of Products & Healthcare Services Segment Business Excellence since October 2022, March 2023. Previously, Mr. Long Starck served as Chief Financial Officer of Owens & Minor since joining the company on November 11, 2019. Prior to that, Mr. Long served as the Chief Executive Officer of Insys Therapeutics, Inc. (Insys) from April 2019 to

November 8, 2019. Prior to that, Mr. Long served as the Chief Financial Officer of Insys from August 2017. Prior to joining Insys, Mr. Long served as senior vice president of Global Finance at Patheon, a pharmaceutical company, from 2015 to 2017. Prior to working at Patheon, Mr. Long served as Vice President of Finance for multiple divisions at Thermo Fisher Scientific from 2006 until 2015. Mr. Long has served as a Member of the Board of Directors of Insys, which filed for Chapter 11 bankruptcy protection in June 2019, from April 2019 until his resignation on November 8, 2019.

Daniel J. Starck (56)

Executive Vice President, President of Patient Direct Segment, & Chief Executive Officer of Apria

Executive Vice President, President of Patient Direct Segment, & Chief Executive Officer of Apria since the Apria acquisition on March 29, 2022. Previously, the Apria Date. Prior to that, Mr. Starck served as Chief Executive Officer of Apria, Inc. since February 2015. Prior to that, Mr. Starck served as the Chief Executive Officer of Apria's Apria's home respiratory therapy and home medical equipment segment since he joined Apria in April 2012. From 2007 to 2012, Mr. Starck served as Chief Executive Officer of CorVel Corporation (CorVel), an Orange County, California-based national provider of industry-leading workers' compensation solutions for employers, third-party administrators, insurance companies and government agencies seeking to control costs and promote positive outcomes. Mr. Starck joined CorVel in 2006 as President and Chief Operating Officer after serving Apria and a predecessor company in a series of progressively more responsible operations roles from 1992 to 2006.

Tammy Gomez (51)

Andrew G. Long (58)

Executive Vice President & Chief Human Resources Executive Officer

of Products & Healthcare Services Segment

Executive Vice President & Chief Human Resources Executive Officer of Products & Healthcare Services Segment since joining October 2022. Previously Mr. Long served as Chief Financial Officer of Owens & Minor in July 2022, since joining the Company on November 11, 2019. Prior to that, Ms. Gomez Mr. Long served as the Chief Executive Officer and as a board member of Insys Therapeutics, Inc. (Insys) from April 2019 to November 8, 2019. Prior to that, Mr. Long served as the Chief Financial Officer of Insys from August 2017. Prior to joining Insys, Mr. Long served as senior vice president of Global Finance at Patheon, a pharmaceutical company, from 2015 to 2017. Prior to working at Patheon, Mr. Long served as Vice President of Finance for multiple divisions at Thermo Fisher Scientific from 2006 until 2015.

Perry Bernocchi (65)

Executive Vice President & Chief Executive Officer of Patient Direct Segment

Executive Vice President & Chief Executive Officer of Patient Direct Segment since March 2023. Prior to that, Mr. Bernocchi served as

President & Chief Executive Officer of the Company's Byram Healthcare division, a position he held since 2009. Mr. Bernocchi joined Byram Healthcare in 2006 as its Chief Operating Officer. Prior to that, Mr. Bernocchi served as Chief Operating Officer of Hemophilia Resources of America from 2000 to 2005 prior to its sale to Accredo Health. Prior to that, Mr. Bernocchi worked for Cardinal Health Caremark/Coram from 1999 1982 to 2021 2000 in various roles throughout her career. She served of increasing responsibility in operations and general management within Coram Resource Network and as Senior Vice President Global HR Center of Excellence & HR Services at the time of her exit. Prior to that, Ms. Gomez served in various human resources business partner roles supporting the company's business and functional leaders.

Nicholas J. Pace (52)

Operations.

Heath Galloway (47)

Executive Vice President, General Counsel & Corporate Secretary

Executive Vice President, General Counsel & Corporate Secretary since May 2018 2023. Prior to that, from April 2016 to May 2023, Mr. Pace joined Galloway served as Associate General Counsel. Prior to that, Mr. Galloway served as Assistant General

35

[**Table of Contents**](#)

Counsel after joining Owens & Minor in 2016, serving as its Senior Vice President, General Counsel & Corporate Secretary February 2013. Prior to joining the company, Owens & Minor, Mr. Pace served as Executive Vice President, General Counsel & Secretary of Landmark Health, LLC, from July-December 2015. From January 2014 to July 2015, he served in simultaneous roles of Senior Vice President, Strategy & General Counsel of Landmark Health, LLC and Executive Vice President, Corporate Development & General Counsel of Avalon Health Services, LLC, two Francisco Partners portfolio companies. From March to October 2013, Mr. Pace served as Executive Vice President, Operations & Compliance. Galloway worked at Williams Mullen for Health Diagnostic Laboratory, Inc., which filed for Chapter 11 bankruptcy protection in June 2015. Prior to that role, he served as Executive Vice President, General Counsel & Secretary of Amerigroup Corporation, where he worked from 2006-2013 until its sale to Anthem, Inc.

nine years.

Jonathan A. Leon (56)

(57)

Senior Vice President, Corporate Treasurer

Senior Vice President, Corporate Treasurer of Owens & Minor since May 2018. Prior to that, Mr. Leon served as Vice President, Treasurer, after joining Owens & Minor in January 2017. Before joining Owens & Minor, Mr. Leon worked for the Brinks Company for ~~nineteen~~ 19 years, beginning in 1998, where he served as Treasurer.

Michael W. Lowry (61)

(62)

Senior Vice President, Corporate Controller & Chief Accounting Officer

Senior Vice President, Corporate Controller & Chief Accounting Officer since June 2018. Prior to that, from May 2016 to June 2018, Mr. Lowry was Senior Vice President, Corporate Controller and Vice President, Corporate Controller beginning in 2013. Prior to that, from 2009 to 2013 Mr. Lowry was the Vice President, Treasurer. Mr. Lowry joined Owens & Minor in 1988.

36

[Table of Contents](#)

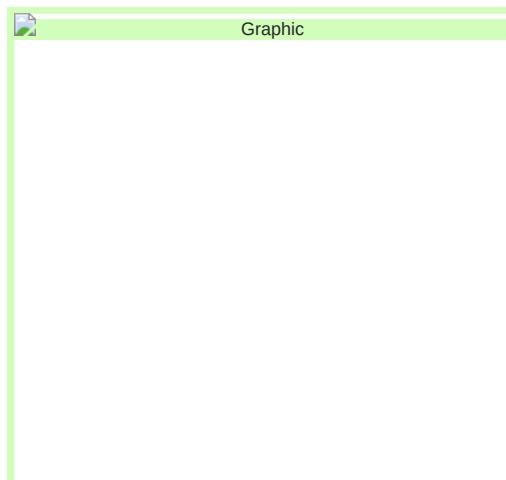
Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

Owens & Minor, Inc.'s common stock trades on the New York Stock Exchange under the symbol OMI. As of **February 13, 2023**, **January 31, 2024**, there were **2,354** **2,238** common shareholders of record. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, the common shareholders of record do not reflect the total number of stockholders.

5-Year Total Shareholder Return

The following performance **graph** compares the performance of our common stock to the Standard & Poor's Composite-500 Index (S&P 500 Index), the Russell 3000 Medical Equipment and Services Sector Index, an index that includes more than 100 companies in the medical equipment and services **industry**, and the Standard & Poor's Composite-500 Healthcare Index (S&P 500 Healthcare Index), an independently prepared index that includes more than 50 companies in the healthcare industry. Beginning this year, we are using the Russell 3000 Medical Equipment and Services Sector Index as our line of business index, but in prior years we used the S&P 500 Healthcare Index. We are changing our line of business index to the Russell 3000 Medical Equipment and Services Sector Index because that index more closely aligns with our business. In accordance with Item 201(e) of Regulation S-K, we are including both the Russell 3000 Medical Equipment and Services Sector Index and S&P 500 Healthcare Index in the performance **graph** below. This graph assumes that the value of the investment in the common stock **and** each index was \$100 on **December 31, 2017** **December 31, 2018**, and that all dividends were reinvested.



Company	Base Period		Years Ended					
	Name	Index	12/2018	12/2019	12/2020	12/2021	12/2022	12/2023
Owens & Minor, Inc.	\$ 100.00	\$ 81.86	\$ 428.78	\$ 689.73	\$ 309.66	\$ 305.54		

S&P 500						
Index	100.00	131.47	155.65	200.29	163.98	207.04
Russell						
3000						
Medical						
Equipment						
and						
Services						
Sector	100.00	131.43	165.52	199.89	155.44	163.19

37

Company Name / Index	Base Period						Years Ended					
	12/2017	12/2018	12/2019	12/2020	12/2021	12/2022	12/2017	12/2018	12/2019	12/2020	12/2021	12/2022
Owens & Minor, Inc.	\$100.00	\$35.49	\$29.05	\$152.18	\$244.79	\$109.90						
S&P 500 Index	100.00	95.62	125.72	148.85	191.58	156.88						
Russell 3000												
Medical Equipment and Services												
Sector	100.00	112.27	146.90	185.83	224.41	174.51						
S&P 500 Healthcare	100.00	106.47	128.64	145.93	184.07	180.47						

In May 2020, we entered into an equity distribution agreement, pursuant to which we may offer and sell, from time to time, shares of our common stock having an aggregate offering price of up to \$50.0 million. We intend to use the net proceeds from the sale of our securities offered by this program for the repayment of indebtedness and/or for general corporate and working capital purposes. As of December 31, 2022, no shares were issued and \$50.0 million of common stock remained available under the at-the-market equity financing program.

On October 6, 2020, we completed a follow-on equity offering wherein we sold an aggregate of 8,475,000 shares of our common stock at an offering price of \$20.50, resulting in net proceeds to us of approximately \$165 million, after deducting expenses relating to the follow-on equity offering, including the underwriters' discounts and commissions. Pursuant to the underwriting agreement, we granted the underwriters an option to purchase up to an additional 1,271,250 shares of our common stock, which the underwriters exercised in full.

Inclusive of this exercised option, net proceeds to us were approximately

\$190 million, after deducting expenses relating to the follow-on equity offering, including the underwriters' discounts and commissions. We used the proceeds from the follow-on equity offering to repay the remaining \$109 million outstanding balance of Term Loan A-1 at par on October 8, 2020, to repay \$51.7 million of our Term Loan

A-2 at par on October 15, 2020, and to repay \$30.0 million of borrowings under the revolving credit facility.

[Table of Contents](#)

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's discussion and analysis of financial condition and results of operations is intended to assist the reader in the understanding and assessment of significant changes and trends related to our results of operations. The discussion and analysis presented below refers to, and should be read in conjunction with, the consolidated financial statements and accompanying notes included in Item 8 of Part II of this Annual Report on Form 10-K.

Overview

Owens & Minor, Inc., along with its subsidiaries, 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 U.S. distribution division (Medical Distribution), including 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 Apria).

Net (loss) per share was (\$0.54) for the United States. Beginning in 2022, we have reported financial results using this two segment structure and have recast our prior period segment results on the same basis.

Net year ended December 31, 2023 as compared to net income per diluted share was of \$0.29 for the year ended December 31, 2022 as compared to \$2.94 for. The decrease reflected the year ended December 31, 2021, decline in Products & Healthcare

Services segment operating income was \$175 million for the year ended December 31, 2022, compared to \$118 million as described below, incremental exit and realignment charges of \$92.2 million primarily related to \$384 million for the year ended December 31, 2021 our Operating Model Realignment Program and information technology (IT) strategic initiatives and higher interest expense of \$29.0 million. The decrease reflected overall reduced hospital demand, including reliance on stockpiles, and price changes, particularly for gloves, and headwinds created by macroeconomic conditions, including inflationary pressures, supply chain issues, and rising interest rates. These were partially offset by productivity gains derived from operating efficiencies, the non-recurrence of the 2022 inventory valuation allowance adjustment of \$92.3 million primarily associated with PPE inventory built up and changes subsequent decline in accrued incentive compensation, demand as a result of the COVID-19 pandemic. Patient Direct segment operating income was \$194 million for the year ended December 31, 2022, compared to \$58.0 million for the year ended December 31, 2021. The increase was primarily the result of growth of the inclusion \$53.1 million as outlined below and lower acquisition-related charges and intangible amortization of Apria in the Patient Direct segment since March 29, 2022 (the Acquisition Date), strong revenue growth in our Byram business, leveraging our fixed costs, and operating efficiencies, partially offset by inflationary pressures, \$25.9 million.

Net income (loss) per diluted share was unfavorably impacted as compared to the prior year by foreign currency translation in the amount of \$0.16 \$0.04 for the year ended December 31, 2023.

Products & Healthcare Services segment operating income was \$57.8 million for the year ended December 31, 2023, compared to \$175 million for the year ended December 31, 2022. The decrease reflected lower PPE net revenues, including COVID-19 related product purchases declining from elevated levels during the first half of 2022 and losses on sales of accounts receivable under the RPA in the amount of \$10.6 million, partially offset by a benefit in excess of \$40 million from the Operating Model Realignment Program, along with productivity gains derived from operating efficiencies. Patient Direct segment operating income was \$247 million for the year ended December 31, 2023, compared to \$194 million for the year ended December 31, 2022. The increase was primarily the result of the inclusion of a full year of Apria results in 2023, strong organic revenue growth and operating efficiencies. On a consolidated basis, teammate benefit costs increased by \$57.4 million, which impacted both segments. Segment operating incomes exclude adjustments noted in Note 20, "Segments" 17, "Segments", in Notes to Consolidated Financial Statements, Statements.

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

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. Our investigation determined that a limited number of lots were potentially implicated by the results of the NIOSH particulate filtration testing on model No. 46827, and that the vast majority of the products in those lots remained in our possession and under our control. Those lots have been segregated for disposal. We also determined that a limited quantity of products from one lot did reach the market. Although products from that lot passed internal and external follow-up testing for filtration

38

[Table of Contents](#)

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 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 No. 46727 of

Halyard N95 respirators when fluid resistance is not required. These items are included in our Products & Healthcare Services segment.

On September 29, 2023, the 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 fluid resistance for which they are rated. NIOSH reviewed and concurred with the facts set forth in our user notice published on September 29, 2023.

While the FDA recommendation did not materially affect our results of operations for 2023, 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 a \$92.3 million (approximately \$69.6 million, net of tax) inventory valuation adjustment, primarily associated with PPE inventory built up and a subsequent decline in demand 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 COVID-19 pandemic.

Acquisition of Apria

On U.S. and elsewhere. In addition, these matters could potentially have other negative impacts including: government investigations and enforcement actions by the Acquisition Date, we completed FDA or other U.S. or international regulators or governmental entities; the Apria Acquisition, in which we acquired 100% of Apria 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. At the time suspension or revocation of the Apria Acquisition, each share of Apria's common stock was converted into the right authority to receive \$37.50 in cash. Apria is a leading provider of integrated home healthcare equipment produce, distribute or sell products, and related services in the United States. This business is reported as part of the Patient Direct segment.

COVID-19 Update

We continue to closely monitor the impact of COVID-19, including its variants and sub-variants, on

all aspects of our business, including our customers, teammates, suppliers, vendors and distribution channels. We have taken actions to protect our teammates while maintaining business continuity as we respond to the needs from this global pandemic and may take further actions that may alter our business operations.

We are unable to predict the timing and the full impact that COVID-19 and any new pandemic(s) will have on our future operating results, financial position and cash flows other sanctions; losses due to numerous variables patient claims, including product liability claims and continued uncertainties.

Transportation lawsuits; and business operation restrictions customer claims related to their direct costs arising from virus containment efforts of governments around the world have impacted our operations in certain locations, including within Asia. Essential activity exceptions from these restrictions have allowed us to continue to operate, but virus containment efforts have created supply chain challenges resulting in additional direct costs. disruption.

During the COVID-19 pandemic, customers, state

agencies and the federal government purchased a significant amount of PPE to serve patients, and to build stockpiles of product. There can be no assurance that such growth rates, increased sales volumes or other improvements will be maintained during or following the COVID-19 pandemic.

Our response to the COVID-19 pandemic was to manufacture and source as much PPE products as possible to enable front-line healthcare workers to perform their duties in the safest environment as possible, and to satisfy the U.S. government's purchase requirements. Our efforts included a significant increase in PPE production in our manufacturing plants through expanding our production lines, hiring additional plant teammates, and increasing labor shifts. Furthermore, we sourced a greater level of PPE from our existing third-party suppliers than we historically have. One of the financial impacts from our response to this unprecedented crisis was an inventory build in the Products & Healthcare Services segment through the end of 2022. During 2022, overall reduced hospital demand and hospital reliance on stockpiles contributed to lower demand for PPE as compared to 2021.

As of December 31, 2022, we had inventory valuation allowances of \$128 million, inclusive of an inventory valuation adjustment of \$92.3 million recorded in the three months ended December 31, 2022, primarily associated with an increase in the amount of excess PPE inventory.

Philips Resironics 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)** **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** **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 **from** **Philips** **of both** replacement devices for impacted **patients and devices**, **availability** **of** new devices for new patients, patient hesitancy to use 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** **Philips** CPAPs 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

39

[Table of Contents](#)

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.

Supplemental Financial Information

(in thousands, except ratios and per share
data)

	At or for the years ended December 31,		
	2022	2021	2020
Summary of Operations:			
Net revenue	\$9,955,475	\$9,785,315	\$8,480,177
Income from continuing operations			
	\$ 22,389	\$ 221,589	\$ 88,074
Per Common Share:			
Income from continuing operations per share			
—basic	\$ 0.30	\$ 3.05	\$ 1.39
Income from continuing operations per share			
—diluted	\$ 0.29	\$ 2.94	\$ 1.39
Cash dividends	\$ —	\$ 0.01	\$ 0.01
Stock price at year end	\$ 19.53	\$ 43.50	\$ 27.05
Summary of Financial Position:			
Total assets	\$5,386,283	\$3,536,551	\$3,335,639
Cash and cash equivalents	\$ 69,467	\$ 55,712	\$ 83,058
Total debt	\$2,500,874	\$ 949,577	\$ 1,025,967
Total equity	\$ 945,604	\$ 938,501	\$ 712,054
Selected Ratios:			
Gross margin as a percent of revenue	18.35 %	15.46 %	15.10 %
Distribution, selling and administrative expenses as a percent of revenue	16.41 %	11.41 %	12.28 %
Operating income as a percent of revenue	1.44 %	3.77 %	2.41 %
Days sales outstanding (DSO) ⁽¹⁾	27.0	24.6	26.0
Inventory days ⁽²⁾	57.2	64.7	57.8
At or for the Years Ended December 31,			

	2023	2022	2021
Summary of Operations:			
<i>Net revenue</i>			
<i>Net revenue</i>	\$ 10,333,967	\$ 9,955,475	\$ 9,785,315
<i>Net (loss) income</i>	\$ (41,301)	\$ 22,389	\$ 221,589
Per Common Share:			
<i>Net (loss) income per share—basic</i>	\$ (0.54)	\$ 0.30	\$ 3.05
<i>Net (loss) income per share—diluted</i>	\$ (0.54)	\$ 0.29	\$ 2.94
Cash			
<i>dividends</i>	\$ —	\$ —	\$ 0.01
<i>Stock price at year end</i>	\$ 19.27	\$ 19.53	\$ 43.50
Summary of Financial Position:			
<i>Total assets</i>	\$ 5,093,322	\$ 5,386,283	\$ 3,536,551
Cash and cash equivalents			
<i>equivalents</i>	\$ 243,037	\$ 69,467	\$ 55,712
<i>Total debt</i>	\$ 2,097,502	\$ 2,500,874	\$ 949,577
<i>Total equity</i>	\$ 924,166	\$ 945,604	\$ 938,501
Selected Ratios:			
<i>Gross margin as a percent of revenue</i>	20.56 %	18.35 %	15.46 %
<i>Distribution, selling and administrative expenses as a percent of revenue</i>	17.55 %	15.62 %	11.01 %
<i>Operating income as a percent of revenue</i>	1.01 %	1.44 %	3.77 %
<i>DSO (1)</i>	20.5	27.0	24.6
<i>Inventory days (2)</i>	49.0	57.2	64.7

(1) Based on year end accounts receivable and net revenue for the fourth quarter ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021. DSO in 2023 reflected the impact of the reduction in accounts receivable, net due to sales of accounts receivable under the RPA. Excluding the impact of the RPA, DSO would have been 24.8 as of December 31, 2023.

(2) Based on year end merchandise inventories and cost of goods sold for the fourth quarter ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021. The decrease in inventory days as of December 31, 2023 is due to inventory management efforts in our Products & Healthcare Services segment. The 2022 figure reflects the a \$92.3 million inventory valuation adjustment in our Products & Healthcare Services segment, primarily associated with PPE inventory built up and a subsequent decline in demand as a result of the COVID-19 pandemic.

40

[Table of Contents](#)

Results of Operations

Our Management's Discussion and Analysis of Financial Condition and Results of Operations within this Annual Report on Form 10-K generally discusses discusses 2023 and 2022 and 2021 items and year-to-year comparisons between 2022 2023 and 2021 2022. Discussions of year-to-year comparisons between 2021 2022 and 2020 2021 can be found in Part II, Item 7 "Management's" "Management's Discussion and Analysis of Financial Condition and Results of Operations" "Operations" of our Annual Report on Form 10-K for the year ended December 31, 2021 December 31, 2022, which is incorporated by reference herein.

2022

2023 compared to 2021

Net revenue.	For the years ended December 31,		Change	
	(Dollars in thousands)	2022	2021	\$
Products & Healthcare Services	\$7,898,397	\$8,825,646	\$(927,249)	(10.5)%
Patient Direct	2,057,078	959,669	1,097,409	114.4 %
Net revenue	\$9,955,475	\$9,785,315	\$ 170,160	1.7 %

2022

Net revenue.

	For the Years Ended December 31,		Change	
	(Dollars in thousands)	2023	2022	\$

Products	_____	_____	_____	_____
&	_____	_____	_____	_____
Healthcare	_____	_____	_____	_____
Services	\$ 7,781,395	\$ 7,898,397	\$(117,002)	(1.5)%
Patient	_____	_____	_____	_____
Direct	2,552,572	2,057,078	495,494	24.1 %
Net	_____	_____	_____	_____
revenue	\$10,333,967	\$ 9,955,475	\$ 378,492	3.8 %

The increase in net revenue for the year ended December 31, 2023 was driven primarily by \$308 million in incremental net revenue due to the inclusion of a full year of Apria results in 2023 and strong organic revenue growth of \$187 million in our Patient Direct segment, for the year ended December 31, 2022 was driven by growth across a number of product categories as compared to the acquisition prior year as a result of Apria on March 29, 2022 new patient starts and continued strong performance in our Byram business, high retention of customers.

The decrease in net revenue in our Products & Healthcare Services segment net revenue for the year ended December 31, 2022 reflected overall reduced hospital December 31, 2023 was driven by an approximate \$463 million decline in PPE net revenue due to glove pricing of \$241 million and demand including reliance on stockpiles for COVID-19 related product purchases declining from elevated levels during the first half of 2022, partially offset by net revenue growth in the Medical Distribution division of 3.2%, driven by net new wins and price changes, particularly for gloves, growth with existing customers.

Foreign currency translation had an unfavorable impact on net revenue of \$43.5 million \$5.3 million for the year ended December 31, 2022 December 31, 2023 as compared to the prior year.

Cost of goods sold.	For the years ended		Change	
	December 31,			
(Dollars in thousands)	2022	2021	\$	%
Cost of goods sold	\$8,129,124	\$8,272,086	\$(142,962)	(1.7)%

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. Cost of goods sold compared to prior year reflects the inclusion of Apria since the Acquisition Date. sold.

	For the Years Ended		Change	
	December 31,		\$	%
(Dollars in thousands)	2023	2022		
Cost of goods sold	\$8,208,806	\$8,129,124	\$79,682	1.0 %

The decrease in cost of goods sold since was driven by the same factors impacting net revenue including \$114 million in incremental cost of goods sold due to the inclusion of a full year of Apria results in 2023 as compared to prior year, was due to changes in organic revenue growth in sales activity, including product mix, our Patient Direct segment, partially offset by an inventory valuation adjustment and a decline in our Products & Healthcare Services segment net revenue of \$117 million, the non-recurrence of the 2022 inventory valuation allowance adjustment of \$92.3

41

[Table of Contents](#)

million primarily associated with PPE inflationary pressures, inventory built up and supply chain issues.

Gross margin.	For the years ended		Change	
	December 31,		\$	%
(Dollars in thousands)	2022	2021		
Gross margin	\$1,826,351	\$1,513,229	\$313,122	20.7 %
As a % of net revenue	18.35 %	15.46 %		

Gross margin increase for subsequent decline in demand as a result of the year ended December 31, 2022 was driven by inclusion of Apria since COVID-19 pandemic and cost

reduction efforts in the Acquisition Date and sales mix, partially offset by overall reduced hospital demand, including reliance on stockpiles, an inventory valuation adjustment in our Products & Healthcare Services segment primarily associated with PPE, price changes, particularly for gloves, inflationary pressures, and supply chain issues. Foreign currency translation had an unfavorable impact on gross margin of \$21.7 million for the year ended December 31, 2022 as compared to the prior year segment.

We value a portion of Products & Healthcare Services inventory held in the United States U.S. under the LIFO method. Had inventory been valued under the first-in, first-out (FIFO) method, gross margin cost of goods sold as a percentage of net revenue would have been 2 basis points lower in 2023 and 6 basis points higher lower in 2022 and 56 basis points higher in 2021.

Operating expenses. (Dollars in thousands)	For the years ended December 31,		Change	
	2022	2021	\$	%
Distribution, selling & administrative expenses	\$ 1,633,668	\$ 1,116,871	\$ 516,797	46.3 %
As a % of net revenue	16.41 %	11.41 %		
Acquisition-related and exit and realignment charges	\$ 55,022	\$ 34,076	\$ 20,946	61.5 %
Other operating income, net	\$ (5,252)	\$ (6,191)	\$ 939	15.2 %

Distribution, selling and administrative (DS&A) expenses include labor and warehousing costs associated with our distribution and outsourced logistics services. 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 and services to customers. Overall DS&A expenses were affected by inclusion 2022.

Foreign currency translation had a favorable impact on cost of Apria in our results since the Acquisition Date, and inflationary pressures goods sold of \$0.9 million for the year ended December 31,

2022 December 31, 2023 as compared to the prior year.

Gross margin.

(Dollars in thousands)	For the Years Ended		Change	
	December 31,			
	2023	2022	\$	%
Gross margin	\$2,125,161	\$1,826,351	\$298,810	16.4 %
As a % of net revenue	20.56 %	18.35 %		

Gross margin increase for the year ended December 31, 2023 was driven by the same factors impacting net revenue and cost of goods sold including \$195 million in incremental gross margin due to the inclusion of a full year of Apria results in 2023 as compared to the prior year.

Foreign currency translation had an unfavorable impact on gross margin of \$4.4 million for the year ended December 31, 2023 as compared to the prior year.

Operating expenses.

(Dollars in thousands)	For the Years Ended		Change	
	December 31,			
	2023	2022	\$	%
Distribution, selling and administrative expenses	\$1,813,559	\$1,554,821	\$258,738	16.6 %
As a % of net revenue	17.55 %	15.62 %		
Acquisition-related charges and intangible amortization	\$ 101,037	\$ 126,972	\$ (25,935)	(20.4)%
Exit and realignment charges	\$ 99,127	\$ 6,897	\$ 92,230	1,337.2 %
Other operating expense				
(income), net	\$ 6,930	\$ (5,252)	\$ 12,182	231.9 %

The increase in DS&A expenses was driven by \$171 million in incremental DS&A expense due to the inclusion of a full

year of Apria results in 2023 as compared to the prior year, costs to support Patient Direct organic net revenue growth of \$187 million, and an increase of \$57.4 million in teammate benefit costs, partially offset by operating efficiencies and expense savings of \$16.2 million from organizational structure redesign initiatives along with productivity gains and changes in accrued incentive compensation, derived from other operating efficiencies.

DS&A expenses also included a favorable impact for from foreign currency translation of \$5.7 million \$0.7 million for the year ended December 31, 2022 December 31, 2023 as compared to the prior year.

Acquisition-related charges were \$48.1 \$17.5 million for the year ended December 31, 2022 December 31, 2023 as compared to \$3.0 million \$48.1 million for the year ended December, 31, 2021, 2022. Acquisition-related charges in 2022 2023 and 2021 2022 consisted primarily of costs related to the Apria Acquisition. The decline in 2023 as compared to the prior year reflects the incurrence of most of these costs closer to the Acquisition Date. Intangible amortization was \$83.5 million and \$78.8 million for the years ended December 31, 2023 and 2022 and related primarily to intangible assets acquired in the Apria, Halyard, and Byram acquisitions.

Exit and realignment charges were \$6.9 million \$99.1 million and \$31.1 million \$6.9 million for the years ended December 31, 2022 December 31, 2023 and 2021, 2022. Amounts in 2023 were primarily related to our (1) Operating Model Realignment Program of \$82.9 million, including professional fees, severance, and other costs to streamline functions and processes, (2) IT strategic initiatives

such as converting certain divisions to a common IT system of \$9.2 million and, (3) other costs associated with strategic initiatives of \$7.0 million, including lease exit costs. Amounts in 2022 consisted primarily of severance and other charges associated with the reorganization of the Products & Healthcare Services segment and wind-down costs related to Fusion5. Amounts in 2021 consisted of wind-down costs related to Fusion5, IT restructuring charges, costs associated with our strategic organizational realignment, and other items. We do not expect material additional costs in 2023 for activities that were initiated through December 31, 2022. We expect to incur material future costs in 2023 for new actions taken in 2023.

relating to our Operating Model Realignment Program and IT strategic initiatives, which we are not able to reasonably estimate.

The change in other operating income, expense (income), net for the year ended December 31, 2022 includes December 31, 2023 as compared to the impact prior year reflects \$10.6 million of losses on sales of accounts receivable under the RPA, which we began executing sales during 2023. During the year ended December 31, 2023, we incurred an unfavorable change of \$1.4 million in foreign currency transaction gains and losses, net of derivative adjustments, as compared to the prior year gains.

<i>Interest expense, net.</i>	For the years ended			Change
	December 31,			
(Dollars in thousands)	2022	2021	\$	%
Interest expense, net	\$128,891	\$48,090	\$80,801	168.0 %
Effective interest rate	5.70 %	4.61 %		

year.

Interest expense, net and net.

	For the Years Ended			Change
	December 31,			
(Dollars in thousands)	2023	2022	\$	%

Interest expense, net	\$157,915	\$128,891	\$29,024	22.5 %
<i>Effective interest rate</i>	6.96 %	5.70 %		

The increase in interest expense was primarily from the rise in the effective interest rate which increased interest expense by \$29.7 million, and was driven primarily from higher interest rates on our term loans, net of the interest rate swap. Additionally, a full year of interest expense on the indebtedness incurred related to the Apria Acquisition contributed \$24.1 million to the increase. This was partially offset by a significant reduction in indebtedness during 2023 of \$403 million, which was funded by our strong operating cash flow of \$741 million for the year ended December 31, 2022 increased primarily due to the increase in debt associated with the Apria Acquisition December 31, 2023.

Gain on March 29, 2022, along with rising market interest rates. See Note 10 in Notes to Consolidated Financial Statements.

Loss on extinguishment of debt.	For the years ended			Change
	December 31,	2022	2021	
(Dollars in thousands)	\$	\$	\$	%
Loss on extinguishment of debt	\$ —	\$40,433	\$(40,433)	(100.0)%

extinguishment of debt.

	For the Years Ended			Change
	December 31,	2023	2022	
(Dollars in thousands)	\$	\$	\$	%
Gain on extinguishment of debt	\$ (3,518)	\$ —	\$(3,518)	(100.0)%

Loss

Gain on extinguishment of debt for the year ended December 31, 2021 included December 31, 2023 represented the write-off of deferred financing costs and third party fees gain associated with early retirement of indebtedness of \$314 million.

Refer to Note 9 for additional content related to the debt financing in March 2021 early retirement of \$15.3 million and amounts reclassified from accumulated other comprehensive loss as a result of the termination of our interest rate swaps of \$25.1 million.

indebtedness.

Other expense, net net.

<i>For the Years Ended</i>					
	<i>December 31,</i>		<i>Change</i>		
<i>(Dollars in</i>					
<i>thousands)</i>	<i>2023</i>	<i>2022</i>	<i>\$</i>	<i>%</i>	
<i>Other</i>					
<i>expense,</i>					
<i>net</i>	\$4,837	\$3,131	\$1,706	54.5 %	

<i>For the years ended</i>					
	<i>December 31,</i>		<i>Change</i>		
<i>(Dollars in</i>					
<i>thousands)</i>	<i>2022</i>	<i>2021</i>	<i>\$</i>	<i>%</i>	
<i>Other</i>					
<i>expense,</i>					
<i>net</i>	\$3,131	\$3,196	\$(65)	(2.0)%	

Other expense, net in 2023 and 2022 and 2021 primarily represented interest cost and net actuarial losses related to our retirement plans.

Income taxes.

<i>For the Years Ended</i>					
	<i>December 31,</i>		<i>Change</i>		
<i>(Dollars in</i>					
<i>thousands)</i>	<i>2023</i>	<i>2022</i>	<i>\$</i>	<i>%</i>	
<i>Income</i>					
<i>tax</i>					
<i>benefit</i>	\$(13,425)	\$(11,498)	\$(1,927)	(16.8)%	
<i>Effective</i>					
<i>tax rate</i>	24.5 %	(105.6)%			

43

<i>Income</i>	<i>For the years ended</i>		
<i>taxes.</i>	<i>December 31,</i>		<i>Change</i>
	<i>(Dollars in</i>	<i>Table of Contents</i>	
<i>thousands)</i>	<i>2022</i>	<i>2021</i>	<i>\$</i>

Income The change in the effective tax rate for the year ended December 31, 2022 compared to provision \$11,498 \$55,165 \$(66,663) (120.8)% 2021 resulted primarily from changes in income and losses and a change in our tax rate (105.6)% 19.9% foreign repatriation plans related to the indefinite reinvestment of earnings associated with a subsidiary in Thailand.

Thailand in 2022.

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 facility Revolving Credit Agreement or Receivables Securitization Program, Financing Agreement, or a combination thereof of approximately \$28 million \$29 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.

	December 31,		Change		
	(Dollars in thousands)	2023	2022	\$	%
Cash and cash equivalents	\$ 243,037	\$ 69,467	\$ 173,570	249.9	%
Accounts receivable, net	\$ 598,257	\$ 763,497	\$(165,240)	(21.6)	%
DSO (1)	20.5	27.0			
Merchandise inventories	\$ 1,110,606	\$ 1,333,585	\$(222,979)	(16.7)	%
Inventory days (2)	49.0	57.2			
Accounts payable	\$ 1,171,882	\$ 1,147,414	\$ 24,468	2.1	%
	December 31,		Change		

(Dollars in thousands)	2022	2021	\$	%
Cash and cash equivalents	\$ 69,467	\$ 55,712	\$ 13,755	24.7 %
Accounts receivable, net	\$ 763,497	\$ 681,564	\$ 81,933	12.0 %
<i>Days sales outstanding</i>				
⁽¹⁾	27.0	24.6		
Merchandise inventories	\$1,333,585	\$1,495,972	\$(162,387)	(10.9)%
<i>Inventory days</i> ⁽²⁾	57.2	64.7		
Accounts payable	\$1,147,414	\$1,001,959	\$ 145,455	14.5 %

⁽¹⁾Based on year end accounts receivable and net revenue for the fourth quarter ended December 31, 2022 December 31, 2023 and 2021

2022 DSO in 2023 reflected the impact of the reduction in accounts receivable, net due to sales of accounts receivable under the RPA. Excluding the impact of the RPA, DSO would have been 24.8 as of December 31, 2023.

⁽²⁾Based on year end merchandise inventories and cost of goods sold for the fourth quarter ended December 31, 2022 December 31, 2023 and 2021. The decrease in inventory days as of December 31, 2023 is due to inventory management efforts in our Products & Healthcare Services segment. The 2022 figure reflects the a \$92.3 million inventory valuation adjustment in our Products & Healthcare Services segment, primarily associated with PPE inventory built up and a subsequent decline in demand as a result of the COVID-19 pandemic.

Liquidity and capital expenditures. The following table summarizes our consolidated statements of cash flows for the year ended December 31, 2022 December 31, 2023 and 2021.

(Dollars in thousands)	For the Years Ended December 31,	
	2023	2022
Net cash provided by		
(used for):		
Operating activities	\$ 740,710	\$ 325,006
Investing activities	(137,254)	(1,804,476)
Financing activities	(417,330)	1,497,105

Effect of exchange rate changes	<u>613</u>	<u>(3,485)</u>
Net increase in cash, cash equivalents and restricted cash	<u>\$ 186,739</u>	<u>\$ 14,150</u>

	For the years ended December 31,	
	2022	2021
(Dollars in thousands)		
Net cash provided by (used for):		
Operating activities	\$ 325,006	\$124,177
Investing activities	(1,804,476)	(53,630)
Financing activities	1,497,105	(129,478)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(3,485)	(3,540)
Net increase (decrease) in cash, cash equivalents and restricted cash	\$ 14,150	\$(62,471)

Cash provided by operating activities for the year ended December 31, 2023 of \$741 million was primarily from continued optimization of our inventory levels generating \$224 million of operating cash flow and a \$167 million reduction in 2022 and 2021 reflected accounts receivable, net from \$124 million of net cash generated by net income proceeds under the RPA along with changes in working capital. The increase in cash provided by operating improved collections.

Cash used for investing activities in 2022 as compared to 2023 included capital expenditures of \$208 million for patient service equipment and our strategic and operational efficiency initiatives, partially offset by \$71.6 million in proceeds related to 2021 reflected changes in working capital and the inclusion sale of Apria since the Acquisition Date.

primarily patient service equipment.

Cash used for investing activities in 2022 included net cash paid for the

[Table of Contents](#)

acquisition of Apria of \$1.7 billion and capital expenditures of \$167 million for patient service equipment and our strategic and operational efficiency initiatives, associated with property and equipment and capitalized software, partially offset by \$48.4 million in proceeds related primarily to the sale of primarily patient service equipment.

Cash used for investing financing activities in 2021 2023 included capital expenditures repayments of \$49.7 million debt of \$321 million, including \$170 million of unscheduled and \$15.4 million of scheduled principal payments on the Term Loan A facility (Term Loan A) and the Term Loan B facility (Term Loan B), \$135 million of cash to repurchase \$144 million aggregate principal of the 4.375% senior notes due in 2024 (the 2024 Notes), the 4.500% senior unsecured notes due in 2029 (2029 Unsecured Notes) and the 6.625% senior notes due in 2030 (the 2030 Unsecured Notes). We had no borrowings under our revolving credit facility on a net basis for 2023 and made net repayments of \$96.0 million under our strategic and operational efficiency initiatives associated with property and equipment, investments for increased manufacturing capacity in the Americas and Thailand, as well as capitalized software.

amended Receivables Financing Agreement. Cash provided by financing activities in 2022 included proceeds from borrowings of \$1.7 billion related to the 6.625% senior notes due in 2030 (the 2030 Unsecured Notes), Notes, Term Loan A, (as

defined below), and Term Loan B, (as defined below), compared to \$575 million in proceeds related to the 4.500% senior unsecured notes due in 2029 (the 2029 Unsecured Notes) and the accounts receivable securitization program during 2021. In 2022, borrowings under our revolving credit facility, net and accounts receivable securitization program were Receivables Financing Agreement of \$30.0 million compared to net repayments of \$103 million during 2021. Repayments of debt during 2022 included \$4.5 million \$4.5 million on our Term Loan B. Repayments of debt during 2021 included \$553 million on our previous Term Loan A-2, previous Term Loan B, 3.875% Senior Notes due 2021 and 2024 Notes, and accounts receivable securitization program. Gross issuances and repayments under our amended accounts receivable securitization Receivables Financing Agreement program were \$1.0 billion \$1.0 billion and \$1.2 billion during 2022. We also paid \$42.6 million in financing costs during 2022, as compared to \$13.9 million during 2021. We paid \$15.4 million to terminate the remaining \$300 million in notional value of interest rate swaps during 2021, 2022. Payments for taxes related to the vesting of restricted stock awards were \$10.4 million and \$45.0 million during 2023 and \$20.2 million during 2022, and 2021, 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, Agreement and our RPA. 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 **subsidiaries sell substantially all of their accounts receivable balances** are sold to our wholly owned special purpose entity, O&M Funding LLC. The Receivables Financing Agreement matures in March 2025. **At We had no borrowings at December 31, 2023 and \$96.0 million outstanding at December 31, 2022 and 2021, we had borrowings of \$96.0 million and \$200 million outstanding under our amended Receivables Financing Agreement. At December 31, 2022 December 31, 2023 and 2021, we had maximum revolving borrowing capacity of \$354 million \$450 million and \$100 million \$354 million available under our Receivable Receivables Financing Agreement.**

The Revolving Credit Agreement provides a revolving borrowing capacity of \$450 million. We have **\$1.1 billion \$910 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 **facility (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 **facility (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 December 31, 2023, and December 31, 2022, our Revolving Credit Agreement was undrawn, and we had no borrowings and letters of credit, which reduce revolver availability, of \$27.9 million outstanding under our revolving credit facility. At December 31, 2021 \$27.4 million and \$27.9 million, we had no borrowings leaving \$423 million and letters of credit of \$9.4 million outstanding under our revolving credit facility. At December 31, 2022 and 2021, we had \$422 million and \$291 million \$422 million available for borrowing under our Revolving Credit Agreement, borrowing. We also had letters of credit and bank guarantees, which were issued outside of the Revolving Credit Agreement for \$2.3 million and \$2.2 million as of December 31, 2022 and 2021, which supports support certain leased facilities as well as other normal business activities in the United States U.S. and Europe.

Europe that were issued outside of the Revolving Credit Agreement for \$3.0 million and \$2.3 million as of December 31, 2023 and 2022.

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.

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

45

[Table of Contents](#)

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 December 31, 2022 December 31, 2023.

In May 2020,

On March 14, 2023, we entered into an equity distribution agreement, the RPA, pursuant to which we may offer and sell, from time to time, shares of our common stock having accounts receivable with an aggregate offering price outstanding amount not to exceed \$200 million are sold, on a limited-recourse basis, to the Purchaser in exchange for cash. Cash received from the sales of up accounts receivable, net of payments made to \$50.0 million the Purchaser, is reflected 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 and net cash proceeds were \$1.4 billion during the year ended December 31, 2023. We intend to use collected \$1.3 billion of the net proceeds from the sale of our securities offered by this program sold accounts receivable for the repayment year ended December 31, 2023. The losses on sales of indebtedness and/or accounts receivable are recorded in other operating expense (income), net in the consolidated statements of operations and were \$10.6 million for general corporate and working capital purposes. As of December 31, 2022 no shares were issued and \$50.0 million of common stock remained available under the at-the-market equity financing program.

year ended December 31, 2023.

We regularly evaluate market conditions, our liquidity profile and various financing alternatives to enhance our capital structure. From time to time, entered into, and from time to time in the future, we may enter into transactions to repay, 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, including available cash proceeds from the RPA, 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 \$22.0 million and \$26.3 million at December 31, 2023 and \$26.9 million at December 31, 2022 and 2021. As of December 31, 2022 December 31, 2023, we are permanently reinvested in our foreign subsidiaries.

Impact

Pillar 2 Global Minimum Tax

In December 2021, the Organization for Economic Cooperation and Development (OECD) released Pillar Two Model Rules defining the global minimum tax, which calls for the taxation of inflation

large corporations at a minimum rate of 15%. The

cost OECD continues to manufacture release additional guidance on how the Pillar Two rules should be interpreted and distribute our products is influenced applied. Law enactment by the cost of raw materials, finished goods, labor, OECD and transportation. During 2022, we have experienced continued inflationary pressure various countries is expected to take effect by 2024 and higher costs as a result of the increasing cost of raw materials, finished goods, labor, transportation, and other administrative costs associated with the normal course of business. The increase in cost of raw materials and finished goods 2025. We are due in part continuing to a shortage in the availability of certain products, the higher cost of shipping, and inflation. We can only pass elevated costs onto customers in an effort to offset inflationary pressures on a limited basis. Future volatility of general price inflation and evaluate the impact of inflation these proposed and enacted legislative changes as new guidance becomes available and do not expect Pillar Two to have a material impact on costs and availability of materials, costs for shipping and warehousing and other operational overhead could adversely affect our financial results.

position, results of operations and cash flows.

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

As of December 31, 2022 December 31, 2023, material cash requirements, including known contractual and other obligations, in the next twelve months were primarily comprised of \$100 million \$204 million in principal debt payments, \$113 million in operating leases \$73.0 million and \$65.3 million in

fixed interest payments on our outstanding senior notes, \$32.6 million in purchase obligations related to outsourced information technology operations, \$15.4 million in principal debt payments, \$3.6 million in retirement plan benefits, based on the same assumptions used to measure our year-end benefit obligation, and \$3.6 million in finance leases. notes. Additionally, as of December 31, 2022 December 31, 2023, material cash requirements, including known contractual and other obligations, due beyond the next twelve months were primarily comprised of \$2.5 billion \$1.9 billion in principal debt payments \$377 million excluding finance leases, \$284 million in fixed interest payments on our outstanding senior notes, \$262 million \$256 million in operating leases which excludes \$40.2 million and \$31.1 million in

46

[Table of legally binding lease payments for the Morgantown, West Virginia center of excellence lease not yet commenced, \\$48.0 million in purchase obligations related to outsourced information technology operations, \\$35.7 million in](#) [Contents](#)

U.S. retirement plan benefits, based on the same assumptions used to measure our year-end benefit obligation and \$14.3 million in finance leases. We cannot reasonably estimate the timing of cash settlement for the liability associated with unrecognized tax benefits, which was \$22.7 million as of December 31, 2023. Due to the uncertainty of

forecasting variable interest rate payments, interest payment amounts on our variable rate debt are excluded from the contractual obligations disclosed in this section. See Note 8, "Leases" 7, "Leases", Note 10, "Debt" 9, "Debt", Note 12, "Retirement Plans", Note 14, "Income Taxes" 11, "Retirement Plans" and Note 18, "Commitments and Contingencies" 13, "Income Taxes" of the Notes to Consolidated Financial Statements.

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 109 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 Guarantor 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	For the year ended December (Dollars in thousands)
31, 2022	

Summarized Consolidated Statement of Operations - Guarantor Group	For the Year Ended (Dollars in thousands) December 31, 2023
Net	
revenue ⁽¹⁾ \$	10,152,047
Gross	
margin	2,047,722
Operating	
income	91,470
Net loss	(39,257)
Net	\$9,736,450
Gross margin	1,718,719
Operating income	111,754
Net income	1,984

⁽¹⁾Includes \$248 million \$127 million in sales to non-guarantor subsidiaries for the year ended December 31, 2022 December 31, 2023.

Summarized Balance Sheets -	Consolidated Guarantor Group
(Dollars in thousands)	December 31, 2023

Total	current
assets	\$ 1,472,999
Total assets	4,601,026
Total	current
liabilities	2,002,468
Total liabilities	4,243,230

Summarized Balance Sheet - Guarantor Group	Consolidated December (Dollars in thousands)
31, 2022	
Total current assets	\$1,442,661
Total assets	4,658,382
Current liabilities	1,613,228
Total liabilities	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 Collateral 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 Sheet - Collateral**

Group	December (Dollars in thousands)
Total current assets	\$1,523,290
Total assets	4,614,380
Current liabilities	1,562,680
Total liabilities	4,343,750

**Summarized Consolidated Balance
Sheets – Collateral Group**

(Dollars in thousands)	December 31, 2023
Total current assets	\$ 1,280,045
Total assets	4,220,357
Total current liabilities	1,821,030
Total liabilities	3,801,549

[Table of Contents](#)

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

**Off-Balance Sheet
Arrangements**

We do not have **guarantees or other off-balance sheet financing arrangements or guarantees**, including variable interest entities, which we believe

could have a material impact on financial condition or liquidity.

Critical Accounting Estimates

Our consolidated financial statements and accompanying notes have been prepared in accordance with U.S. GAAP. The preparation of the financial statements requires us to make estimates and assumptions that affect the reported amounts and related disclosures. We continually evaluate the accounting policies and estimates used to prepare the consolidated financial statements.

Critical accounting estimates are defined as those estimates that require us to make assumptions about matters that are highly uncertain at the time the estimate is made and could have a material impact on our results due to changes in the estimate or the use of different assumptions that could reasonably have been used. Our estimates are generally based on historical experience and various other assumptions that are judged to be reasonable in light of the relevant facts and circumstances. Because of the uncertainty inherent in such estimates, actual results may differ. We believe our critical accounting estimates include accounting for **business combinations, goodwill valuation, revenue recognition, and inventory.**

inventory valuation.

Business

Combinations. Goodwill. We apply the acquisition method. Goodwill is evaluated for impairment annually, as of accounting for business combinations. We allocate October 1 (Testing Date), and if an event occurs or circumstances change that would more likely than not reduce the fair value of **purchase consideration** a reporting unit

below its carrying amount. Qualitative factors are first assessed to the tangible assets acquired, liabilities assumed and intangible assets acquired based on their estimated fair values at the date of acquisition. The excess of determine if it is more likely than not that the fair value of purchase consideration over a reporting unit is less than its carrying amount. If it is determined that it is more likely than not that the fair value does not exceed the carrying amount, or if elected to bypass the qualitative test, then a quantitative test is performed. The quantitative goodwill impairment test involves a comparison of these identifiable assets the estimated fair value of the reporting unit to the respective carrying amount.

Goodwill impairment testing is conducted at the reporting unit level, which is generally defined as an operating segment or a component, one level below our operating segments, for which discrete financial information is available and liabilities where segment management regularly reviews the operating results of that reporting unit. Our reporting units are: Global Products, Medical Distribution (including Services and Outsourced Logistics), Apria, and Byram. The Medical Distribution reporting unit does not have any goodwill as of December 31, 2023.

Due to changes in our long-term financial plan assumptions made during the current year, we elected to bypass the qualitative test and a quantitative goodwill impairment test was performed to compare the estimated fair value for all reporting units with goodwill to the respective carrying amount.

The impairment review of goodwill requires the extensive use of accounting estimates and assumptions. We determine the estimated fair value of our reporting units by using an equally weighted combination of the income-based approach and the market-based approach. The income-based approach is recorded dependent upon several significant assumptions and estimates regarding future period cash flows, including assumptions with respect to future sales growth and a terminal growth rate. In addition, a weighted average cost of capital (WACC) is used to discount future estimated cash flows to their present values. The WACC is based on externally observable data considering market participants' cost of equity and debt, optimal capital structure and interest rates, as goodwill. When determining well as, the fair values of assets acquired risk and liabilities assumed, management makes uncertainty with respect to the reporting unit and internally developed financial projections. Under the market-based approach, significant estimates and assumptions especially with respect also include the selection of appropriate guideline companies whose stock is actively traded in public markets and the determination of appropriate valuation multiples to intangible assets. We may adjust the preliminary purchase price allocation, as we obtain more information regarding asset valuations and liabilities assumed that existed but were not available at the acquisition date, generally for up to one year subsequent apply to the acquisition closing date reporting unit. In addition, we compared the aggregate of the reporting units' estimated fair values to our market capitalization, as further corroboration of the

reasonableness of our concluded
fair values.

Critical

48

[Table of Contents](#)

Although we believe our assumptions and estimates are reasonable and appropriate as of the Testing Date, any significant adverse changes in valuing certain intangible assets include one or a combination of key assumptions, including, but are not limited to, future a failure of a reporting unit to meet our business plans or expected earnings and cash flows, from customer relationships, royalty unanticipated events and circumstances such as changes in assumptions about the duration and magnitude of increased supply chain expense, commodities costs or inflationary pressures and our planned efforts to mitigate such impacts, disruptions in the supply chain, estimated demand and selling prices for PPE or other products, an increase in the discount rate, a decrease in the terminal growth rate, increases in tax rates (including potential tax reform) or a significant change in industry or economic trends, may materially affect the estimated fair-value of each reporting unit and discount rates. Our estimates potentially result in goodwill impairment. We may be required to record a material charge to earnings in our consolidated financial statements during the period in which any impairment of our goodwill is determined, which could adversely affect our results of operations.

The annual impairment testing performed for 2023, 2022, and 2021 did not indicate any impairment of goodwill; however, in the current year the estimated fair value of our Apria and Global Products reporting units exceeded the carrying amount by less than 10% as of the Testing Date. The estimated fair value of our Byram reporting unit was substantially in excess of the carrying value.

Apria

The results of the Apria reporting unit are based upon within expectations given the close proximity of the acquisition and the performance of the reporting unit. The goodwill balance of this reporting unit was \$1.3 billion at December 31, 2023, or approximately 76% of the consolidated goodwill balance. Adverse changes in one or a combination of significant assumptions, believed such as an increase in the discount rate, a decrease in the terminal growth rate, or an increase in tax rates, failure of the Apria reporting unit to be reasonable, but which are inherently uncertain meet expected earnings and unpredictable cash flows, or unanticipated events and circumstances may materially affect the estimated fair value of the Apria reporting unit and potentially result in goodwill impairment. A decline in the terminal growth rate or an increase in the discount rate of approximately 100 basis points could result in an indication of goodwill impairment for this reporting unit in future reporting periods under the income-based approach.

Global Products

As previously disclosed, the Global Products reporting unit has been adversely affected by unfavorable industry and

macroeconomic conditions, including higher interest rates, inflation, pricing pressures and lower demand for certain product categories, specifically PPE. The goodwill balance of this reporting unit was \$104 million at December 31, 2023, or approximately 6% of the consolidated goodwill balance. Adverse changes in one or a combination of significant assumptions, such as an increase in the discount rate, a decrease in the terminal growth rate, or an increase in tax rates, failure of the Global Products reporting unit to meet expected earnings and cash flows, or unanticipated events and circumstances such as further decline in PPE demand, an increase in commodity costs, or an increase in supply chain expenses may materially affect the estimated fair value of the Global Products reporting unit and potentially result in actual results may differ materially from estimates.

in goodwill impairment. A decline in the terminal growth rate or an increase in the discount rate of approximately 100 basis points could result in an indication of goodwill impairment for this reporting unit in future reporting periods under the income-based approach.

Revenue Recognition.

Due to the nature of our industry and the reimbursement environment in which we operate, revenue recognition requires significant estimates and judgements. We determine the transaction price based on contractually agreed-upon amounts or rates, adjusted for estimates of variable consideration including but not limited to rebates, discounts, performance guarantees, and implicit price concessions. The Company utilizes the expected value method to estimate the amount of variable consideration that should be included to arrive at the

transaction price, using contractual agreements, historical experience, and other operating trends. The Company applies constraint to the transaction price, such that net revenue is recorded only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in the future. The complexity of many third-party billing arrangements, contractual terms and the uncertainty of reimbursement amounts may result in adjustments to amounts originally recorded. Such adjustments are typically identified and recorded at the point of cash application, claim denial or account review. If actual amounts of consideration ultimately received differ from the Company's estimates, the Company adjusts these estimates, which would affect net revenue in the period such adjustments become known.

49

[Table of Contents](#)

Inventory. Merchandise inventories are valued at the lower of cost or market, with the approximate cost determined by the LIFO method for distribution inventories in the U.S. within our Products & Healthcare Services segment. Cost of remaining inventories are determined using the FIFO or weighted-average cost method at the lower of cost or net realizable value.

We periodically evaluate whether inventory valuation allowance adjustments are required, which includes consideration of recent sales trends. In our evaluation, we

review for expired or obsolete inventory and slow-moving inventory. We write down inventories which are considered excess and obsolete as a result of these assessments. Shifts in market trends and conditions, as well as changes in customer preferences and behavior could affect the value of our inventories.

Recent Accounting Pronouncements

For a discussion of recent accounting pronouncements, see Note 1 of Notes to the Consolidated Financial Statements.

Item 7A. 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 U.S. are denominated in the euro, 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 foreign currency fluctuations. As of December 31, 2022 December 31, 2023 and 2021, we held contracts with notional amounts of \$58.3 million \$78.4 million and \$9.7 million \$58.3 million to exchange the U.S. dollar, Euro, Thai baht and Thai baht.

other currencies. See Note 12 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. Excluding Agreement, and related to our participation in the RPA. Excluding deferred financing costs and third party fees, we had \$500 \$393 million in borrowings under our Term Loan A, \$596 \$517 million in borrowings under our Term Loan B, and no borrowings under our Revolving Credit Agreement \$96.0 million in borrowings and under our amended Receivables Financing Agreement at December 31, 2022 December 31, 2023. After considering the effects of an our interest rate swap agreement entered into during April 2022, (See Note 12 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 \$7.9 million \$7.6 million per year based on our borrowings at December 31, 2023 and the maximum aggregate outstanding at December 31, 2022.

accounts receivable amount of \$200 million under the

RPA.

Due to the nature and pricing of our Products & Healthcare Services segment distribution and delivery 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 \$4.20 per gallon for 2023, a decrease from \$5.01 per gallon for 2022, an increase from \$3.29 per gallon in 2021. Based on our fuel consumption business activity in 2022, we estimate that every 10 cents per gallon increase in the benchmark would directly reduce our annual operating income by approximately \$0.4 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.

50

[Table of Contents](#)

Item 8. Financial Statements and Supplementary

Data

See Item 15. Exhibits and Financial Statement Schedules.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure 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) and 15d-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, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of **December 31, 2022** December 31, 2023.

On the Acquisition Date,
we completed the acquisition of 100% of Apria. As permitted by the Securities and Exchange Commission under the current year acquisition scope exception, we have excluded this acquisition, except for certain balances associated with acquisition accounting, from our 2022 assessment of the effectiveness of our internal control over financial reporting since it was not practical for management to conduct an assessment of internal control over financial reporting between the

[Table of Contents](#)

**Management's Report on
Internal Control over
Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our internal control system is designed 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. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, controls deemed effective now may become inadequate in the future because of changes in conditions, or because compliance with policies or procedures has deteriorated or been circumvented.

Management assessed the effectiveness of our internal control over financial reporting as of

December 31,

2022 December 31, 2023.

In making this assessment, management used the criteria established in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Based on management's assessment and the COSO criteria, management believes that our internal control over financial reporting was effective as of December 31, 2022 December 31, 2023 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP.

In reliance on guidance set forth in Question 3 of a "Frequently Asked Questions" interpretative release issued by the Staff of the SEC's Office of the Chief Accountant and the Division of Corporation Finance in September 2004, as revised on September 24, 2007, regarding Securities Exchange Act Release No. 34-47986, Management's Report on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports, management determined that it would exclude Apria, Inc. (Apria), which was acquired on March 29, 2022, from the scope of the assessment of the effectiveness of our internal control over financial reporting. It was not practical for management to conduct an assessment of internal control over financial reporting in the period between the date the acquisition was

completed and the date of management's assessment. Except for goodwill and intangible assets recorded by the Company in connection with the purchase of Apria, management excluded Apria from its assessment of internal control over financial reporting. Excluding \$1.5 billion of goodwill and intangible assets (see Note 3 and Note 7 of Notes to the Consolidated Financial Statements), this acquisition represented \$496 million of assets and \$937 million of revenues as of and for the year ended December 31, 2022, of our consolidated financial statements. Apria will be included in management's assessment of internal control over financial reporting for the year ending December 31, 2023.

The effectiveness of our internal control over financial reporting as of December 31, 2022 December 31, 2023, has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their unqualified report which is included in this annual report.

/s/ Edward A.
Pesicka
Edward A.
Pesicka,
President,
Chief
Executive
Officer &
Director

/s/ Alexander
J. Bruni

Alexander J.
Bruni,
Executive
Vice
President &
Chief
Financial
Officer

52

/s/ Edward A.
Pesicka

Table of
Contents

Edward A.
Pesicka, President,
Chief Executive
Officer & Director

/s/ Alexander
J. Bruni
Alexander J.
Bruni, Executive Vice
President & Chief
Financial Officer

Changes in
Internal Control
over Financial
Reporting

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 **has been** no change other changes in our internal control over financial reporting **that occurred** during our last quarter ended December 31, 2022, the period of this report **that has** materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B.
Other Information

None.

During the three months ended December 31, 2023, none of our directors or officers informed us of the adoption or termination of a trading plan intended to satisfy Rule 10b5-1(c).

Item 9C.
Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

None.

53

[Table](#) [of](#)
[Contents](#)

Report of
Independent
Registered Public
Accounting Firm

To the Shareholders
and Board of
Directors

Owens & Minor, Inc.:

*Opinion on
Internal Control Over
Financial Reporting*

We have
audited Owens &
Minor, Inc. and
subsidiaries' (the
Company) internal
control over financial
reporting as of
December 31,
2022 December
31, 2023, based on
criteria established
in *Internal Control –
Integrated Framework*
(2013) issued by the
Committee of
Sponsoring
Organizations of the
Treadway
Commission. In our
opinion, the Company
maintained, in all
material respects,
effective internal
control over financial
reporting as of
December 31,
2022 December
31, 2023, based on
criteria established in
*Internal Control –
Integrated Framework*
(2013) issued by the
Committee of
Sponsoring
Organizations of the
Treadway
Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of **December 31, 2022**, **December 31, 2023** and **2021**, the related consolidated statements of operations, comprehensive **(loss)** income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended **December 31, 2022**, **December 31, 2023**, and the related notes (collectively, the consolidated financial statements), and our report dated **February 28, 2023**, **February 20, 2024** expressed an unqualified opinion on those consolidated financial statements.

The Company acquired Apria, Inc. during 2022, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2022, Apria, Inc.'s internal control over financial reporting associated with total assets of \$496 million and total revenues of \$937 million included in the consolidated financial statements of the Company as of and for the year ended December 31, 2022. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Apria, Inc.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying

Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our

audit provides a reasonable basis for our opinion.

*Definition and Limitations
of Internal Control Over Financial
Reporting*

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become

inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Richmond, Virginia
February 20, 2024

55

/s/ KPMG LLP

Richmond, Virginia
February 28, 2023

Part III

Table of Contents

Part III *Items 10-14.*

Information required by Items 10-14 can be found under Information about our Executive Officers under Part I of this Form 10-K and the registrant's **2022 2023** Proxy Statement pursuant to instructions G(3) of the General Instructions to Form 10-K.

Because our common stock is listed on the New York Stock Exchange (NYSE), our Chief Executive Officer is required to make, and he has made, an annual certification to the NYSE stating that he was not aware of any violation of the corporate governance listing standards of the NYSE. Our Chief Executive Officer

made his annual certification to that effect to the NYSE as of **May 13, 2022** **May 31, 2023**. In addition, we have filed, as exhibits to this Annual Report on Form 10-K, the certifications of our principal executive officer and principal financial officer required under Sections 906 and 302 of the Sarbanes-Oxley Act of 2002 to be filed with the Securities and Exchange Commission regarding the quality of our public disclosure.

56

[Table of Contents](#)

Part IV

Item 15. Exhibits and Financial Statement Schedules

a) The following documents are filed as part of this report:

The following documents are filed as part of this **Page** report:

Consolidated Statements of Operations for the Years Ended December 31, 2022 **December 31, 2023**, **2021** **2022 and 2020** **48** **58**

Consolidated Statements of Comprehensive (Loss) Income for the Years Ended December 31, 2022 **December 31, 2023**, **2021** **2022 and 2020** **49** **59**

<u>Consolidated Balance Sheets as of December 31, 2022</u>	<u>50</u>
and <u>2021</u>	<u>60</u>
<u>Consolidated Statements of Cash Flows for the Years Ended December 31, 2022</u>	<u>51</u>
<u>2021</u> and <u>2020</u>	<u>61</u>
<u>Consolidated Statements of Changes in Shareholders' Equity for the Years Ended December 31, 2022</u>	<u>53</u>
<u>2021</u> and <u>2020</u>	<u>62</u>
<u>Notes to Consolidated Financial Statements</u>	<u>54</u>
	<u>63</u>
<u>Report of Independent Registered Public Accounting Firm</u> (KPMG, (KPMG, LLP, Richmond, VA, Auditor Firm ID: 185)	<u>82</u>
	<u>92</u>

a) Exhibits:

b) Exhibits:

See Index to Exhibits on page 84.94.

57

[Table of Contents](#)

OWENS &
MINOR, INC. AND
SUBSIDIARIES

CONSOLIDATED
STATEMENTS OF
OPERATIONS

(in thousands,
except per share data)

Years Ended	2023	2022	2021
December 31,			
Net revenue	\$10,333,967	\$9,955,475	\$9,785,315
Cost of goods sold	8,208,806	8,129,124	8,272,086
Gross margin	2,125,161	1,826,351	1,513,229
Distribution, selling and administrative expenses	1,813,559	1,554,821	1,077,064
Acquisition-related charges and intangible amortization	101,037	126,972	42,774
Exit and realignment charges	99,127	6,897	31,109
Other operating expense			
(income), net	6,930	(5,252)	(6,191)
Operating income	104,508	142,913	368,473
Interest expense, net	157,915	128,891	48,090
(Gain) loss on extinguishment of debt	(3,518)	—	40,433
Other expense, net	4,837	3,131	3,196
(Loss) income before income taxes	(54,726)	10,891	276,754
Income tax (benefit) provision	(13,425)	(11,498)	55,165
Net (loss) income	\$ (41,301)	\$ 22,389	\$ 221,589
Net (loss) income per common share:			
Basic	\$ (0.54)	\$ 0.30	\$ 3.05
Diluted	\$ (0.54)	\$ 0.29	\$ 2.94

Year ended	2022	2021	2020
December 31,			
Net revenue	\$9,955,475	\$9,785,315	\$8,480,177
Cost of goods sold	8,129,124	8,272,086	7,199,343
Gross margin	1,826,351	1,513,229	1,280,834

Distribution, selling and administrative expenses	1,633,668	1,116,871	1,041,336
Acquisition- related and exit and realignment charges	55,022	34,076	37,752
Other operating income, net	(5,252)	(6,191)	(2,372)
Operating income	142,913	368,473	204,118
Interest expense, net	128,891	48,090	83,398
Loss on extinguishment of debt	—	40,433	11,219
Other expense (income), net	3,131	3,196	(407)
Income from continuing operations before income taxes	10,891	276,754	109,908
Income tax (benefit) provision	(11,498)	55,165	21,834
Income from continuing operations	22,389	221,589	88,074
Loss from discontinued operations, net of tax	—	—	(58,203)
Net income	\$ 22,389	\$ 221,589	\$ 29,871
Basic income per common share:			
Income from continuing operations	\$ 0.30	\$ 3.05	\$ 1.39
Loss from discontinued operations	—	—	(0.92)
Net income	\$ 0.30	\$ 3.05	\$ 0.47
Diluted income per common share:			
Income from continuing operations	\$ 0.29	\$ 2.94	\$ 1.39
Loss from discontinued operations	—	—	(0.92)
Net income	\$ 0.29	\$ 2.94	\$ 0.47

See accompanying
notes to consolidated
financial statements.

[Table of Contents](#)

OWENS &
MINOR, INC. AND
SUBSIDIARIES

CONSOLIDATED
STATEMENTS OF
COMPREHENSIVE
(LOSS) INCOME

(in thousands)

Years	Ended	2023	2022	2021
December 31.				
Net (loss) income		<u><u>\$ (41,301)</u></u>	<u><u>\$ 22,389</u></u>	<u><u>\$221,589</u></u>
Other comprehensive income (loss) net of tax:				
Currency translation adjustments		7,141	(14,101)	(25,976)
Change in unrecognized net periodic pension costs		2,086	7,396	3,850
Change in gains and losses on derivative instruments		(5,190)	11,441	20,044
Total other comprehensive income (loss), net of tax		<u><u>4,037</u></u>	<u><u>4,736</u></u>	<u><u>(2,082)</u></u>
Comprehensive (loss) income		<u><u>\$ (37,264)</u></u>	<u><u>\$ 27,125</u></u>	<u><u>\$219,507</u></u>
Year ended		2022	2021	2020
December 31.				
Net income		<u><u>\$22,389</u></u>	<u><u>\$221,589</u></u>	<u><u>\$29,871</u></u>

<i>Other comprehensive income (loss), net of tax:</i>			
<i>Currency translation adjustments</i>	(14,101)	(25,976)	25,283
<i>Change in unrecognized net periodic pension costs</i>	7,396	3,850	(3,756)
<i>Change in gains and losses on derivative instruments</i>	11,441	20,044	(7,329)
<i>Total other comprehensive income (loss), net of tax</i>	4,736	(2,082)	14,198
<i>Comprehensive income</i>	\$27,125	\$219,507	\$44,069

See accompanying
notes to consolidated
financial statements.

59

[Table of Contents](#)

OWENS &
MINOR, INC. AND
SUBSIDIARIES

CONSOLIDATED
BALANCE SHEETS

(in thousands,
except per share data)

<u>December 31..</u>	<u>2023</u>	<u>2022</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 243,037	\$ 69,467
Accounts receivable, net	598,257	763,497
Merchandise inventories	1,110,606	1,333,585

Other current assets	150,890	128,636
Total current assets	2,102,790	2,295,185
Property and equipment, net	543,972	578,269
Operating lease assets	296,533	280,665
Goodwill	1,638,846	1,636,705
Intangible assets, net	361,835	445,042
Other assets, net	149,346	150,417
Total assets	\$5,093,322	\$5,386,283
Liabilities and equity		
Current liabilities		
Accounts payable	\$1,171,882	\$1,147,414
Accrued payroll and related liabilities	116,398	93,296
Current portion of long-term debt	206,904	17,906
Other current liabilities	396,701	307,850
Total current liabilities	1,891,885	1,566,466
Long-term debt, excluding current portion	1,890,598	2,482,968
Operating lease liabilities, excluding current portion	222,429	215,469
Deferred income taxes, net	41,652	60,833
Other liabilities	122,592	114,943
Total liabilities	4,169,156	4,440,679
Commitments and contingencies		
Equity		

Common stock, par value \$2 per share; authorized - 200,000 shares; issued and outstanding - 76,546 shares and 76,279 shares as of December 31, 2023 and December 31, 2022	153,092	152,557
Paid-in capital	434,185	418,894
Retained earnings	368,707	410,008
Accumulated other comprehensive loss	(31,818)	(35,855)
Total equity	924,166	945,604
Total liabilities and equity	\$5,093,322	\$5,386,283

<u>December 31,</u>	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 69,467	\$ 55,712
Accounts receivable, net	763,497	681,564
Merchandise inventories	1,333,585	1,495,972
Other current assets	128,636	88,564
Total current assets	2,295,185	2,321,812
Property and equipment, net	578,269	317,235
Operating lease assets	280,665	194,006
Goodwill	1,636,705	390,185
Intangible assets, net	445,042	209,745
Other assets, net	150,417	103,568
Total assets	\$5,386,283	\$3,536,551
Liabilities and equity		
Current liabilities		
Accounts payable	\$1,147,414	\$1,001,959

Accrued payroll and related liabilities	93,296	115,858
Other current liabilities	325,756	226,204
Total current liabilities	1,566,466	1,344,021
Long-term debt, excluding current portion	2,482,968	947,540
Operating lease liabilities, excluding current portion	215,469	162,241
Deferred income taxes	60,833	35,310
Other liabilities	114,943	108,938
Total liabilities	4,440,679	2,598,050
Commitments and contingencies (Note 18)		
Equity		
Common stock, par value \$2 per share; authorized— 200,000 shares; issued and outstanding— 76,279 shares and 75,433 shares as of December 31, 2022 and 2021	152,557	150,865
Paid-in capital	418,894	440,608
Retained earnings	410,008	387,619
Accumulated other comprehensive loss	(35,855)	(40,591)
Total equity	945,604	938,501
Total liabilities and equity	\$5,386,283	\$3,536,551

See accompanying
notes to consolidated
financial statements.

OWENS &
MINOR, INC. AND
SUBSIDIARIES

CONSOLIDATED
STATEMENTS OF CASH
FLOWS

<i>(in thousands)</i>		2023	2022	2021
Years	Ended			
December 31.				
Operating				
activities:				
Net	(loss)			
income	\$ (41,301)	\$ 22,389	\$ 221,589	
Adjustments to				
reconcile net				
(loss) income to				
cash provided				
by operating				
activities:				
Depreciation				
and				
amortization	287,377	228,667	90,621	
Share-based				
compensation				
expense	23,218	20,993	25,016	
(Gain) loss on				
extinguishment				
of debt	(3,518)	—	40,433	
Deferred				
income tax				
benefit	(23,648)	(26,361)	(29,736)	
(Benefit)				
provision for				
losses on				
accounts				
receivable	(1,414)	3,315	21,158	
Changes in				
operating lease				
right-of-use				
assets and				
lease liabilities	(47)	353	1,463	
Gain on sale				
and				
dispositions of				
property and				
equipment	(34,882)	(26,260)	—	
Changes in				
operating assets				
and liabilities,				
net of				
acquisitions:				

Accounts receivable	166,581	1,101	(2,201)
Merchandise inventories	224,338	166,559	(263,439)
Accounts payable	30,997	13,652	3,548
Net change in other assets and liabilities	100,370	(91,544)	692
Other, net	12,639	12,142	15,033
Cash provided by operating activities	740,710	325,006	124,177
Investing activities:			
Acquisition, net of cash acquired	—	(1,684,607)	—
Additions to property and equipment	(190,870)	(158,090)	(40,985)
Additions to computer software	(17,022)	(8,492)	(8,705)
Proceeds from sale of property and equipment	71,574	48,383	—
Other, net	(936)	(1,670)	(3,940)
Cash used for investing activities	(137,254)	(1,804,476)	(53,630)
Financing activities:			
Borrowings under amended Receivables Financing Agreement	476,000	1,022,300	—
Repayments under amended Receivables Financing Agreement	(572,000)	(1,156,300)	—
Repayments of debt	(320,693)	(4,500)	(553,140)
Proceeds from issuance of debt	—	1,691,000	574,900
Borrowings (repayments) under revolving credit facility, net and Receivables Financing Agreement	—	30,000	(103,200)

Financing costs			
paid	—	(42,602)	(13,912)
Cash dividends			
paid	—	—	(731)
Payment for			
termination of			
interest rate			
swaps	—	—	(15,434)
Other, net	<u>(637)</u>	<u>(42,793)</u>	<u>(17,961)</u>
Cash (used for)			
provided by			
financing			
activities	<u>(417,330)</u>	<u>1,497,105</u>	<u>(129,478)</u>
Effect of			
exchange rate			
changes on			
cash, cash			
equivalents and			
restricted cash	<u>613</u>	<u>(3,485)</u>	<u>(3,540)</u>
Net increase in			
cash, cash			
equivalents and			
restricted cash	<u>186,739</u>	<u>14,150</u>	<u>(62,471)</u>
Cash, cash			
equivalents and			
restricted cash			
at beginning of			
period	<u>86,185</u>	<u>72,035</u>	<u>134,506</u>
Cash, cash			
equivalents and			
restricted cash			
at end of period	<u>\$ 272,924</u>	<u>\$ 86,185</u>	<u>\$ 72,035</u>
Supplemental			
disclosure of			
cash flow			
information:			
Income taxes			
(received) paid,			
net	\$ (6,283)	\$ 33,973	\$ 99,400
Interest paid	<u>\$ 153,247</u>	<u>\$ 107,022</u>	<u>\$ 38,717</u>
Noncash			
investing			
activity:			
Unpaid			
purchases of			
property and			
equipment and			
computer			
software at end			
of period	<u>\$ 77,279</u>	<u>\$ 67,852</u>	<u>\$ —</u>

See accompanying
notes to consolidated
financial statements.

[Table of Contents](#)

OWENS &
MINOR, INC. AND
SUBSIDIARIES

CONSOLIDATED
STATEMENTS OF
CHANGES IN
SHAREHOLDERS'
EQUITY

(in
thousands) **thousands**,
except per share data)

	Common Shares	Common Stock	Paid-In Capital	Retained Earnings	Comprehensive Loss	Accumulated Other	Total Equity
	Outstanding	(\$2 par value)					
Balance, December 31, 2020	73,472	\$ 146,944	\$436,597	\$167,022	\$ (38,509)	\$712,054	
Net income	—	—	—	221,589	—	—	221,589
Other comprehensive loss	—	—	—	—	(2,082)	(2,082)	
Dividends declared (\$0.01 per share)	—	—	—	(992)	—	—	(992)
Share-based compensation expense, exercises and other	1,961	3,921	4,011	—	—	—	7,932
Balance, December 31, 2021	75,433	150,865	440,608	387,619	(40,591)	938,501	
Net income	—	—	—	22,389	—	—	22,389
Other comprehensive income	—	—	—	—	4,736	4,736	
Share-based compensation expense, exercises and other	846	1,692	(21,714)	—	—	—	(20,022)
Balance, December 31, 2022	76,279	152,557	418,894	410,008	(35,855)	945,604	
Net loss	—	—	—	(41,301)	—	—	(41,301)

Other comprehensive income	—	—	—	—	4,037	4,037
Share-based compensation expense, exercises and other	267	535	15,291	—	—	15,826
Balance, December						
31, 2023	76,546	\$ 153,092	\$434,185	\$368,707	\$ (31,818)	\$ 924,166

Year Ended December 31,	2022	2021	2020
Operating activities:			
Net income	\$ 22,389	\$221,589	\$ 29,871
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	228,667	90,621	93,336
Share-based compensation expense	20,993	25,016	20,010
Impairment charges	—	—	8,724
Loss on divestiture	—	—	65,472
Loss on extinguishment of debt	—	40,433	11,219
Deferred income tax (benefit) expense	(26,361)	(29,736)	15,564
Provision for losses on accounts receivable	3,315	21,158	11,292
Changes in operating lease right-of-use assets and lease liabilities	353	1,463	(1,676)
Gain on sale and dispositions of property and equipment	(26,260)	—	—
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	1,101	(2,201)	(34,818)
Merchandise inventories	166,559	(263,439)	(85,154)
Accounts payable	13,652	3,548	193,240

Net change in other assets and liabilities	(91,544)	692	5,278
Other, net	12,142	15,033	6,865
Cash provided by operating activities	325,006	124,177	339,223
Investing activities:			
Acquisition, net of cash acquired	(1,684,607)	—	—
Proceeds from divestiture	—	—	133,000
Additions to property and equipment	(158,090)	(40,985)	(50,424)
Additions to computer software	(8,492)	(8,705)	(8,769)
Proceeds from sale of property and equipment	48,383	—	—
Other, net	(1,670)	(3,940)	6,266
Cash (used for) provided by investing activities	(1,804,476)	(53,630)	80,073
Financing activities:			
Proceeds from issuance of debt	1,691,000	574,900	155,100
Proceeds from issuance of common stock	—	—	189,971
Borrowings (repayments) under revolving credit facility, net and accounts receivable securitization program	30,000	(103,200)	(74,700)
Repayments of debt	(4,500)	(553,140)	(617,271)
Borrowings under amended accounts receivable securitization program	1,022,300	—	—
Repayments under amended accounts receivable securitization program	(1,156,300)	—	—
Financing costs paid	(42,602)	(13,912)	(10,367)
Cash dividends paid	—	(731)	(648)
Senior Notes make- whole premium paid	—	—	(4,980)
Payment for termination of interest rate swaps	—	(15,434)	—
Other, net	(42,793)	(17,961)	(16,491)
Cash provided by (used for) financing activities	1,497,105	(129,478)	(379,386)

Effect of exchange rate changes on cash, cash equivalents and restricted cash	(3,485)	(3,540)	9,909
Net increase (decrease) in cash, cash equivalents and restricted cash	14,150	(62,471)	49,819

Cash, cash equivalents and restricted cash at beginning of year	72,035	134,506	84,687
Cash, cash equivalents and restricted cash at end of year	\$ 86,185	\$72,035	\$134,506
Supplemental disclosure of cash flow information:			
Income taxes paid (received), net			
of refunds	\$ 33,973	\$99,400	\$(17,455)
Interest paid	\$107,022	\$38,717	\$ 89,961
Noncash investing activity:			
Unpaid purchases of property and equipment and software at end of period	\$ 67,852	\$ —	\$ —

See accompanying
notes to consolidated
financial statements.

CONSOLIDATED
STATEMENTS OF
CHANGES IN
SHAREHOLDERS'
EQUITY

*(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
Balance, December 31, 2019	62,843	\$125,686	\$251,401	\$137,774	\$ (52,707)	\$462,154
Net income	—	—	—	29,871	—	29,871
Other comprehensive income	—	—	—	—	14,198	14,198
Dividends declared (\$0.01 per share)	—	—	—	(623)	—	(623)
Issuance of common stock, net of issuance costs	9,746	19,493	170,478	—	—	189,971
Share-based compensation expense, exercises and other	883	1,765	14,718	—	—	16,483
Balance, December 31, 2020	73,472	146,944	436,597	167,022	(38,509)	712,054
Net income	—	—	—	221,589	—	221,589
Other comprehensive loss	—	—	—	—	(2,082)	(2,082)
Dividends declared (\$0.01 per share)	—	—	—	(992)	—	(992)
Share-based compensation expense, exercises and other	1,961	3,921	4,011	—	—	7,932
Balance, December 31, 2021	75,433	150,865	440,608	387,619	(40,591)	938,501
Net income	—	—	—	22,389	—	22,389
Other comprehensive income	—	—	—	—	4,736	4,736
Share-based compensation expense, exercises and other	846	1,692	(21,714)	—	—	(20,022)
Balance, December 31, 2022	76,279	\$152,557	\$418,894	\$410,008	\$ (35,855)	\$945,604

See accompanying
notes to consolidated
financial statements.

**OWENS & MINOR,
INC. AND SUBSIDIARIES**

**Notes to Consolidated
Financial Statements**

*(in thousands, except per
share data, unless
otherwise indicated)*

**Note 1—Summary
of Significant Accounting
Policies**

Owens & Minor, Inc. and subsidiaries (we, us, our or the Company), a Fortune 500 company headquartered in Richmond, Virginia, is a global healthcare solutions company that incorporates product manufacturing, distribution support and innovative technology services to deliver significant and sustained value across the breadth of the industry – from acute care to patients in their home. Our teammates serve healthcare industry customers in approximately 7080 countries by producing quality products and helping to reduce total costs across the healthcare supply chain by optimizing point-of care performance, freeing up capital and clinical resources and managing contracts to optimize financial performance.

**Basis of
Presentation and
Consolidation.** The consolidated financial statements include the accounts of Owens & Minor, Inc. and the

subsidiaries it controls in conformity and contain all adjustments necessary to conform with U.S. generally accepted accounting principles (GAAP). All significant intercompany accounts and transactions have been eliminated. Unless otherwise indicated, information in these notes to consolidated financial statements relates to continuing operations. The results of operations of businesses acquired by the Company are included as of the respective acquisition date.

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 (U.S.) distribution division (Medical Distribution), including 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. Beginning in 2022, we have reported

financial results using this two segment structure and have recast our prior year segment results on the same basis.

Apria).

Reclassifications.

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

Use of Estimates.

The preparation of the consolidated financial statements in conformity with GAAP requires us to make assumptions and estimates that affect reported amounts and related disclosures. Significant estimates are used for, but are not limited to, the allowances for losses on accounts receivable, inventory valuation allowances, variable consideration, depreciation and amortization, goodwill valuation, valuation of intangible assets and other long-lived assets, estimated fair values of the net assets acquired in business combinations, self-insurance liabilities, tax liabilities, defined benefit obligations, share-based compensation and other contingencies. Actual results may differ from these estimates.

Cash, Cash

Equivalents and Restricted Cash. Cash, cash equivalents and restricted cash include 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 included in other assets, net as of December 31, 2022 December 31, 2023 and 2021 primarily represents 2022 includes cash held in an escrow account as required by the Centers for Medicare & Medicaid Services (CMS) in conjunction with the Bundled Payments for Care Improvement (BPCI) initiatives related to wind-down costs of Fusion5. Restricted cash as of December 31, 2023 also includes \$13.5 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).

63

[Table of Contents](#)

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.

	December 31, 2022	December 31, 2021
Cash and cash equivalents	\$ 69,467	\$ 55,712
Restricted cash included in Other assets, net	16,718	16,323
Total cash, cash equivalents and restricted cash	<u><u>\$ 86,185</u></u>	<u><u>\$ 72,035</u></u>

	December 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 243,037	\$ 69,467
Restricted cash included in Other current assets	29,887	—
Restricted cash included in Other assets, net	—	16,718
Total cash, cash equivalents, and restricted cash	<u><u>\$ 272,924</u></u>	<u><u>\$ 86,185</u></u>

Book overdrafts represent the amount of outstanding checks issued in excess of related bank balances and are included in accounts payable in our consolidated balance sheets, as they are similar to trade payables and are not subject to finance charges or interest.

Changes in book overdrafts are classified as operating activities in our consolidated statements of cash flows.

Accounts

Receivable, Net. Accounts receivable, net are recorded at net realizable value. In the Products & Healthcare Services segment, accounts receivable from customers are recorded at net realizable value of the invoiced amount and are reduced by any rebates due to the customer, which are estimated based on contractual terms or historical experience. We assess finance charges on overdue accounts receivable that are recognized as other operating income based on their estimated ultimate collectability. We have arrangements with certain customers under which they make deposits on account. Customer deposits in excess of outstanding receivable balances are classified as other current liabilities.

Due to the nature of our industry and the reimbursement environment in which we operate in the Patient Direct segment, certain estimates are required to record total net revenues and accounts receivable at their net realizable values, including estimating variable consideration. Inherent in these estimates is the risk that they will have to be revised or updated as additional

information becomes available. Specifically, the complexity of many third-party billing arrangements, contractual terms, and the uncertainty of reimbursement amounts for certain services may result in adjustments to amounts originally recorded. Such adjustments are typically identified and recorded at the point of cash application, claim denial or account review.

We maintain valuation allowances based upon the expected collectability of accounts receivable. Our allowances include specific amounts for accounts that are likely to be uncollectible, such as customer bankruptcies and disputed amounts and general allowances for accounts that may become uncollectible. Allowances are estimated based on a number of factors, including industry trends, current economic conditions, creditworthiness of customers, age of the receivables, changes in customer payment patterns, and historical experience. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Allowances for losses on accounts receivable of \$7.9 million and \$9.1 million have been applied as reductions of accounts receivable at December 31, 2023 and 2022.

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 December 31, 2023, there were a total of \$124 million of uncollected accounts receivable that had been sold or removed from our consolidated balance sheet. We account for these transactions as sales 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 sales 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 sales of accounts receivable, net of payments made to the Purchaser, is reflected 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 and net cash proceeds were \$1.4 billion

during the year ended December 31, 2023. We collected \$1.3 billion of the sold accounts receivable for the year ended December 31, 2023. The losses on sales of accounts receivable are recorded

64

[Table of Contents](#)

in other operating expense (income), net in the consolidated statements of operations and were \$10.6 million for the year ended December 31, 2023.

Merchandise

Inventories. Merchandise inventories are valued at the lower of cost or market, with the approximate cost determined by the last-in, first-out (LIFO) method for distribution inventories in the U.S. within our Products & Healthcare Services segment. Cost of remaining inventories are determined using the first-in, first out (FIFO) or weighted-average cost method at the lower of cost or net realizable value.

We periodically evaluate whether inventory valuation allowance adjustments are required, which includes consideration of recent sales trends. In our evaluation, we review for expired or obsolete inventory and slow-moving inventory. We write down inventories which are

considered excess and obsolete as a result of these assessments. Shifts in market trends and conditions, as well as changes in customer preferences and behavior could affect the value of our inventories.

Property and Equipment. Equipment, net.

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation expense for financial reporting purposes is computed on a straight-line method over the estimated useful lives of the assets or, for capital leases and leasehold improvements, over the term of the lease, if shorter. In general, the estimated useful lives for computing depreciation are three to 15 years for machinery and equipment, five to 40 years for buildings, one to 10 years for patient service equipment, and up to 15 years for leasehold and land improvements. Straight-line and accelerated methods of depreciation are used for income tax purposes. Normal maintenance and repairs are expensed as incurred, and renovations and betterments are capitalized. We suspend depreciation and amortization on assets that are held for sale. In addition, we record capital-related government grants earned as reductions to the cost of property and equipment; and associated unpaid liabilities and grant proceeds receivable are

considered non-cash changes in such balances for purposes of preparation of our consolidated statements of cash flows. Patient service equipment consists of medical equipment rented to patients, primarily on a month-to-month basis. Patient service equipment depreciation is classified in our consolidated statements of operations within cost of goods sold as the equipment is rented to patients as part of our primary operations within the Patient Direct segment.

Leases. We enter into non-cancelable agreements to lease most of our office and warehouse facilities with remaining terms generally ranging from one to 10 years. Certain leases include renewal options, generally for one to five-year increments. The exercise of lease renewal options is at our sole discretion. We include options to renew (or terminate) in our lease term, and as part of our right-of-use assets and lease liabilities, when it is reasonably certain that we will exercise that option. We also lease some of our transportation and material handling equipment for terms generally ranging from three to 10 years. Leases with a term of 12 months or less are not recorded on the consolidated balance sheets; we recognize lease expense for these leases on a straight-line basis over the lease term. The depreciable life of right-of-use assets and leasehold

improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. We elected the practical expedient to not separate lease and non-lease components for our leases. Operating lease assets and liabilities are recognized at commencement date based on the present value of unpaid lease payments over the lease term. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Our incremental borrowing rate is estimated to approximate the interest rate on a collateralized basis with similar terms and payments. We use the implicit rate when readily determinable. The right-of-use assets also include adjustments for any lease payments made and lease incentives received.

Goodwill. We account for acquired businesses using the acquisition method of

accounting, which requires that the assets acquired and liabilities assumed be recorded at the date of acquisition at their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill.

We evaluate goodwill for impairment annually, as of October 1, and whenever events occur if an event occurs or changes in circumstance indicate circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount of goodwill may not be recoverable amount.

Qualitative factors

65

[Table of Contents](#)

are first assessed to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If it is determined that it is more likely than not that the fair value does not exceed the carrying amount, then a quantitative test is performed. The quantitative goodwill impairment test involves a comparison of the estimated fair value of the reporting unit to the respective carrying amount.

As of October 1, 2023, due to changes in

our long-term financial plan assumptions, we elected to bypass the qualitative test and performed a quantitative goodwill impairment test for all reporting units with goodwill.

We determine the estimated fair value of our reporting units by using an income (discounted cash flow analysis) equally weighted combination of the income-based approach and the market-based approach. The income income-based approach is dependent upon several significant assumptions and estimates regarding future periods, period cash flows, including assumptions with respect to future sales growth and a terminal growth rate. In addition, a weighted average cost of capital (WACC) is used to discount future estimated cash flows to their present values. The WACC is based on externally observable data considering market participants' cost of equity and debt, optimal capital structure and interest rates, as well as the risk factors specific and uncertainty with respect to the reporting unit and internally developed financial projections. Under the market-based approach, significant estimates and assumptions also include the selection of appropriate guideline public companies whose stock is actively traded in public markets and the determination of appropriate valuation multiples to apply to the reporting unit. Although we believe our company.

assumptions and estimates are reasonable and appropriate, any significant adverse changes in one or a combination of key assumptions, including, but not limited to, a failure to meet our business plans or expected earnings and cash flows, unanticipated events and circumstances such as changes in assumptions about the duration and magnitude of increased supply chain expense, commodities costs or inflationary pressures and our planned efforts to mitigate such impacts, disruptions in the supply chain, estimated demand and selling prices for PPE or other products, an increase in the discount rate, a decrease in the terminal growth rate, increases in tax rates (including potential tax reform) or a significant change in industry or economic trends, may affect the accuracy or validity of such estimates and may result in goodwill impairment. We may be required to record a material charge to earnings in our consolidated financial statements during the period in which any impairment of our goodwill is determined, which could adversely affect our results of operations. No impairment of goodwill was recorded for the years ended December 31, 2023, 2022, and 2021.

Intangible

Assets. **Assets, net.**

Intangible assets acquired through purchases or business combinations are stated at fair value at the acquisition date and net of accumulated amortization in the consolidated balance sheets. Intangible assets, consisting primarily of customer relationships, customer contracts, trademarks, and

tradenames are amortized over their estimated useful lives. In determining the useful life of an intangible asset, we consider our historical experience in renewing or extending similar arrangements. Intangible assets are generally amortized over one to 15 years based on their pattern of economic benefit or on a straight-line basis. We suspend amortization on assets that are held for sale.

Computer

Software. We develop and purchase software for internal use. Software development costs incurred during the application development stage are capitalized. Once the software has been installed and tested, and is ready for use, additional costs incurred in connection with the software are expensed as incurred. We also develop software for external use. Our software as a service (SaaS) subscription revenue is generated from granting customers the right to use our software products and were not material to our consolidated financial statements for 2022, 2021 and 2020. Costs related to the research and development of software for external use are expensed as incurred until the technological feasibility of the product is established. After technological feasibility is established, costs are capitalized until the product is available for sale. Capitalized computer software costs are

amortized over the estimated useful life of the software, usually between three and 10 years. Capitalized computer software costs are included in other assets, net, in the consolidated balance sheets. Unamortized software at December 31, 2022 December 31, 2023 and 2021 2022 was \$38.7 \$47.5 million and \$34.0 \$38.7 million. Depreciation and amortization expense includes \$14.0 \$16.1 million, \$10.3 million \$14.0 million, and \$10.2 \$10.3 million of software amortization for the years ended December 31, 2022 December 31, 2023, 2021 2022, and 2020.

2021.

Long-Lived

Assets. Long-lived assets, which include property and equipment, finite-lived intangible assets, right-of-use assets, and unamortized software costs, are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of long-lived assets may not be recoverable. We assess long-lived assets for potential impairment by comparing the carrying value of an asset, or group of related assets, to their estimated undiscounted future cash flows. No material impairments of long-lived assets were recorded for the years ended December 31, 2023, 2022, and 2021. We suspend depreciation and

amortization on assets that are held for sale.

Self-Insurance

Liabilities. We are self-insured for certain teammate healthcare, workers' compensation and automobile liability costs; however, we maintain insurance for individual losses exceeding certain limits. Liabilities are estimated for healthcare costs using current and historical claims data. Liabilities for workers' compensation and

66

[Table of Contents](#)

automobile liability claims are estimated using historical claims data and loss development factors. If the underlying facts and circumstances of existing claims change or historical trends are not indicative of future trends, then we may be required to adjust the liability and related expense accordingly. Self-insurance liabilities are included in other current liabilities and other liabilities in the consolidated balance sheets and were **\$25.6** **\$26.0** million and **\$11.2** **\$25.6** million in total at **December 31, 2022** **December 31, 2023** and **2021**.

2022.

Revenue

Recognition. Our revenue

is primarily generated from sales contracts with customers. Revenue for sales of products, including equipment and supplies, is recorded when control of the promised goods is transferred. Revenue for activity-based fees and other services is recognized over time as activities are performed. Depending on the specific contractual provisions and nature of the performance obligation, revenue from services may be recognized on a straight-line basis over the term of the service, on a proportional performance model, based on level of effort, or when final deliverables have been provided.

In our Products & Healthcare Services segment, under most of our distribution and product sales arrangements, our performance obligations are limited to delivery of products to a customer upon receipt of a purchase order. For these arrangements, we recognize revenue at the point in time when shipment is completed, as control passes to the customer upon product receipt.

Our contracts sometime allow for forms of variable consideration including rebates, discounts, performance guarantees, and implicit price concessions. We estimate the amount of consideration to which we will be entitled in exchange

for transferring the product or service to the customer under the expected value method as part of determining the sales transaction price using contractual terms, historical experience, and other operating trends. The amount accrued for rebates and discounts due to customers, was \$86.9 million which are recorded in accounts receivable, net, were \$81.3 million and \$118 million at December 31, 2022 December 31, 2023 and 2021.

2022.

In most cases, we record revenue gross, as we are the primary obligor. When we act as an agent in a sales arrangement and do not bear a significant portion of inventory risks, primarily for our outsourced logistics business, we record revenue net of product cost. Sales taxes collected from customers and remitted to governmental authorities are excluded from revenues.

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 **large government** and **commercial third-party**

payors, **(Payors)**, including private insurers, prepaid health plans, Medicare, Medicaid and patients. Rental revenue, less estimated adjustments, is recognized as earned on a straight-line basis over the noncancelable lease term.

We recorded **\$447 million** **\$617 million** and **\$447 million** in revenue related to equipment we rent to patients for the **year****years** ended **December 31, 2022**, **December 31, 2023** and 2022. Equipment rental revenue was not material in 2021 and 2020.

2021.

See Note **2017** for disaggregation of revenue by segment and geography as we believe that best depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors.

Cost of Goods

Sold. 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, bear the risk of general and physical inventory loss and carry all credit risk associated with

sales. Cost of goods sold also includes direct and certain indirect labor, material and overhead costs, including depreciation expense, associated with our Global Products business division. We have contractual arrangements with certain suppliers that provide incentives, including cash discounts for prompt payment, operational efficiency and performance-based incentives. These incentives are recognized as a reduction in cost of goods sold as targets become probable of achievement.

In situations where we act as an agent in a sales arrangement and do not bear a significant portion of these risks, primarily for our outsourced logistics business, there is no cost of goods sold and all costs to provide the service to the customer are recorded in distribution, selling and administrative expenses.

[Table of Contents](#)

Within our Patient Direct segment, patient service equipment depreciation is and the net book value of dispositions are classified in the Company's consolidated statements of operations within cost of goods sold as the equipment is rented to

patients as part of the Company's primary operations. Depreciation expense for patient service equipment was \$88.7 million and \$88.7 million for the year ended December 31, 2022. Equipment depreciation was not material for the year ended 2021. The net book value of patient service equipment dispositions were \$36.3 million and \$22.1 million for the years ended 2021 December 31, 2023 and 2020.

2022. We did not incur material dispositions during the year ended December 31, 2021.

As a result of different practices of categorizing costs and different business models throughout our industry, our gross margins may not necessarily be comparable to other companies in our industry.

Inventory valuation allowance adjustments, including for excess and obsolete inventory, are recorded as a charge to cost of goods sold.

Distribution, Selling and Administrative (DS&A) Expenses. DS&A expenses include shipping and handling costs, labor, certain depreciation other than for patient equipment, and amortization, certain research and development costs and other costs for selling and administrative functions.

We incurred research and development costs, primarily included in DS&A expenses on the consolidated statement of operations, of \$13.2 million, \$11.8 million, and \$12.1 million for the years ended 2023, 2022 and 2021.

Shipping and Handling. Shipping and handling costs are primarily included in DS&A expenses on in the consolidated statements of operations and include costs to store, to move, and to prepare products for shipment, as well as costs to deliver products to customers. Shipping and handling costs totaled \$581 million \$641 million, \$445 \$581 million, and \$389 \$445 million for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020.

2021.

Share-Based Compensation. We account for share-based payments to teammates at fair value and recognize the related expense primarily in DS&A expenses over the service period for awards expected to vest. The fair value of nonvested performance shares is dependent upon our assessment of the probability of achievement of financial targets for the performance period.

Derivative Financial Instruments. 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 use forward contracts, which are agreements to buy or sell a quantity at a predetermined future date and at a predetermined rate or price. We do not enter into derivative financial instruments for trading purposes.

All derivatives are carried at fair value in our consolidated balance sheets. The designation of a derivative instrument as a hedge and its ability to meet the hedge accounting criteria determine how we record the change in fair value of the derivative instrument in our consolidated financial statements. A derivative qualifies for hedge accounting if, at inception, we expect the derivative will be highly effective in offsetting the underlying hedged cash flows and we fulfill the hedge documentation standards at the time we enter into the derivative contract. We designate a hedge as a cash flow hedge, fair value hedge, or a net investment hedge based on the exposure we are hedging. For the effective portion of qualifying cash flow hedges, we record changes in fair value in other comprehensive income (OCI). We release the derivative's gain or loss from OCI to match the

timing of the underlying hedged items' effect on earnings. We review the effectiveness of our hedging instruments quarterly, recognize current period hedge ineffectiveness immediately in earnings, and discontinue hedge accounting for any hedge that we no longer consider to be highly effective. We recognize changes in fair value for derivatives not designated as hedges or those not qualifying for hedge accounting in current period earnings. The cash flow impacts of the derivative instruments are **primarily** included in our consolidated statements of cash flows as a component of operating or financing activities.

Income Taxes. We account for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable

income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are provided if it is more likely than not that a deferred tax asset will not be realized. When we have claimed tax benefits that may be challenged by a tax authority, an estimate of the effect of these uncertain tax positions is recorded. It is our policy to provide for uncertain tax positions and the related interest and penalties based upon an assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. To the extent that the tax outcome of these uncertain tax positions changes, based on our assessment, such changes in estimate may impact the income tax provision in the period in which such determination is made.

We earn a portion of our operating income in foreign jurisdictions outside the United States. We are permanently reinvested in our foreign subsidiaries. Prior to September 30, 2022, we were not indefinitely reinvested in our subsidiary in Thailand. Due to our change of plans to reinvest the unremitted earnings in Thailand, we have released all withholding tax liabilities incurred in prior years. Our

policy election for global intangible low-taxed income is that we will record such taxes as a current period expense once incurred and will follow the tax law ordering approach.

Fair Value

Measurements. 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 carrying amount of restricted cash also approximates fair value due to its nature.~~ 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 109 for the fair value of debt. The fair value of our derivative contracts are 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 1312 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 exit and realignment charges intangible amortization within the consolidated statements of operations.

*Acquisition-
Related Charges and Exit
and Realignment*

Charges Intangible

Amortization. We present costs incurred in connection with acquisitions in acquisition-related and exit and realignment charges in our consolidated statements of operations. Acquisition-related charges consist primarily of one-time costs related to the Apria Acquisition, including transaction costs incurred necessary to perform due diligence to consummate the acquisition, which consisted of investment banking advisory fees and to analyze, negotiate legal fees, director and consummate an acquisition, costs to perform post-closing activities to establish the organizational structure, officer tail insurance expense, severance and retention bonuses, and professional fees. Acquisition-related charges and intangible amortization also includes transition expenses and costs to transition integrate personnel, systems and processes along with amortization of intangible assets established during acquisition method of accounting for business combinations. These amounts are highly dependent on the acquired company's information technology size and other operations frequency of acquisitions and administrative functions from the former owner, are excluded to allow for a more consistent comparison with

forecasted, current and historical results.

Exit and Realignment Charges

Exit and realignment charges consist of costs associated with optimizing our operations which includes the consolidation of certain production facilities, distribution centers, warehouses, our client engagement center administrative offices and IT restructuring charges, strategic initiatives, divestiture related costs and other strategic actions. These charges also include costs associated with our strategic organizational realignment activities, Operating Model Realignment Program, which include reorganization costs, certain includes professional fees, severance and other costs to streamline administrative functions and processes, divestiture related costs, and other items, processes. Costs associated with exit and realignment activities are recorded at their fair value when incurred. Liabilities are established at the cease-use date for remaining contractual obligations discounted using a credit-adjusted risk-free rate of interest. We evaluate these assumptions quarterly and adjust the liability accordingly. Severance benefits are generally recorded when payment is considered probable and reasonably

estimable. The current portion of contractual termination. These costs are included in other current liabilities in our consolidated balance sheets, and not normal recurring, cash operating expenses necessary for the non-current portion is included in other liabilities, which were not material to Company to our consolidated balance sheets as of December 31, 2022 and 2021.

operate its business on an ongoing basis.

Net (Loss) Income

(Loss) Per Share. Basic and diluted net (loss) income (loss) per share are calculated pursuant to the two-class method, under which unvested share-based payment awards containing non-forfeitable rights to dividends are participating securities. Diluted income per share reflects the potential dilution that could occur if restricted awards were exercised or converted into common stock.

Foreign Currency

Translation. Our foreign subsidiaries generally consider their local currency to be their functional currency. Assets and liabilities of these foreign subsidiaries are translated into U.S. dollars at period-end exchange rates and revenues, cost of goods sold and expenses are translated at average exchange rates during the period. Cumulative currency translation adjustments are included in

accumulated other comprehensive income (loss) in shareholders' equity. Gains and losses on intercompany foreign currency transactions that are long-term in nature and which we do not intend to settle in the foreseeable future are also recognized in other comprehensive income (loss) in shareholders' equity. Realized gains and losses from foreign currency transactions are recorded in other operating income, expense (income), net in the consolidated statements of operations and were not material to our consolidated results of operations in 2023, 2022, 2021, and 2020.

Discontinued

Operations. The Movianto business represented a component that met accounting requirements to be classified as discontinued operations through June 18, 2020 (the Divestiture Date). In accordance with GAAP, the financial position and results of operations of the Movianto business are presented as discontinued operations and, as such, have been excluded from continuing operations for all periods presented. With the exception of Note 3, the Notes to the Consolidated Financial Statements reflect the continuing operations of Owens & Minor, Inc. See Note 3 for additional information regarding discontinued operations.

2021.

Business

Combinations. We account for acquired businesses using the acquisition method of accounting, which requires

that the assets acquired and liabilities assumed be recorded at the date of acquisition at their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill. The results of operations of the businesses acquired by the Company are included as of the respective acquisition date.

Recent Recently
Adopted Accounting
Pronouncements. During 2022, we adopted Accounting Standard Updates (ASU) issued by the Financial Accounting Standards Board (FASB).

In October 2021, June 2016, the FASB issued ASU No. 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers. ASU 2021-08 requires the company acquiring contract assets and contract liabilities obtained in a business combination to recognize and measure them in accordance with ASC 606, Revenue from Contracts with Customers. At the acquisition date, the company acquiring the business should record related revenue, as if it had originated the contract. Before the update such amounts were recognized by the acquiring company at fair value. The amendments in this ASU are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted, including in interim periods, for any financial statements that have not yet been issued. We adopted ASU 2021-08

prospectively, effective beginning January 1, 2022. Its adoption did not have a material impact on our consolidated financial statements.

In November 2021, the FASB issued ASU 2021-10, Government Assistance (Topic 832); Disclosures by Business Entities about Government Assistance, which requires certain annual disclosures about transactions with a government that are accounted for by applying a grant or contribution accounting model by analogy. The amendments are effective for fiscal years beginning after December 15, 2021. We adopted ASU 2021-10 effective beginning January 1, 2022. Its adoption did not have a material impact on our consolidated financial statements.

Recently issued accounting pronouncements not yet adopted as of December 31, 2022:

On June 16, 2016, the FASB issued ASU 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. This standard will be effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted. The adoption of ASU No. 2016-13 will not have a material impact on our consolidated financial statements and related disclosures. Subsequent to the issuance of ASU No. 2016-13, the FASB issued ASU 2018-19, Codification Improvements various

ASUs related to Topic 326, Financial Instruments - Credit Losses, and ASU No. 2019-05, Financial Instruments - Measurement of Credit Losses (Topic 326) Targeted Transition Relief 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. These ASUs will have the same effective date and transition requirements as We adopted ASU No. 2016-13, 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.

Recently Issued

Accounting

pronouncements Not Yet Adopted. In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which will require disclosure of additional detailed information about a reportable segment's expenses, including significant segment expenses regularly provided to the Chief Operating Decision Maker (CODM), the title and position of the CODM, and how the CODM uses the reported measure(s) of a segment's profit or loss. This ASU will be effective for us in annual periods beginning after December 15, 2023 and interim periods within annual years beginning after December

15, 2024. The amendments in this ASU must be applied on a retrospective basis to all prior periods presented in the financial statements and early adoption is permitted. We expect this ASU to only impact our disclosures with no impacts to our results of operations, financial condition and cash flows.

In December 2023, the FASB Issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which will require additional annual income tax disclosures, including disclosure of reconciling items by jurisdiction and nature to the extent those items exceed a specified threshold. In addition, this ASU will require disclosure of income taxes paid, net of refunds received disaggregated by federal, state, and foreign and by jurisdiction if the amount is more than 5% of total income tax payments, net of refunds received. The amendments in this ASU are effective for us in annual periods beginning after December 15, 2024. The amendments in this ASU are required to be applied on a prospective basis and retrospective adoption is permitted. We expect this ASU to only impact our disclosures with no impacts to our results of operations, financial condition and cash flows.

[Table of Contents](#)

**Note 2—
Significant Risks and
Uncertainties**

Many of our hospital customers in the U.S. are represented by group purchasing organizations (GPOs) that contract with us for services on behalf of the GPO members. GPOs representing a significant portion of our business are Vizient, Premier, Inc. (Premier) and Health Trust Purchasing Group (HPG). Members of these GPOs have incentives to purchase from their primary selected distributor; however, they operate independently and are free to negotiate directly with distributors and manufacturers. For **2022**, net revenue from hospitals under contract with these GPOs represented the following approximate percentages of our consolidated net revenue: Vizient—**35%**; Premier—**19%**; and HPG—**12%**.

In **2023**, **2022**, **2021** and **2020**, no sales of products of any individual suppliers exceeded 10% of our consolidated net revenue.

**Note 3—
Acquisitions and
Discontinued Operations**

Acquisition

Acquisitions. **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 (Apria Acquisition) 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. At the time of the **Apria Acquisition**, each share of Apria's common stock was converted into the right to receive \$37.50 in cash. Apria is a leading provider of integrated home healthcare equipment and related services in the United States. This business division is reported as part of the Patient Direct segment.

The following table presents the preliminary estimated 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 have been estimated 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. The allocation of purchase price to assets and liabilities acquired is not yet complete, as valuations of tangible and intangible assets and

liabilities are still in process.

	Preliminary Fair Value Originally Estimated as of Acquisition Date ⁽¹⁾	Differences Between Prior and the Current Periods	Preliminary Fair Value Estimate	Preliminary Fair Value Currently Estimated as of Acquisition Date
Assets acquired:				
Current assets	\$ 142,136	\$ 32	\$ 142,168	
Goodwill	1,267,079	(17,314)	1,249,765	
Intangible assets	295,466	19,834	315,300	
Other non-current assets	371,320	(17,083)	354,237	
Total assets	<u>\$ 2,076,001</u>	<u>\$ (14,531)</u>	<u>\$ 2,061,470</u>	
Liabilities assumed:				
Current liabilities	\$ 241,266	\$ 7,036	\$ 248,302	
Noncurrent liabilities	150,128	(21,567)	128,561	
Total liabilities	<u>391,394</u>	<u>(14,531)</u>	<u>376,863</u>	
Fair value of net assets acquired, net of cash	<u>\$ 1,684,607</u>	<u>\$ —</u>	<u>\$ 1,684,607</u>	

	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	<u>\$ 2,060,444</u>
Liabilities assumed:	
Current liabilities	\$ 247,276
Noncurrent liabilities	128,561
Total liabilities	<u>375,837</u>

Fair value of
net assets
acquired,
net of cash \$ 1,684,607
*As previously reported
in our first quarter 2022
Form 10-Q.*

Current assets
acquired *includes*
\$91.3 *include* \$88.7 million
in fair value of receivables,
which reflects the
approximate amount
contractually owed. We are
amortizing the *preliminary*
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*. *years*

Goodwill of
\$1.2 billion, \$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
\$32\$33 million of the
goodwill is *expected to be*
deductible for income tax
purposes.

The following table
provides *unaudited* pro
forma results of net
revenue and net *(loss)*
income loss for the year
ended December 31, 2022
and 2021 as if Apria was
acquired on January 1,
2021, *based on the final*
purchase price allocation.

The pro forma

[Table of Contents](#)

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.

	Year Ended December 31,	
	2022	2021
Net revenue	\$10,232,588	\$10,930,590
Net (loss) income	\$ (97,687)	\$ 286,466

	Years Ended December 31,	
	2022	2021
Net revenue	\$10,232,588	\$10,930,590
Net (loss) income	\$ (97,687)	\$ 286,466

Pro forma net loss of \$97.7 million for the year ended December 31, 2022 includes pro forma adjustments for interest expense of \$20.8 million and amortization of intangible assets of \$10.5 million, which reflects the updated preliminary purchase price allocation. The pro forma net loss for the year ended December 31, 2022 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. Revenue and net loss of Apria since the Acquisition Date included in the consolidated statement of operations for the year ended December 31, 2022 were \$937 million and \$3.3 million, respectively.

Discontinued

Operations. On June 18, 2020, we completed the divestiture of our European logistics business, Movianto (the Divestiture), as well as certain support functions

Acquisition-related charges within acquisition-related charges and intangible amortization presented in our Dublin office, to Walden Group SAS (the Buyer) and EHDH (as Buyer's guarantor) for cash consideration of \$133 million. We concluded that the Movianto business met the criteria for discontinued operations as of December 31, 2019 and through the Divestiture Date, as the intention to sell represented a strategic shift and the criteria for held-for-sale were met. Movianto was previously reported in the Global Solutions segment and would have been reported within Products & Healthcare Services under our current segment structure.

Accordingly, the results of operations from the Movianto business were reported in the accompanying consolidated statements of operations as Loss from discontinued operations, net of tax were \$17.5 million, \$48.1 million, and \$3.0 million for the

year years ended
December 31, 2020.

The following table
summarizes the financial
results of December 31,
2023, 2022, and 2021.
These amounts are
excluded from our
discontinued operations:

<u>Year ended</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>December 31,</u>			
Net revenue	\$—	\$—	\$226,759
Cost of goods sold	—	—	53,923
Gross margin	—	—	172,836
Distribution, selling, and administrative expenses	—	—	157,512
Loss on divestiture	—	—	65,472
Acquisition-related and exit and realignment charges	—	—	4,825
Other operating income, net	—	—	(388)
Operating loss	—	—	(54,585)
Interest expense, net	—	—	3,144
Loss from discontinued operations before income taxes	—	—	(57,729)
Income tax provision from discontinued operations	—	—	474
Loss from discontinued operations, net of taxes	\$—	\$—	\$(58,203)

segments¹
operating income.

Note 4—
Merchandise Inventories

At December 31, 2023 and amortization on assets that are held-for-sale, including right-of-use assets recorded in

accordance with ASU No. 2016-02 *Leases (Topic 842)*, for the year ended December 31, 2020.

All revenue and expense included in discontinued operations during the year ended December 31, 2020 related to activity through the Divestiture Date. No revenue or expense have been recorded in discontinued operations related to the disposal group subsequent to the Divestiture Date.

We had no assets and liabilities associated with the discontinued Movianto business reflected on the consolidated balance sheet as of December 31, 2022 and 2021.

The following table provides operating and investing cash flow information for our discontinued operations:

<u>Year ended</u>	<u>December 31, 2022</u>	<u>2021</u>	<u>2020</u>
Operating activities:			
Loss on divestiture			
	\$—	\$—	\$65,472
Investing activities:			
Capital expenditures			
	\$—	\$—	\$(3,027)

Note 4—Accounts

Receivable, Net

Allowances for losses on accounts receivable of \$9.1 million and \$18.0 million have been applied as reductions of accounts receivable at December 31, 2022 and 2021.

Note 5—

Merchandise Inventories

At December 31, 2022 and 2021 2022 we had net inventory of \$1.3 billion \$1.1 billion and \$1.5 billion, \$1.3 billion, of which \$840 million \$718

million and
\$835 million \$840 million
were valued under
LIFO. LIFO, all of which
relates to inventory in our
Products & Healthcare
Services segment. If LIFO
inventories had been
valued on a current cost or
FIFO basis, they would
have been greater by
\$231 million \$233 million
and \$225 million \$231
million as of December 31,
2022 December 31, 2023
and 2021 2022. At
December 31,
2022 December 31, 2023
and 2021, 2022, included in
our inventory was
\$84.4 million \$75.7 million
and \$99.5 million \$84.4
million in raw materials,
\$73.7 million \$61.5 million
and \$73.8 million \$73.7
million in work in process
and the remainder was
finished goods. For
the year ended December
31, 2022, primarily due to
demand declines and
builds in excess personal
protective equipment
(PPE), the Company we
increased its our estimate
of inventory valuation
allowances. This change in
estimate contributed to a
\$92.3 million \$92.3 million
(approximately
\$69.6 million, net of tax)
valuation adjustment, or an
approximate \$0.93 and
\$0.91 impact per basic and
diluted common share. For
the year ended December
31, 2023, our inventory
valuation allowances
declined primarily due to
inventory reductions,
including excess PPE
previously reserved. At
December 31,
2022 December 31, 2023
and 2021 2022 we had
inventory valuation
allowances of
\$128 million \$78.2 million
and \$25.4 million.

\$128 million.

Note 6—5—
Property and Equipment,
Net

Property and equipment, net, consists of the following:

<u>December 31,</u>	<u>2023</u>	<u>2022</u>
Land and land		
improvements	\$ 22,959	\$ 22,849
Buildings and leasehold		
improvements	201,939	197,228
Machinery and equipment	492,551	470,071
Patient service equipment	362,192	324,007
Construction in progress	10,728	14,400
Property and equipment, gross	1,090,369	1,028,555
Accumulated depreciation and amortization	(546,397)	(450,286)
Property and equipment, net	\$ 543,972	\$ 578,269

<u>December 31,</u>	<u>2022</u>	<u>2021</u>
Land and land		
improvements	\$ 22,849	\$ 22,994
Buildings and leasehold		
improvements	197,228	171,268
Machinery and equipment	470,071	431,836
Patient service equipment	324,007	—
Construction in progress	14,400	25,637
Property and equipment, gross	1,028,555	651,735
Accumulated depreciation and amortization	(450,286)	(334,500)
Property and equipment, net	\$ 578,269	\$317,235

Depreciation and amortization expense for property and equipment

and assets under finance leases was \$136 million, \$188 million, \$40.5 million \$136 million, and \$41.5 million \$40.5 million for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020 2021.

72

[Table of Contents](#)

Note 7—6—
Goodwill and Intangible Assets, Net

In connection with our new segment structure, which began in the first quarter of 2022, goodwill is now reported as part of Products & Healthcare Services or Patient Direct. There was no change to our underlying reporting units as part of that segment change and therefore no reallocation of goodwill. As of October 1, 2022, we performed our annual impairment test and concluded that there were no impairments of goodwill.

In December 2021, we closed on an acquisition of a small kitting business, the impact of which was immaterial to our financial results.

The following table summarizes the changes in the carrying amount of goodwill through December 31, 2022 December 31, 2023:

	Patient Direct	Products & Healthcare Services	Consolidated
--	----------------	--------------------------------	--------------

Net carrying amount of goodwill, December 31, 2020	\$ 283,905	\$ 110,181	\$ 394,086
Currency translation adjustments	—	(6,717)	(6,717)
Acquisition		2,816	2,816
Net carrying amount of goodwill, December 31, 2021	283,905	106,280	390,185
Currency translation adjustments	—	(2,713)	(2,713)
Acquisition	1,249,765	(532)	1,249,233
Net carrying amount of goodwill, December 31, 2022	\$1,533,670	\$ 103,035	\$ 1,636,705

	Patient Direct	Services	Products & Healthcare Consolidated
Net carrying amount of goodwill, December 31, 2021	\$ 283,905	\$106,280	\$ 390,185
Currency translation adjustments	—	(2,713)	(2,713)
Acquisition	1,249,765	(532)	1,249,233
Carrying amount of goodwill, December 31, 2022	\$1,533,670	\$103,035	\$ 1,636,705
Acquisition adjustment	1,582	—	1,582
Currency translation adjustments	—	559	559
Carrying amount of goodwill, December 31, 2023	\$1,535,252	\$103,594	\$ 1,638,846

As of October 1, 2023, due to changes in our long-term financial plan assumptions, we elected to bypass the qualitative test

and a quantitative goodwill impairment test was performed to compare the estimated fair value for all reporting units with goodwill to the respective carrying amount. No impairment of goodwill was recorded for the years ended December 31, 2023, 2022, and 2021.

Intangible assets at December 31, 2022 December 31, 2023 and 2021 2022 were as follows:

	2022			2021		
	Customer Relationships	Tradenames	Other Intangibles	Customer Relationships	Tradenames	Other Intangibles
	Gross intangible assets	\$ 447,107	\$ 202,000	\$ 73,181	\$ 275,526	\$ 90,000
Accumulated amortization	(197,540)	(50,094)	(29,612)	(146,168)	(33,242)	(19,560)
Net intangible assets	<u>\$ 249,567</u>	<u>\$ 151,906</u>	<u>\$ 43,569</u>	<u>\$ 129,358</u>	<u>\$ 56,758</u>	<u>\$ 23,629</u>
Weighted average useful life	<u>13 years</u>	<u>10 years</u>	<u>6 years</u>	<u>10 years</u>	<u>11 years</u>	<u>8 years</u>

	2023			2022		
	Customer Relationships	Tradenames	Other Intangibles	Customer Relationships	Tradenames	Other Intangibles
	Gross intangible assets	\$ 433,750	\$ 202,000	\$ 73,958	\$ 447,107	\$ 202,000
Accumulated amortization	(236,791)	(69,655)	(41,427)	(197,540)	(50,094)	(29,612)
Net intangible assets	<u>\$ 196,959</u>	<u>\$ 132,345</u>	<u>\$ 32,531</u>	<u>\$ 249,567</u>	<u>\$ 151,906</u>	<u>\$ 43,569</u>
Weighted average useful life	<u>13 years</u>	<u>10 years</u>	<u>6 years</u>	<u>13 years</u>	<u>10 years</u>	<u>6 years</u>

At December 31, 2022 December 31, 2023 and 2021, \$308 2022, \$250 million and \$45.7 million \$308 million in net intangible assets were held in the Patient Direct segment and \$137 million \$112 million and \$164 \$137 million were held

in the Products & Healthcare Services segment. Amortization expense for intangible assets was \$83.5 million for 2023, \$78.8 million for 2022 and \$39.8 million for 2021 and \$41.5 million for 2020.

Based 2021.

As of December 31, 2023, based on the current carrying value of intangible assets subject to amortization, estimated future amortization expense is \$83.2 million for 2023, \$65.3 million for 2024, \$55.2 million for 2025, \$53.7 million for 2026, and \$46.9 million for 2027, as follows:

Year	
2024	\$ 64,594
2025	54,608
2026	50,255
2027	41,906
2028	32,081
Thereafter	118,391
Total future amortization	\$361,835

[Table of Contents](#)

Note 8—7— Leases

The components of lease expense were as follows:

	Classification	Years Ended December 31,		
		2023	2022	2021
Operating lease cost	DS&A Expenses	\$ 109,942	\$ 81,520	\$ 59,397

Finance lease cost:				
Amortization of lease assets	DS&A Expenses	2,151	2,755	1,098
Interest on lease liabilities	Interest expense, net	1,232	<u>1,516</u>	<u>1,255</u>
Total finance lease cost		3,383	<u>4,271</u>	<u>2,353</u>
	DS&A			
Short-term lease cost	Expenses, Cost of goods sold	8,271	4,129	871
Variable lease cost	Expenses, Cost of goods sold	45,158	<u>35,431</u>	<u>17,491</u>
Total lease cost		\$166,754	<u>\$125,351</u>	<u>\$80,112</u>

Classification	Years ended December 31,			
	2022	2021	2020	
Operating lease cost	DS&A Expenses	\$ 81,520	\$59,397	\$53,675
Finance lease cost:				
Amortization of lease assets	DS&A Expenses	2,755	1,098	963
Interest on lease liabilities	Interest expense, net	1,516	<u>1,255</u>	<u>1,283</u>
Total finance lease cost		4,271	<u>2,353</u>	<u>2,246</u>
Short-term lease cost	DS&A Expenses, Cost of goods sold	4,129	871	1,081
Variable lease cost	DS&A Expenses, Cost of goods sold	35,431	17,491	15,611
Total lease cost		\$125,351	<u>\$80,112</u>	<u>\$72,613</u>

Variable lease cost consists primarily of taxes, insurance, and common area or other maintenance costs for our leased facilities and patient services equipment which are paid as incurred.

Supplemental balance sheet information is as follows:

As of December 31,

	Classification	2023	2022
Assets:			
Operating lease assets	Operating lease assets	\$296,533	\$280,665
Finance lease assets	Property and equipment, net	8,477	10,194
Total lease assets		\$305,010	\$290,859
Liabilities:			
Current			
Operating lease liabilities, excluding current portion	Other current liabilities	\$ 85,665	\$ 76,805
Finance lease liabilities	Current portion of long-term debt	2,822	2,531
Noncurrent			
Operating lease liabilities, excluding current portion	Operating lease liabilities, excluding current portion	222,429	215,469
Finance lease liabilities	Long-term debt, excluding current portion	9,557	11,877
Total lease liabilities		\$320,473	\$306,682

	Classification	As of December 31,	
		2022	2021
Assets:			
Operating lease assets	Operating lease assets	\$280,665	\$194,006
Finance lease assets	Property and equipment, net	10,194	8,896
Total lease assets		\$290,859	\$202,902
Liabilities:			
Current			
Operating lease liabilities, excluding current portion	Other current liabilities	\$ 76,805	\$ 41,817
Finance lease liabilities	Other current liabilities	2,531	2,037
Noncurrent			
Operating lease liabilities, excluding current portion	Operating lease liabilities, excluding current portion	215,469	162,241
Finance lease liabilities	Long-term debt, excluding current portion	11,877	11,314
Total lease liabilities		\$306,682	\$217,409

The gross value recorded under finance leases was **\$21.5** million and **\$20.6** million with associated accumulated depreciation of **\$11.3** million and **\$11.7** million as of December 31, 2022 December 31, 2023 and 2021. Operating lease assets include \$88.6 million in right-of-use assets and \$91.9 million 2022.

74

[Table of operating lease liabilities associated with Apria as of December 31, 2022](#) [Contents](#)

Other information related to leases was as follows:

	Years ended December 31,		
	2022	2021	2020
<u>Supplemental cash flow information</u>			
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating and finance leases	\$ 81,821	\$ 59,192	\$ 54,541
Financing cash flows from finance leases	\$ 2,850	\$ 1,199	\$ 879

Right-of-use assets obtained in exchange for new operating and finance lease liabilities	\$ 75,188	\$ 96,988	\$ 41,616
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<u>Weighted average remaining lease term (years).</u>			
Operating leases	4.3	4.9	5.2
Finance leases	5.2	6.4	7.9

<u>Weighted average discount rate</u>			
Operating leases	6.9 %	8.8 %	11.8 %
Finance leases	9.9 %	10.8 %	12.3 %

	Years Ended December 31,		
	2023	2022	2021
<u>Supplemental cash flow information</u>			
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating and finance leases	\$ 109,726	\$ 81,821	\$ 59,192
Financing cash flows from finance leases	\$ 2,523	\$ 2,850	\$ 1,199
Right-of-use assets obtained in exchange for new operating and finance lease liabilities	\$ 116,230	\$ 75,188	\$ 96,988

<u>Weighted average remaining lease term (years)</u>			
Operating leases	3.9	4.3	4.9
Finance leases	4.3	5.2	6.4
<u>Weighted average discount rate</u>			
Operating leases	7.3 %	6.9 %	8.8 %
Finance leases	10.3 %	9.9 %	10.8 %

Maturities of lease
liabilities as of **December
31, 2022** **December 31,**
2023 were as follows:

	Operating Leases ⁽¹⁾	Finance Leases	Total
2023	\$100,499	\$ 3,557	\$104,056
2024	88,461	3,505	91,966
2025	66,821	3,452	70,273
2026	46,418	2,578	48,996
2027	28,806	2,229	31,035
Thereafter	<u>31,394</u>	<u>2,544</u>	<u>33,938</u>
Total lease payments	362,399	17,865	380,264
Less: Interest	(70,125)	(3,457)	(73,582)
Present value of lease liabilities	<u>\$292,274</u>	<u>\$14,408</u>	<u>\$306,682</u>

*(1) Operating lease
payments exclude \$40.2 million of
legally binding lease payments for
the Morgantown, West Virginia
center of excellence for medical
supplies and logistics lease
signed, but not yet commenced.*

	Operating Leases	Finance Leases	Total
2024	\$ 112,868	\$ 3,753	\$116,621
2025	92,510	3,657	96,167
2026	70,946	2,758	73,704
2027	46,597	2,302	48,899
2028	28,720	2,033	30,753
Thereafter	<u>17,650</u>	<u>511</u>	<u>18,161</u>
Total lease payments	369,291	15,014	384,305

Less:			
Interest	(61,197)	(2,635)	(63,832)
Present			
value of			
lease			
liabilities	\$ 308,094	\$ 12,379	\$320,473

**Note 9—8—Exit
and Realignment Costs**

We periodically incur exit and realignment and other charges associated with optimizing our operations which includes the consolidation of certain distribution centers, warehouses, our client engagement center facilities, IT strategic initiatives, and IT restructuring charges, other strategic actions. These charges also include costs associated with our strategic organizational realignment Operating Model Realignment Program, which include reorganization costs, certain includes professional fees, severance and other costs to streamline administrative functions and processes, divestiture related costs, and other items.

processes.

Exit and realignment charges by segment were \$99.1 million, \$6.9 million and \$31.1 million for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 were as follows: 2021. These amounts are excluded from our segments' operating income.

We have incurred \$92.2 million in charges under our Operating Model

Realignment Program and IT strategic initiatives for the year ended December 31, 2023, which are included in the total exit and realignment charges above. We

<u>Year ended</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Products & Healthcare Services	\$6,414	\$28,760	\$25,622
Patient Direct	483	2,349	310
Total exit and realignment charges	<u>\$6,897</u>	<u>\$31,109</u>	<u>\$25,932</u>

75

[Table of Contents](#)

expect to incur material future costs relating to our Operating Model Realignment Program and IT strategic initiatives, which we are not able to reasonably estimate.

The following table summarizes the activity related to exit and realignment cost accruals through December 31, 2022 December 31, 2023:

	Total
Accrued exit and realignment charges, December 31, 2020	\$ 3,146
Provision for exit and realignment activities:	
Severance	9,191

Information system restructuring costs	4,752
Lease obligations	440
Other	5,564
Cash payments	<u>(14,787)</u>
Accrued exit and realignment charges, December 31, 2021	8,306
Provision for exit and realignment activities:	
Severance	2,018
Other	4,147
Cash payments	<u>(13,502)</u>
Accrued exit and realignment charges, December 31, 2022	969
Provision for exit and realignment activities:	
Severance	11,556
Professional fees	63,699
Vendor contract and lease termination costs	6,198
IT strategic initiatives	8,649
Other	5,619
Cash payments	<u>(76,643)</u>
Accrued exit and realignment charges, December 31, 2023	<u>\$ 20,047</u>

		<u>Total</u>
Accrued exit and realignment charges, December 31, 2019		\$ 8,162
Provision for exit and realignment activities:		
Severance	5,623	
Information system restructuring costs	2,119	
Lease obligations	1,051	
Other	6,519	
Cash payments	<u>(20,328)</u>	
Accrued exit and realignment charges, December 31, 2020		3,146
Provision for exit and realignment activities:		
Severance	9,191	
Information system restructuring costs	4,752	
Lease obligations	440	
Other	5,564	
Cash payments	<u>(14,787)</u>	
Accrued exit and realignment charges, December 31, 2021		8,306
Provision for exit and realignment activities:		
Severance	2,018	
Other	4,147	
Cash payments	<u>(13,502)</u>	
Accrued exit and realignment charges, December 31, 2022		<u>\$ 969</u>

In addition to the exit and realignment accruals in the preceding table, we also incurred **\$0.7** **\$3.4** million of costs

that were expensed as incurred for the year ended December 31, 2022 December 31, 2023, which primarily related to an increase in reserves charges associated with certain retained assets of a lease termination and wind-down costs related to Fusion5. We also incurred \$11.2 million and \$11.2 million of costs that were expensed as incurred for the years ended December 31, 2021, December 31, 2022 and 2021, which primarily includes \$9.6 million of included wind-down costs related to Fusion5. We also incurred \$10.6 million of costs that were expensed as incurred for the year ended December 31, 2020, including \$4.9 million in impairment charges related to our client engagement center right-of-use asset, \$3.7 million in loss on the sale of certain disposed assets and \$2.0 million in other asset charges.

Acquisition-related and exit and realignment charges presented in our consolidated statements of operations includes acquisition-related charges of \$48.1 million, \$3.0 million and \$11.8 million for the years ended December 31, 2022, 2021 and 2020. Acquisition-related charges in 2022 and 2021 consisted primarily of costs related to the Apria transaction. Acquisition-related charges in 2020 consisted primarily of transition costs for the Halyard acquisition.

Note 10—9—Debt

Debt consists of
the following:

	2022		2021	
	Carrying December 31, Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
4.375%				
Senior Notes, due December 2024	\$ 245,510	\$ 237,772	\$245,086	\$263,263
Receivables Securitization Program	93,142	96,000	197,026	200,000
Term Loan A	490,816	485,000	—	—
4.500%				
Senior Notes, due March 2029	492,762	396,625	491,656	515,225
Term Loan B	576,587	597,733	—	—
6.625%				
Senior Notes, due April 2030	585,180	516,060	—	—
Finance leases and other	16,877	16,877	15,809	15,809
Total debt	2,500,874	2,346,067	949,577	994,297
Less current maturities	(17,906)	(17,906)	(2,037)	(2,037)
Long-term debt	\$2,482,968	\$2,328,161	\$947,540	\$992,260
2023		2022		
	Carrying December 31, Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
4.375%				
Senior Notes, due December 2024	\$ 171,232	\$ 168,754	\$ 245,510	\$ 237,772
Receivables Securitization Program	—	—	93,142	96,000
Term Loan A	387,591	390,668	490,816	485,000
4.500%				
Senior Notes, due March 2029	472,869	422,647	492,762	396,625
Term Loan B	503,212	518,293	576,587	597,733
6.625%				
Senior Notes, due April 2030	540,445	529,472	585,180	516,060
Finance leases and other	22,153	22,153	16,877	16,877

Total debt	2,097,502	2,051,987	2,500,874	2,346,067
Less current				
maturities	(206,904)	(206,904)	(17,906)	(17,906)
Long-term				
debt	\$1,890,598	\$1,845,083	\$2,482,968	\$2,328,161

[Table of Contents](#)

We have \$246 million, excluding deferred financing costs and third party fees, \$171 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 \$73.5 million of cash to repurchase \$74.7 million aggregate principal of the 2024 Notes during 2023.

On March 29, 2022, we entered into a Security Agreement 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 subsidiaries sell substantially all of their accounts receivable balances are sold to our wholly owned special purpose entity, O&M Funding LLC. The Receivables Financing Agreement matures in March 2025.

At

We had no borrowings at December 31, 2023 and \$96.0 million outstanding at December 31, 2022 and 2021, we had borrowings of \$96.0 million and \$200 million outstanding under our Receivables Financing Agreement. At December 31, 2022 December 31, 2023 and 2021, 2022, we had maximum revolving borrowing capacity of \$354 million \$450 million and \$100 million \$354 million available under our Receivable Receivables Financing Agreement.

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 December 31, 2022, we had no borrowings and letters of credit of \$27.9 million outstanding under our Revolving Credit Agreement. At December 31, 2021, we had no borrowings and letters of credit of \$9.4 million outstanding under our Revolving Credit Agreement. At December 31, 2022 and 2021, we had \$422 million and \$291 million available for borrowing under our

Revolving Credit
Agreement. We also had letters of credit and bank guarantees, which were issued outside of the Revolving Credit Agreement for \$2.3 million and \$2.2 million as of December 31, 2022 and 2021, which supports certain leased facilities as well as other normal business activities in the United States and Europe.

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 \$500 million Term Loan A facility (the Term Loan A), and (ii) a \$600 million \$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 the Term SOFR or the Base Rate plus 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 March 2021, addition to our scheduled principal payments of \$9.4 million on the Term Loan A and \$6.0

million on the Term Loan B, we made unscheduled principal payments of \$97.5 million on Term Loan A and \$72.5 million on Term Loan B during 2023.

On March 10, 2021, we issued \$500 million, excluding deferred financing costs and third party fees, \$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 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 2023.

On March 29, 2022, we completed the sale of \$600 million of \$600 million in aggregate principal amount of our 6.625% senior unsecured 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 2023.

The 2029 Unsecured Notes and the 2030 Unsecured Notes are effectively 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 Security Agreement Supplement pursuant to which syndicate of financial institutions, as lenders (Revolving Credit Agreement). The amendment (i) increased 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 aggregate revolving credit

commitments under the credit agreements (the Secured Parties) including first priority liens Revolving Credit Agreement by \$150 million, to an aggregate amount of \$450 million and security interests in (a) all present and future shares of capital stock owned by (ii) replaced the Grantors (as Eurocurrency Rate with the Adjusted Term SOFR Rate (each as defined in the Security Revolving Credit Agreement). The Revolving Credit Agreement matures in March 2027.

At December 31, 2023 and 2022, our Revolving Credit Agreement was undrawn, and we had letters of credit, which reduce 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 Grantors' present U.S. and future subsidiaries, subject to certain customary exceptions, and (b) all present and future personal property and assets Europe that were issued outside of the Grantors, subject to certain exceptions.

Revolving Credit Agreement for \$3.0 million and \$2.3 million as of December 31, 2023 and 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 December 31, 2022 December 31, 2023.

As of December 31, 2022 December 31, 2023, scheduled future principal payments of debt, excluding finance leases and other, were as follows:

<u>Year</u>
2023 \$ 15,375
2024 273,855
2025 136,375
2026 43,500
2027 402,875
2028 6,000
2029 1,059,500
2030 600,000

<u>Year</u>
2024 \$199,197
2025 40,375
2026 43,500
2027 305,375
2028 6,000
2029 965,654
2030 552,189

Of the \$274 million \$199 million due in 2024, \$254 \$179 million is due in December 2024. Current maturities at December 31, 2022 December 31, 2023 include \$9.4 \$171 million in

principal payments on our 2024 Notes, \$21.9 million in principal payments on our Term Loan A, \$6.0 million in principal payments on our Term Loan B, and \$2.5 million \$7.7 million in current portion of finance leases.

leases and other.

Note 11—10—

Share-Based Compensation

We maintain a share-based compensation plan (the Plan) that is administered by the Our People & Culture Committee of the Board of Directors. The Plan allows us to award or grant to officers, directors and teammates incentive, non-qualified and deferred compensation stock options, stock appreciation rights (SARs), performance stock units and performance shares (collectively Performance Stock Awards (PSAs)), restricted stock units and restricted stock (collectively

78

[Table of Contents](#)

(collectively

Restricted Stock Awards (RSAs)) and unrestricted stock. We use authorized and unissued common shares for grants of RSAs, SARs, PSAs or for stock option exercises. At

December 31,
2022 December 31, 2023,
approximately 5.1
million 3.6 million common
shares were available for
issuance under the Plan.

RSAs under the
Plan generally vest over
one, three or
five years. PSAs
under the Plan are issuable
as restricted stock or
common shares upon
meeting performance goals
and generally have a total
performance and vesting
period of three years.

We recognize the
fair value of stock-based
compensation awards,
which is based upon the
market price of the
underlying common stock
at the grant date, on a
straight-line basis over the
estimated requisite service
period. RSAs are earned
based on service
conditions and PSAs are
earned based on service
conditions, performance
conditions, market
conditions, or any
combination of these. The
fair value of PSAs as of the
date of grant is estimated
assuming that performance
goals will be achieved at
target levels. If such goals
are not probable of being
met, or are probable of
being met at different
levels, recognized
compensation cost is
adjusted to reflect the
change in estimated fair
value.

Total share-based
compensation expense for
December 31,
2022 December 31, 2023,
2022 and 2021 was

\$23.2 million, \$21.0 million and **2020** was \$21.0 million, \$25.0 million and **\$19.7 million** with recognized tax benefits of **\$5.5** \$6.0 million, **\$6.5 million** \$5.5 million and **\$5.1 million** \$6.5 million.

Unrecognized compensation cost related to nonvested RSAs, net of estimated forfeitures, was \$27.8 million \$28.4 million at **December 31, 2022** December 31, 2023.

This amount is expected to be recognized over a weighted-average period of 2.0 years, based on the maximum remaining vesting period required under the awards.

Unrecognized compensation cost related to nonvested PSAs as of **December 31, 2022** December 31, 2023 was \$4.2 million \$0.9 million and will be recognized primarily in **2023** 2024 and **2024** 2025 if the related performance targets are met.

met at the current level expected.

The following table summarizes the activity and value of nonvested RSAs and PSAs for the years ended **December 31, 2022** December 31, 2023, **2021** 2022 and **2020**:

	2022		2021		2020	
	Weighted Average		Weighted Average		Weighted Average	
	Grant-date		Grant-date		Grant-date	
	Number of Shares	Fair Value Per Share	Number of Shares	Fair Value Per Share	Number of Shares	Fair Value Per Share
Nonvested awards at beginning of year	4,325	\$ 11.57	4,816	\$ 7.64	4,515	\$ 9.69
Granted	2,745	19.10	2,758	14.10	2,289	7.29
Vested	(2,667)	8.11	(1,801)	9.33	(1,487)	11.94

Forfeited	<u>(1,626)</u>	<u>11.25</u>	<u>(1,448)</u>	<u>6.10</u>	<u>(501)</u>	<u>7.69</u>
Nonvested awards at end of year	<u>2,777</u>	<u>22.52</u>	<u>4,325</u>	<u>11.57</u>	<u>4,816</u>	<u>7.64</u>

2021:

	2023		2022		2021	
	Weighted		Weighted		Weighted	
	Average		Average		Average	
	Number of	Grant-date Fair	Number of	Grant-date Fair	Number of	Grant-date Fair
	Shares	Value	Shares	Value	Shares	Value
Nonvested awards at beginning of year	2,777	\$ 22.52	4,325	\$ 11.57	4,816	\$ 7.64
Granted	3,137	18.34	2,745	19.10	2,758	14.10
Vested	(1,736)	14.04	(2,667)	8.11	(1,801)	9.33
Forfeited	(977)	26.82	(1,626)	11.25	(1,448)	6.10
Nonvested awards at end of year	3,201	21.70	2,777	22.52	4,325	11.57

The total fair value of RSAs and PSAs vesting during the years ended December 31, 2022 December 31, 2023, 2022 and 2021 was \$24.4 million, \$21.6 million and 2020 was \$21.6 million, \$16.8 million and \$17.8 million.

Note **12—11—**
Retirement Plans

Savings and Retirement Plans. We maintain a voluntary 401(k) savings and retirement plans covering substantially all full-time and certain part-time teammates in the United States U.S. who have met eligibility requirements. We match a certain percentage of each teammates' contribution. These plans also provide for

discretionary contributions by us for all eligible teammates, subject to certain limits, and discretionary profit-sharing contributions. We may increase or decrease our contributions at our discretion, on a prospective basis. We incurred \$14.0 million \$15.0 million, \$23.2 million \$14.0 million and \$21.6 million \$23.2 million of expense related to these plans in 2023, 2022 2021 and 2020 2021. We also maintain defined contribution plans in some countries outside of the United States U.S. in which we operate. Expenses related to these plans were not material in 2023, 2022 2021 and 2020.

2021.

U.S. Retirement

Plans. We have a frozen noncontributory, unfunded retirement plan for certain retirees in the United States U.S. (U.S. Retirement Plan).

79

[Table of Contents](#)

The following table sets forth the U.S. Retirement Plan's financial status and the amounts recognized in our consolidated balance sheets:

December 31, 2022 2021

Change in benefit obligation		
Benefit obligation, beginning of year	\$ 50,244	\$ 57,384
Interest cost	1,176	1,080
Actuarial gain	(8,359)	(4,462)
Benefits paid	(3,720)	(3,758)
Benefit obligation, end of year	\$ 39,341	\$ 50,244
Change in plan assets		
Fair value of plan assets, beginning of year	\$ —	\$ —
Employer contribution	3,720	3,758
Benefits paid	(3,720)	(3,758)
Fair value of plan assets, end of year	\$ —	\$ —
Funded status, end of year	\$(39,341)	\$(50,244)
Amounts recognized in the consolidated balance sheets		
Other current liabilities	\$ (3,604)	\$ (3,649)
Other liabilities	(35,737)	(46,595)
Accumulated other comprehensive loss	10,550	19,831
Net amount recognized	\$(28,791)	\$(30,413)
Accumulated benefit obligation		
	\$ 39,341	\$ 50,244
Weighted average assumptions used to determine benefit obligation		
Discount rate	4.87 %	2.43 %
Rate of increase in compensation levels	N/A	N/A
December 31, Change in benefit obligation	2023	2022

Benefit obligation, beginning of year	\$ 39,341	\$ 50,244
Interest cost	1,827	1,176
Actuarial gain	(3,787)	(8,359)
Benefits paid	(3,322)	(3,720)
Benefit obligation, end of year	\$ 34,059	\$ 39,341
Change in plan assets		
Fair value of plan assets, beginning of year	\$ —	\$ —
Employer contribution	3,322	3,720
Benefits paid	(3,322)	(3,720)
Fair value of plan assets, end of year	\$ —	\$ —
Funded status, end of year	\$(34,059)	\$(39,341)
Amounts recognized in the consolidated balance sheets		
Other current liabilities	\$ (2,975)	\$ (3,604)
Other liabilities	(31,084)	(35,737)
Accumulated other comprehensive loss	6,331	10,550
Net amount recognized	\$(27,728)	\$(28,791)
Accumulated benefit obligation	\$ 34,059	\$ 39,341
Weighted average assumptions used to determine benefit obligation		
Discount rate	4.68 %	4.87 %
Rate of increase in compensation levels	N/A	N/A

Plan benefit obligations of the U.S. Retirement Plan were measured as of December 31, 2022 December 31, 2023 and 2021 2022. Plan benefit obligations are determined using assumptions developed at the measurement date. The weighted average discount rate, which is used to calculate the present value of plan liabilities, is an estimate of the interest rate at which the plan liabilities could be effectively settled at the measurement date. When estimating the discount rate, we review yields available on high-quality, fixed-income debt instruments and use a yield curve model from which the discount rate is derived by applying the projected benefit payments under the plan to points on a published yield curve.

The components of net periodic benefit cost for the U.S. Retirement Plan were as follows:

<u>Year ended</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
December 31,			
Interest cost	<u>\$1,176</u>	<u>\$1,080</u>	<u>\$1,420</u>
Recognized net actuarial loss	<u>923</u>	<u>1,199</u>	<u>872</u>
Net periodic benefit cost	<u><u>\$2,099</u></u>	<u><u>\$2,279</u></u>	<u><u>\$2,292</u></u>
Weighted average assumptions used to determine net periodic benefit cost			
Discount rate	2.43 %	1.95 %	2.75 %

Rate of increase in future compensation levels	N/A	N/A	N/A
Years Ended			
December 31	2023	2022	2021
Interest cost	\$1,827	\$1,176	\$1,080
Recognized net actuarial loss	431	923	1,199
Net periodic benefit cost	<u>\$2,258</u>	<u>\$2,099</u>	<u>\$2,279</u>
Weighted average assumptions used to determine net periodic benefit cost			
Discount rate	4.87 %	2.43 %	1.95 %
Rate of increase in future compensation levels	N/A	N/A	N/A

Amounts
recognized for the U.S.
Retirement Plan as a
component of accumulated
other comprehensive loss
as of the end of the year
that have not been
recognized as a component
of the net periodic benefit
cost are presented in the

following table. We
expect to recognize
approximately **\$0.4**
million **\$0.2 million** of the
net actuarial loss reported

in the following table as of
December 31,
2022 December 31, 2023,
as a component of net
periodic benefit cost during
2023.

Year ended	2022	2021
December 31,		
Net actuarial loss	\$ (10,550)	\$ (19,831)
Deferred tax benefit	4,964	9,571
Amounts included in accumulated other comprehensive loss, net of tax	\$ (5,586)	\$ (10,260)

2024.

Years Ended	2023	2022
December 31,		
Net actuarial loss	\$ (6,331)	\$ (10,550)
Deferred tax benefit	3,867	4,964
Amounts included in accumulated other comprehensive loss, net of tax	\$ (2,464)	\$ (5,586)

As of **December 31, 2022** December 31, 2023, the expected benefit payments required, based on the same assumptions used to measure our year-end benefit obligation, for each of the next five years and the five-year period thereafter for the U.S. Retirement Plan were as follows:

Year
2023 \$3,561
2024 3,349
2025 3,142
2026 2,924
2027 2,728
2028-2032 10,697

<u>Year</u>	
2024	\$2,942
2025	2,790
2026	2,627
2027	2,479
2028	2,333
2029-2033	9,234

International

Retirement Plans. Certain of our foreign subsidiaries have defined benefit pension plans covering substantially all of their respective teammates. As of December 31, 2022, December 31, 2023 and 2021, the accumulated benefit obligation under these plans was \$11.8 million \$15.5 million and \$12.3 million \$11.8 million. We recorded \$3.6 million \$4.3 million, \$3.6 million and \$2.3 \$3.6 million in net periodic benefit cost in other expense (income), net for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020.

2021.

Note 13—12—
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 swap was designated as a cash flow hedges hedge. Cash flows related to the interest rate swap agreement are included in interest expense.

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 December 31, 2023:

81

[Table of Contents](#)

	Notional		Derivative Assets		Derivative Liabilities	
	Amount	Maturity Date	Classification	Fair Value	Classification	Fair Value
Cash flow hedge						
Interest rate swap	\$ 350,000	March 2027	Other assets, net	\$ 8,447	Other liabilities	\$ —
Economic (non-designated) hedges						
Foreign currency contracts	\$ 78,436	January 2024	Other current assets	\$ 1,043	Other current liabilities	\$ —

The following table summarizes the terms and fair value of our outstanding derivative

financial instruments as of
December 31, 2022:

	Notional Amount	Maturity Date	Derivative Assets		Derivative Liabilities	
			Classification	Fair Value	Classification	Fair Value
Cash flow hedges						
Interest rate swaps	\$400,000	March 2027	Other assets, net	\$15,461	Other liabilities	\$ —

	Notional Amount	Maturity Date	Derivative Assets		Derivative Liabilities	
			Classification	Fair Value	Classification	Fair Value
Cash flow hedge						
Interest rate swap	\$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 following table
summarizes notional
amount of the interest rate
swap represents the
amount in effect at the end
of the period. Based on
contractual terms, and fair
value the notional amount
will decrease in increments
of our outstanding
derivative financial
instruments as \$50.0 million
on the last business day of
December 31, 2021:

	Notional Amount	Maturity Date	Derivative Assets		Derivative Liabilities	
			Classification	Fair Value	Classification	Fair Value
Cash flow hedges						

Foreign currency contracts	\$ 9,700	January 2022	Other current assets	\$ 81	Other current liabilities	\$ —
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March of each year until the maturity date.

In March 2021, we terminated \$300 million in notional value of interest rate swaps concurrent with the debt financing transaction. The balance of the fair value adjustments of \$25.1 million, which related to these terminated interest rate swaps, within accumulated other comprehensive loss was reclassified to (gain) loss on extinguishment of debt within our consolidated statements of operations for the year ended December 31, 2021.

The following table summarizes the effect of cash flow hedge accounting on our consolidated statements of operations for the year ended December 31, 2023:

Amount of Gain Recognized in Other Comprehensive (Loss) Income	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/ (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income
Interest rate swaps \$ 2,707	Interest expense, net \$ (157,915)	\$ 9,720	

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

The following table summarizes the effect of cash flow hedge accounting on our consolidated statements of operations for the year ended December 31, 2022:

	Amount of Gain Recognized in Other Comprehensive Income (Loss)	Location of Loss Reclassified from Comprehensive Income	Total Amount of Expense		
			Line Items Presented in the Consolidated Statement of Operations in Which the Effects are Recorded	Amount of Gain (Loss) Reclassified from Comprehensive Loss into Income	
Interest rate swaps	\$ 14,814	Interest expense, net	\$ (128,891)	\$ (647)	
Amount of Gain/(Loss)					
Amount of Gain Recognized in Other Comprehensive Income	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	Gain/(Loss) Reclassified from Accumulated Other Comprehensive Loss into Income		
Interest rate swaps	\$ 14,814	Interest expense, net	\$ (128,891)	\$ (647)	

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

The following table summarizes the effect of cash flow hedge accounting on our consolidated statements of operations for the year ended December 31, 2021:

			Total Amount of Expense	
	Location of Loss Reclassified from	Line Items Presented in the Consolidated Statement of Operations in	Amount of Gain/(Loss)	
Amount of Loss Recognized in Other Comprehensive Income	Accumulated Other Comprehensive Loss into Income	Which the Effects are Recorded	Accumulated Other Comprehensive Loss into Income	
Interest rate swaps	\$ 2,426	Loss on extinguishment of debt	\$ (40,433)	\$ (25,518)
			Amount of Gain/(Loss)	
	Location of Gain Reclassified from	Total Amount of Expense Line Items Presented in the Consolidated Statement of Operations in Which the Effects are Recorded	Reclassified from	
Amount of Gain Recognized in Other Comprehensive Income	Accumulated Other Comprehensive Loss into Income	Effects are Recorded	Accumulated Other Comprehensive Loss into Income	
Interest rate swaps	\$ 2,426	(Gain) loss on extinguishment of debt	\$ (40,433)	\$ (25,518)

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

*The following table
summarizes the effect of
cash flow hedge
accounting on our
consolidated statements of
operations for the year
ended December 31, 2020:*

			Total Amount of Expense	
	Location of Loss Reclassified from	Line Items Presented in the Consolidated Statement of Operations in	Amount of Gain/(Loss)	
Amount of Loss Recognized in Other Comprehensive Loss into Income	Accumulated Other Comprehensive Loss into Income	Which the Effects are Recorded	Accumulated Other Comprehensive Loss into Income	
Interest rate swaps	\$ (19,741)	Interest expense, net	\$ (83,398)	\$ (9,232)

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

For the years
ended December 31,

2022 December 31, 2023,
2021 2022 and **2020** 2021
 we recognized a loss of
\$0.9 million \$0.3 million,
\$2.3 million \$0.9 million and
\$0.7 \$2.3 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) expense, net for
our foreign exchange
contracts.

Note 14—13—
Income Taxes

The components of
net (loss) income from
continuing operations
before income taxes
consist of the following:

<u>Years</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Ended</u>			
<u>December</u>			
<u>31.</u>			
Net (loss) income before income taxes:			
U.S. \$(65,432) \$(17,650) \$231,424			
Foreign 10,706 28,541 45,330			
Net (loss) income before income taxes	<u>\$(54,726)</u>	<u>\$ 10,891</u>	<u>\$276,754</u>

<u>Year ended</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>December</u>			
<u>31.</u>			

Income from continuing operations before income taxes:				
U.S.	<u>\$(17,650)</u>	<u>\$231,424</u>	<u>\$ 80,632</u>	
Foreign	<u>28,541</u>	<u>45,330</u>	<u>29,276</u>	
Income from continuing operations before income taxes				
	<u>\$ 10,891</u>	<u>\$276,754</u>	<u>\$109,908</u>	

83

[Table of Contents](#)

The income tax provision (benefit) consists of the following:

<u>Year ended</u>				
<u>December</u>				
<u>31,</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	
Current tax provision (benefit):				
Federal	<u>\$ 1,090</u>	<u>\$54,087</u>	<u>\$(4,430)</u>	
State	<u>5,125</u>	<u>15,961</u>	<u>6,527</u>	
Foreign	<u>8,648</u>	<u>14,853</u>	<u>4,172</u>	
Total current tax provision	<u>14,863</u>	<u>84,901</u>	<u>6,269</u>	
Deferred tax provision (benefit):				
Federal	<u>(8,671)</u>	<u>(22,046)</u>	<u>16,512</u>	
State	<u>(5,395)</u>	<u>(4,175)</u>	<u>(1,132)</u>	
Foreign	<u>(12,295)</u>	<u>(3,515)</u>	<u>185</u>	
Total deferred tax provision (benefit)	<u>(26,361)</u>	<u>(29,736)</u>	<u>15,565</u>	
Total income tax (benefit) provision	<u>\$(11,498)</u>	<u>\$55,165</u>	<u>\$21,834</u>	

<u>Years</u>	<u>Ended</u>	<u>December</u>	<u>31.</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current						
tax						
provision:						
Federal	\$	3,887		\$ 1,090		\$ 54,087
State		1,535		5,125		15,961
Foreign		4,886		8,648		14,853
Total						
current						
tax						
provision		10,308		14,863		84,901
Deferred						
tax						
benefit:						
Federal	(18,081)			(8,671)		(22,046)
State	(4,823)			(5,395)		(4,175)
Foreign	(829)			(12,295)		(3,515)
Total						
deferred						
tax						
benefit		(23,733)		(26,361)		(29,736)
Total						
income						
tax						
benefit		<u>\$13,425)</u>		<u>\$11,498)</u>		<u>\$ 55,165</u>

A reconciliation of
the federal statutory rate to
our effective income tax
rate is shown below:

<u>Years</u>	<u>Ended</u>	<u>December 31.</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Federal					
statutory rate	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %
Increases					
(decreases) in					
the rate					
resulting from:					
Net capital					
loss on					
divestiture	— %	— %	(1.0)%		
Tax reform	— %	— %	(1.2)%		
Unrecognized					
tax benefits	(2.6)%	10.2 %	0.1 %		
State income					
taxes, net of					
federal					
income tax					
impact	6.4 %	(7.1)%	3.1 %		

Research and development credit	4.4 %	(29.9)%	(0.8)%
Foreign income taxes	(0.9)%	0.5 %	0.3 %
Valuation allowance	(0.5)%	— %	1.1 %
Restricted stock vestings	(1.0)%	(57.3)%	(2.1)%
Nondeductible Interest	(1.5)%	6.6 %	0.3 %
Nondeductible compensation	(3.6)%	28.9 %	1.0 %
Foreign repatriation change (Thailand)	— %	(96.3)%	— %
Non-deductible transaction costs	— %	19.5 %	— %
Foreign derived intangible income (FDII)	4.0 %	— %	(3.2)%
Global intangible low-taxed income	0.7 %	5.0 %	— %
Other	(1.9)%	(6.7)%	1.3 %
Effective income tax rate	24.5 %	(105.6)%	19.9 %

<u>Year ended</u> <u>December 31,</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Federal statutory rate	21.0 %	21.0 %	21.0 %
Increases (decreases) in the rate resulting from:			
Net capital loss on divestiture	— %	(1.0)%	(24.8)%
Tax reform	— %	(1.2)%	(11.4)%
Unrecognized tax benefits	10.2 %	0.1 %	5.0 %
State income taxes, net of federal income tax impact	(7.1)%	3.1 %	3.2 %
Research and development credit	(29.9)%	(0.8)%	(2.9)%
Foreign income taxes	0.5 %	0.3 %	0.7 %

Valuation allowance	— %	1.1 %	27.1 %
Restricted stock vestings	(57.3)%	(2.1)%	1.0 %
Nondeductible compensation	28.9 %	1.0 %	— %
Foreign repatriation change (Thailand)	(96.3)%	— %	— %
Non- deductible transaction costs	19.5 %	— %	— %
Foreign derived intangible income (FDII)	— %	(3.2)%	— %
Global intangible low- taxed income	5.0 %	— %	— %
Other	(0.1)%	1.6 %	1.0 %
Effective income tax rate	<u>(105.6)%</u>	<u>19.9 %</u>	<u>19.9 %</u>

[Table of Contents](#)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

<u>December 31—</u>	<u>2023</u>	<u>2022</u>
Deferred tax assets:		
Employee benefit plans	\$ 28,763	\$ 27,923
Accrued liabilities not currently deductible	15,997	15,640
Finance charges	2,173	2,143
Lease liabilities	83,895	80,300

Allowance for losses on accounts receivable	7,335	6,703
Net operating loss carryforwards	41,165	55,992
Capital loss carryover	30,034	30,034
Interest limitation	13,082	19,890
Insurance	1,323	20
R&D capitalized costs	21,974	14,017
Other	8,462	7,982
Total deferred tax assets	254,203	260,644
Less: valuation allowances	(35,520)	(35,253)
Net deferred tax assets	218,683	225,391
Deferred tax liabilities:		
Merchandise inventories	25,866	18,904
Goodwill	5,426	4,151
Property, equipment and computer software	69,411	91,983
Right-of-use assets	79,303	75,623
Derivatives	2,196	4,020
Intangible assets	62,301	81,068
Other	859	826
Total deferred tax liabilities	245,362	276,575
Net deferred tax liability	<u><u>\$ (26,679)</u></u>	<u><u>\$ (51,184)</u></u>

<u>December 31,</u>	<u>2022</u>	<u>2021</u>
Deferred tax assets:		
Employee benefit plans	\$ 27,923	\$ 40,121
Accrued liabilities not currently deductible	15,640	24,659
Finance charges	2,143	2,019

Lease liabilities	80,300	57,056
Allowance for losses on accounts receivable	6,703	3,370
Net operating loss carryforwards	55,992	4,985
Capital loss carryover	30,034	30,323
Interest limitation	19,890	206
R&D Capitalized Costs	14,017	—
Other	7,982	4,694
Total deferred tax assets	260,624	167,433
Less: valuation allowances	(35,253)	(34,706)
Net deferred tax assets	225,371	132,727
Deferred tax liabilities:		
Merchandise inventories	18,904	32,261
Goodwill	4,151	2,759
Property and equipment	86,451	32,607
Right-of-use assets	75,623	52,755
Computer software	5,532	8,068
Derivatives	4,020	—
Insurance	(20)	1,040
Intangible assets	81,068	21,953
Withholding tax liabilities	—	7,072
Other	826	101
Total deferred tax liabilities	276,555	158,616
Net deferred tax liability	<u><u>\$(51,184)</u></u>	<u><u>\$(25,889)</u></u>

The valuation allowances relate to deferred tax assets for U.S. federal and state capital loss carryforwards and net operating loss carryforwards in various state jurisdictions. The U.S. capital loss carryforward, which has a full valuation allowance, has an

expiration date of five years. As of December 31, 2022 December 31, 2023, federal net operating losses of approximately \$190.6 \$116 million are available to offset future federal taxable income. The entire \$190.6 \$116 million of net operating losses have an unlimited carryforward period and will not expire. The capital loss and net operating loss carryforwards in various state jurisdictions have various expiration dates ranging from five years to an unlimited carryforward period. Based on management's judgment using available evidence about historical and expected future taxable earnings, management believes it is more likely than not that we will realize the benefit of the existing deferred tax assets, net of valuation allowances, at December 31, 2022 December 31, 2023.

Cash payments for income taxes, including interest, for 2023, 2022 and 2021 and 2020 were \$13.4 million, \$38.1 million \$102 million and \$15.4 \$102 million. Cash tax refunds received for 2023, 2022 and 2021 and 2020 were \$19.7 million, \$4.2 million and \$2.5 million and \$32.8 million.

A summary of the changes in the liability for unrecognized tax benefits from the beginning to the end of the reporting period is as follows:

	<u>2023</u>	<u>2022</u>
Unrecognized tax benefits at January 1,	\$22,499	\$21,385
Increases for positions taken during current period	410	1,016
Increases for positions taken during prior periods	13	325
Lapse of statute of limitations	(181)	(227)
Unrecognized tax benefits at December 31,	<u>\$22,741</u>	<u>\$22,499</u>

	<u>2022</u>	<u>2021</u>
Unrecognized tax benefits at January 1,	\$21,385	\$20,770
Increases for positions taken during current period	1,016	858
Increases for positions taken during prior periods	325	2,422
Lapse of statute of limitations	(227)	(2,665)
Unrecognized tax benefits at December 31,	<u>\$22,499</u>	<u>\$21,385</u>

85

[Table of Contents](#)

Included in the liability for unrecognized tax benefits at December 31, 2022 December 31, 2023 and 2021, 2022, were \$2.7 million of tax positions for which the ultimate deductibility is highly certain but for which there

is uncertainty about the timing of such deductibility. These tax positions are temporary differences which do not impact the annual effective tax rate under deferred tax accounting. Any change in the deductibility period of these tax positions would impact the timing of cash payments to taxing jurisdictions. Unrecognized tax benefits of **\$20.0 million** and **\$19.8 million** at December 31, 2023 and **\$18.7 million** at December 31, 2022 and 2021 would impact our effective tax rate if recognized and the remaining would not impact our effective tax rate.

We recognize accrued interest and penalties related to unrecognized tax benefits. Accrued interest at December 31, 2022 December 31, 2023 and 2021 was **\$3.9 million** and **\$2.9 million**. The amounts recognized in interest expense for the years ended December 31, 2022 December 31, 2023, 2022 and 2021 and 2020 were **\$1.7 million**, **\$1.0 million** **\$0.3 million** and **\$1.3 million**. There were no penalties accrued at December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2022 2021 and 2020.

2021.

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 U.S.** in connection with our sourcing of products by our foreign subsidiaries for sale in the **United States U.S.** by our domestic subsidiaries. Our amount of taxable income in the **United States U.S.** is based on our transfer pricing methodology, which has been consistently applied **through for all years subject to the current date.** 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.

We file income tax returns in the U.S. federal and various state and foreign jurisdictions. Our U.S. federal income tax returns for the years 2015 through **2021****2022** are subject to examination. Our income tax returns for U.S. state and local jurisdictions are generally open for the years 2019 through **2021****2022**; however, certain returns may be subject to examination for differing periods. The former owners are contractually obligated to indemnify us for all income tax liabilities incurred by Byram entities prior to its acquisition on August 1, 2017, and for all income tax liabilities incurred by the Halyard foreign entities located in Thailand, Mexico, and Honduras prior to its acquisition on April 30, 2018.

**Note 15—14—Net
(Loss) Income per
Common Share**

The following table summarizes the calculation of net **(loss)** income per **common** share attributable to common shareholders for the years ended **December 31, 2022** December 31, 2023, **2021** 2022 and **2020**: 2021:

		<i>(in thousands, except per share data)</i>		
		<u>Years Ended</u>		
		<u>December</u>		
31-		2023	2022	2021
Net income		\$ (41,301)	\$22,389	\$221,589
Weighted average shares outstanding				
- basic		75,785	74,496	72,744
Dilutive shares		—	1,721	2,742
Weighted average shares outstanding				
- diluted		75,785	76,217	75,486
Net income per common share:				
Basic		\$ (0.54)	\$ 0.30	\$ 3.05
Diluted		\$ (0.54)	\$ 0.29	\$ 2.94

Share-

based awards for the year ended December 31, 2023, of approximately 1.6 million shares were excluded from the calculation of net loss per diluted common share as the effect would be anti-dilutive.

86

		<u>Year ended</u>		
		<u>December 31</u>		
		<u>2022</u>		
Income from continuing operations, net of tax		\$22,389	\$221,589	\$88,074
Loss from discontinued operations, net of tax		—	—	(58,203)
Net income		\$22,389	\$221,589	\$29,871

Weighted average shares outstanding -			
basic	74,496	72,744	63,368
Dilutive shares	1,721	2,742	144
Weighted average shares outstanding -			
diluted	76,217	75,486	63,512
Basic income (loss) per common share:			
Income from continuing operations	\$ 0.30	\$ 3.05	\$ 1.39
Loss from discontinued operations	—	—	(0.92)
Net income	\$ 0.30	\$ 3.05	\$ 0.47
Diluted income (loss) per common share:			
Income from continuing operations	\$ 0.29	\$ 2.94	\$ 1.39
Loss from discontinued operations	—	—	(0.92)
Net income	\$ 0.29	\$ 2.94	\$ 0.47

[Table](#) [of](#)

[Contents](#)

Note 16—

**Shareholders'
Equity**

**In May 2020,
we entered into an
equity distribution**

agreement, pursuant to which we may offer and sell, from time to time, shares of our common stock having an aggregate offering price of up to \$50.0 million. We intend to use the net proceeds from the sale of our securities offered by this program for the repayment of indebtedness and/or for general corporate and working capital purposes. As of December 31, 2022, no shares were issued and \$50.0 million of common stock remained available under the at-the-market equity financing program.

On October 6, 2020, we completed a follow-on equity offering wherein we sold an aggregate of 8,475,000 shares of our common stock at an offering price of \$20.50, resulting in net proceeds to us of approximately \$165 million, after deducting expenses relating to the follow-on equity offering, including the underwriters' discounts and commissions. Pursuant to the underwriting agreement, we granted the underwriters an option to purchase up to an additional 1,271,250 shares of our common stock, which the underwriters exercised in full. Inclusive of this exercised option, net proceeds to us were approximately \$190 million, after deducting expenses relating to the follow-

on equity offering,
 including the
 underwriters'
 discounts and
 commissions. We
 used the proceeds
 from the follow-on
 equity offering to
 repay the remaining
 \$109 million
 outstanding balance
 of Term Loan A-1 at
 par on October 8,
 2020, to repay
 \$51.7 million of our
 Term Loan A-2 at par
 on October 15, 2020,
 and to repay
 \$30.0 million of
 borrowings under the
 revolving credit
 facility.

Note 17—15

**—Accumulated
 Other
 Comprehensive
 Loss
 (Loss)
 Income**

The following
 tables show the
 changes in
 accumulated other
 comprehensive
 loss (loss) income by
 component for the
 years ended
 December 31,
 2022 December
 31, 2023, 2021 2022
 and 2020 2021:

	Currency				Total	
	Retirement		Translation			
	Plans	Adjustments	Derivatives			
Accumulated other comprehensive (loss) income, December 31, 2022	\$ (7,201)	\$ (40,095)	\$ 11,441	\$ (35,855)		
Other comprehensive income before reclassifications	2,405	7,141	2,707	12,253		
Income tax	(639)	—	(704)	(1,343)		

Other comprehensive income before reclassifications, net of tax	1,766	7,141	2,003	10,910
Amounts reclassified from accumulated other comprehensive income (loss)	431	—	(9,720)	(9,289)
Income tax	(111)	—	2,527	2,416
Amounts reclassified from accumulated other comprehensive income (loss), net of tax	320	—	(7,193)	(6,873)
Other comprehensive income (loss)	2,086	7,141	(5,190)	4,037
Accumulated other comprehensive (loss) income, December 31, 2023	\$ (5,115)	\$ (32,954)	\$ 6,251	\$ (31,818)

	Currency			
	Retirement Plans	Translation		
		Adjustments	Derivatives	Total
Accumulated other comprehensive loss, December 31, 2021	\$ (14,597)	\$ (25,994)	\$ —	\$ (40,591)
Other comprehensive income (loss) before reclassifications	8,359	(14,101)	14,814	9,072
Income tax	(1,646)	—	(3,851)	(5,497)
Other comprehensive income (loss) before reclassifications, net of tax	6,713	(14,101)	10,963	3,575
Amounts reclassified from accumulated other comprehensive loss	923	—	647	1,570
Income tax	(240)	—	(169)	(409)

Amounts reclassified from accumulated other comprehensive loss, net of tax	683	—	478	1,161
Other comprehensive income (loss)	7,396	(14,101)	11,441	4,736
Accumulated other comprehensive loss, December				
31, 2022				
	\$ (7,201)	\$ (40,095)	\$ 11,441	\$ (35,855)
Currency				
	Retirement	Translation		
	Plans	Adjustments	Derivatives	Total
Accumulated other comprehensive loss, December				
31, 2021	<u>\$ (14,597)</u>	<u>\$ (25,994)</u>	<u>\$ —</u>	<u>\$ (40,591)</u>
Other comprehensive income (loss) before reclassifications	8,359	(14,101)	14,814	9,072
Income tax	(1,646)	—	(3,851)	(5,497)
Other comprehensive income (loss) before reclassifications, net of tax	6,713	(14,101)	10,963	3,575
Amounts reclassified from accumulated other comprehensive loss	923	—	647	1,570
Income tax	(240)	—	(169)	(409)
Amounts reclassified from accumulated other comprehensive loss, net of tax	683	—	478	1,161
Other comprehensive income (loss)	7,396	(14,101)	11,441	4,736
Accumulated other comprehensive income (loss), December				
31, 2022	\$ (7,201)	\$ (40,095)	\$ 11,441	\$ (35,855)

	Currency			
	Retirement Plans	Translation Adjustments	Derivatives	Total
Accumulated other comprehensive loss, December 31, 2020	\$ (18,447)	\$ (18)	\$ (20,044)	\$ (38,509)
Other comprehensive income (loss) before reclassifications	4,462	(25,976)	2,426	(19,088)
Income tax	(1,428)	—	(611)	(2,039)
Other comprehensive income (loss) before reclassifications, net of tax	3,034	(25,976)	1,815	(21,127)
Amounts reclassified from accumulated other comprehensive loss	1,199	—	25,518	26,717
Income tax	(383)	—	(7,289)	(7,672)
Amounts reclassified from accumulated other comprehensive loss, net of tax	816	—	18,229	19,045
Other comprehensive income (loss)	3,850	(25,976)	20,044	(2,082)
Accumulated other comprehensive loss, December 31, 2021	\$ (14,597)	\$ (25,994)	\$ —	\$ (40,591)

	Currency			
	Retirement Plans	Translation Adjustments	Derivatives	Total
Accumulated other comprehensive loss, December 31, 2019	\$ (14,691)	\$ (25,301)	\$ (12,715)	\$ (52,707)
Other comprehensive income (loss) before reclassifications	(6,632)	9,703	(19,741)	(16,670)
Income tax	1,945	—	5,789	7,734
Other comprehensive income (loss) before reclassifications, net of tax	(4,687)	9,703	(13,952)	(8,936)

Amounts reclassified from accumulated other comprehensive loss	1,297	15,580	9,232	26,109
Income tax	(366)	—	(2,609)	(2,975)
Amounts reclassified from accumulated other comprehensive loss, net of tax	931	15,580	6,623	23,134
Other comprehensive income (loss)	(3,756)	25,283	(7,329)	14,198
Accumulated other comprehensive loss, December 31, 2020	<u><u>\$18,447</u></u>	<u><u>\$ (18)</u></u>	<u><u>\$20,044</u></u>	<u><u>\$38,509</u></u>

	Currency			
	Retirement		Translation	
	Plans	Adjustments	Derivatives	Total
Accumulated other comprehensive loss, December 31, 2020	<u><u>\$18,447</u></u>	<u><u>\$ (18)</u></u>	<u><u>\$20,044</u></u>	<u><u>\$38,509</u></u>
Other comprehensive income (loss) before reclassifications	4,462	(25,976)	2,426	(19,088)
Income tax	<u><u>(1,428)</u></u>	<u><u>—</u></u>	<u><u>(611)</u></u>	<u><u>(2,039)</u></u>
Other comprehensive income (loss) before reclassifications, net of tax	3,034	(25,976)	1,815	(21,127)
Amounts reclassified from accumulated other comprehensive loss	1,199	—	25,518	26,717
Income tax	<u><u>(383)</u></u>	<u><u>—</u></u>	<u><u>(7,289)</u></u>	<u><u>(7,672)</u></u>
Amounts reclassified from accumulated other comprehensive loss, net of tax	816	—	18,229	19,045

Other comprehensive income (loss)	3,850	(25,976)	20,044	(2,082)
Accumulated other comprehensive loss, December 31, 2021	<u>\$ (14,597)</u>	<u>\$ (25,994)</u>	<u>\$ —</u>	<u>\$ (40,591)</u>

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

87

Table of
Contents

Note 18

—16—
Commitments,
Contingent
Liabilities, and
Contingencies

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. Our investigation determined that a limited number of lots were potentially implicated by the results of the NIOSH particulate filtration testing on model No. 46827, and that the vast majority of the products in those lots remained in our possession and under our control. Those lots have been segregated for disposal. We also determined that a limited quantity of products from

one lot did reach the market. Although products from that lot passed internal and external follow-up 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 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 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 No. 46727 of Halyard N95 respirators when fluid resistance is not required. These items are included in our Products & Healthcare Services segment.

On September 29, 2023, the 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 fluid resistance for

which they are rated. NIOSH reviewed and concurred with the facts set forth in our user notice published on September 29, 2023.

While the FDA recommendation did not materially affect our results of operations for 2023, there is a risk that these matters and any other safety concerns could have a contractual commitment to outsource information technology material adverse effect on our results of operations, financial condition, or cash flows, including the management and operation of our information technology systems and distributed services processing, as well as application support, development and enhancement services. This agreement expires in July 2025, with two optional, consecutive one-year extensions. The commitment

is cancellable with 90 days' notice and payment a result of a termination fee based upon the remaining period left under the agreement.

We pay scheduled fees under the agreement, which can vary based on changes significant volume of customer product returns and/or recall of products, implementation of corrective action plans, and/or other costly remedial actions in the level of support required. Assuming no early termination U.S. and elsewhere. In addition, these matters could potentially have other negative impacts including: government investigations and enforcement actions by the FDA or other U.S. or international regulators or governmental entities; the suspension or revocation of the contract, our estimated remaining annual obligations under this agreement are \$32.6 million in 2023, \$32.1 million in 2024, authority to produce, distribute or sell products, and \$15.9 million in 2025.

Note 19

—Legal

Proceedings

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,
cybersecurity
and other
matters. We
maintain
insurance
coverage for
cybersecurity,
employment,
product liability,
workers'
compensation
and other

personal
injury litigation
matters, subject
to policy limits,
applicable
deductibles and
insurer solvency.
We establish
reserves
from From time
to time, we
establish
estimated
liabilities 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 liability
recorded on the
consolidated
balance sheet as
of December 31,
2022 December
31, 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 20
17 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 U.S. distribution business division (Medical Distribution), including

outsourced logistics and value-added services business, and our Global Products **business division** which manufactures and sources medical surgical products through our production and kitting operations. The Patient Direct segment includes our home healthcare **businesses divisions** (Byram and Apria).

We evaluate the performance of our segments based on their operating income excluding **acquisition-** related **charges** and **intangible** amortization **acquisition-** **related**, 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.

89

[Table of
Contents](#)

The following tables present financial information by segment:

<u>Years Ended</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>December 31.</u>			
Net revenue:			
Products & Healthcare Services	\$ 7,781,395	\$ 7,898,397	\$ 8,825,646
Patient Direct	<u>2,552,572</u>	<u>2,057,078</u>	<u>959,669</u>
Consolidated net revenue	<u>\$10,333,967</u>	<u>\$9,955,475</u>	<u>\$9,785,315</u>
Operating income:			
Products & Healthcare Services	\$ 57,809	\$ 175,309	\$ 384,390
Patient Direct	<u>246,863</u>	<u>193,748</u>	<u>57,966</u>
Acquisition-related charges and intangible amortization	(101,037)	(126,972)	(42,774)
Exit and realignment charges	(99,127)	(6,897)	(31,109)
Inventory valuation adjustment ⁽¹⁾	—	(92,275)	—
Consolidated operating income	<u>\$ 104,508</u>	<u>\$ 142,913</u>	<u>\$ 368,473</u>

Depreciation and amortization:	
Products & Healthcare Services	\$ 77,006
Patient Direct	<u>210,371</u>
Consolidated depreciation and amortization	\$ 287,377
	\$ 77,539
	<u>151,128</u>
	\$ 75,548
	<u>15,073</u>
	\$ 90,621
Share-based compensation:	
Products & Healthcare Services	\$ 15,078
Patient Direct	<u>5,864</u>
Other(2)	<u>2,276</u>
Consolidated share-based compensation	\$ 23,218
	\$ 19,681
	<u>492</u>
	\$ 22,476
	<u>937</u>
	1,603
	\$ 25,016
Capital expenditures:	
Products & Healthcare Services	\$ 29,361
Patient Direct	<u>178,531</u>
Consolidated capital expenditures	\$ 207,892
	\$ 49,824
	<u>116,758</u>
	\$ 48,282
	<u>1,408</u>
	\$ 49,690
	<u>166,582</u>

(1) Relates to an inventory valuation adjustment in our Products & Healthcare Services segment, primarily associated with PPE inventory built up and a subsequent decline in demand as a result of the COVID-19 pandemic.

(2) Other share-based compensation expense is captured within exit and realignment charges or acquisition-related charges for the years ended December 31, 2023, 2022 and 2021.

Year ended December	2022	2021	2020
31,			
Net revenue:			

Products & Healthcare Services	\$7,898,397	\$8,825,646	\$7,662,429
Patient Direct	2,057,078	959,669	817,748
Consolidated net revenue	\$9,955,475	\$9,785,315	\$8,480,177
Operating income:			
Products & Healthcare Services	\$ 175,309	\$ 384,390	\$ 215,698
Patient Direct	193,748	57,966	67,662
Intangible amortization	(78,847)	(39,807)	(41,490)
Acquisition-related and exit and realignment charges	(55,022)	(34,076)	(37,752)
Inventory valuation adjustment ⁽¹⁾	(92,275)	—	—
Consolidated operating income	\$ 142,913	\$ 368,473	\$ 204,118
Depreciation and amortization:			
Products & Healthcare Services	\$ 77,539	\$ 75,548	\$ 77,131
Patient Direct	151,128	15,073	16,205
Consolidated depreciation and amortization	\$ 228,667	\$ 90,621	\$ 93,336
Capital expenditures:			
Products & Healthcare Services	\$ 49,824	\$ 48,282	\$ 55,110
Patient Direct	116,758	1,408	1,056
Discontinued operations	—	—	3,027
Consolidated capital expenditures	\$ 166,582	\$ 49,690	\$ 59,193
December 31.			
	2023	2022	
Total assets:			
Products & Healthcare Services	\$2,359,825	\$2,809,600	
Patient Direct	2,490,460	2,507,216	
Segment assets	4,850,285	5,316,816	
Cash and cash equivalents	243,037	69,467	
Consolidated total assets	\$5,093,322	\$5,386,283	

Relates
to
an
inventory
valuation
adjustment
in
our
Products
&
Healthcare
Services
segment,
primarily
associated
with
PPE
inventory
built
up
and
a
subsequent
decline
in
demand
as
a
result
of
the
COVID-
19
pandemic.

<u>December 31,</u>	<u>2022</u>	<u>2021</u>
Total assets:		
Products & Healthcare		
Services	<u>\$2,809,600</u>	\$3,012,303
Patient Direct	<u>2,507,216</u>	468,536
Segment assets	<u>5,316,816</u>	3,480,839
Cash and cash equivalents	<u>69,467</u>	55,712
Consolidated total assets	<u><u>\$5,386,283</u></u>	<u><u>\$3,536,551</u></u>

The
following tables
present
information by
geographic area.
Net revenues
were attributed to
geographic areas
based on the
locations from
which we ship

products or
provide services.

90

<u>Year ended December</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
31,			
Net revenue:			
United States	\$9,526,037	\$9,250,331	\$8,130,411
International	429,438	534,984	349,766
Consolidated net revenue	\$9,955,475	\$9,785,315	\$8,480,177

<u>December 31,</u>	<u>2022</u>	<u>2021</u>
Long-lived assets:		
United States	\$1,226,108	\$641,630
International	116,524	113,363
Consolidated long-lived assets	\$1,342,632	\$754,993

[Table](#)
[of Contents](#)

<u>Years Ended</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
December 31.			
Net revenue:			
United States	\$10,058,675	\$9,526,037	\$9,250,331
International	275,292	429,438	534,984
Consolidated net revenue	\$10,333,967	\$9,955,475	\$9,785,315

<u>December 31.</u>	<u>2023</u>	<u>2022</u>
Long-lived assets:		
United States	\$1,140,303	\$1,226,108
International	109,504	116,524
Consolidated long-lived assets	\$1,249,807	\$1,342,632

[Table](#)
[of Contents](#)

**Report
of
Independent
Registered
Public
Accounting
Firm**

To the
Shareholders
and Board of
Directors

Owens &
Minor, Inc.:

*Opinion
on the
Consolidated
Financial
Statements*

We have
audited the
accompanying
consolidated
balance
sheets of
Owens &
Minor,
Inc. and
subsidiaries
(the
Company) as
of December
31,
2022 December
31, 2023 and
2021 2022,
the related
consolidated statements
of operations,
comprehensive
(loss) income,
changes in
shareholders'
equity, and
cash

flows for each of the years in the three-year period ended

December

31,

2022 December

31, 2023, and

the related

notes

(collectively,

the

consolidated

financial

statements). In

our opinion,

the

consolidated

financial

statements

present fairly,

in all material

respects, the

financial

position of

the Company

as of

December

31,

2022 December

31, 2023 and

2021, 2022,

and the

results of its

operations

and its cash

flows for

each of the

years in the

three-year

period ended

December

31,

2022 December

31, 2023, in

conformity

with U.S.

generally

accepted

accounting

principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of **December 31, 2022** December 31, 2023, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated **February 28, 2023** February 20, 2024 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

*Basis
for Opinion*

These consolidated financial statements are the responsibility of the Company's management.

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards

require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial

statements. We believe that our audits provide a reasonable basis for our opinion.

*Critical
Audit Matters*

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit

matters or on the accounts or disclosures to which they relate.

Evaluation of fair value of acquired intangible assets the goodwill impairment analysis for the Global Products reporting unit

As discussed in Note 36 to the consolidated financial statements, on March 29, 2022 the goodwill balance as of December 31, 2023 was \$1,639 million, of which \$104 million related to the Products & Healthcare Services reportable segment, all of which related to the Global Products reporting unit.

As discussed in Note 1, the Company completed performs goodwill impairment testing on an annual basis as of October 1, and if an

event occurs
or
circumstances
change that
would more
likely than not
reduce the
acquisition of
100% of
Apria, Inc.,
which was
accounted for
using the
acquisition
method of
accounting.
The
Company
recorded
intangible
assets with
an
acquisition-
date fair
value of \$315
million, which
included
certain trade
names and
payor and
capitated
relationships
intangible
assets. The a
reporting unit
below its
carrying
amount. This
involves
estimating
the fair value
of intangible
assets
acquired
have been
estimated
based on
various
valuation
methods,
including the
income reporting
units using an
equally
weighted

*combination
of the
income-
based
approach and
the market-
based
approach.*

92

Table of
Contents

The
Company determined
that the fair value of
the reporting unit was
in excess of the
carrying amount and,
therefore, did not
record any goodwill
impairment for this
reporting unit.

We identified the
evaluation of the
acquisition-date fair
values of certain
trade names and
payor and capitated
relationships
intangible
assets goodwill
impairment analysis
for the Global
Products reporting
unit as a critical audit
matter. **A**
higher Evaluating the
estimated fair value of
the reporting unit
involved a high
degree of subjective
auditor judgment **was**
required due to
evaluate the fact that
the estimated fair
value of the Global
Products reporting

unit exceeded its carrying amount by less than 10%, indicating a higher risk that the goodwill may be impaired. We performed sensitivity analyses as a risk assessment procedure over assumptions used to estimate the fair value of the Global Products reporting unit and determined certain projected revenues represented a key assumption. As a result, certain projected revenues used **in** **within** the valuation models goodwill impairment analysis were challenging to determine evaluate as changes to those assumptions could have had a significant effect on the fair value Company's assessment of these intangible assets.

the impairment of goodwill for the Global Products reporting unit.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of **certain** internal

controls
related to the
Company's
acquisition-
date
valuation goodwill
impairment
assessment
process
including for
the Global
Products
reporting unit.
This included
controls
related to the
development
of the certain
projected
revenues. We
performed
sensitivity
analyses
overevaluated
the projected
revenues Company's
forecasted
revenue
growth rates
for the Global
Products
reporting unit
by comparing
the growth
assumptions
to forecasted
growth rates
in the
Company's
budget plans
and
comparing
the
Company's
historical
revenue
forecasts to
actual results
to assess the
impact of
changes in
those
assumptions
on the
Company's

determination
of fair value.
We assessed
management's
projected
revenues by
comparing
them ability to
historical
revenue
trends accurately
forecast. In
addition, we
involved
valuation
professionals
with
specialized
skills and
knowledge,
who assisted
in evaluating
the projected
revenues by
comparing
them to the
projected
revenues of a
set of
comparable
companies
and other
market data.

*Estimates of
variable
consideration
on equipment
and supplies
sales and
estimated
adjustments
on equipment
rental
revenues*

As discussed
in Note 1 to
the
consolidated
financial
statements,
within the
Company's

Patient Direct segment, revenues are recognized under fee-for-service arrangements for equipment rented to patients and sales of equipment, supplies and other items sold to patients. The Company's Patient Direct segment net revenue was **\$2,057** million **\$2,553** million for the year ended **December 31, 2022** December 31, 2023. 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. The Company determines the transaction price based on contractually agreed-upon amounts or

rates, adjusted for estimates of variable consideration on equipment and supplies sales and estimated adjustments to record revenue at an amount probable of being collected for equipment rental revenues. The Company uses contractual agreements, historical experience, and other operating trends to determine the estimates of variable consideration on equipment and supplies sales and estimated adjustments on equipment rental revenues.

We identified the evaluation of the estimates of variable consideration on equipment and supplies sales and estimated adjustments on equipment

rental revenues as a critical audit matter. A higher degree of auditor judgment was required to evaluate the relevance and reliability of the historical experience and other operating trends.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's estimate of variable consideration on certain equipment and supplies sales. We assessed the relevance and reliability of the Company's historical experience on net revenues recorded during the

current year by selecting certain historical payments and comparing them to underlying support. We assessed management's ability to estimate by comparing previous estimates to actual results and current estimates. We also compared current operating trends to the current year estimates.

*/s/ KPMG
LLP*

We have served as the Company's auditor since 1987.

Richmond,
Virginia
February
20, 2024

93

*/s/ KPMG
LLP*

[Table](#) [of](#)
[Contents](#)

We have
served as the
Company's auditor
since 1987.

Richmond,
Virginia
February 28,
2023

Index to Exhibits

2.1 [Purchase Agreement,](#)
[dated as of October](#)
[31, 2017, by and](#)
[among, Halyard](#)
[Health, Inc., the other](#)
[sellers party thereto](#)
[and Owens &](#)
[Minor, Inc.](#)
[\(incorporated herein](#)
[by reference to our](#)
[Current Report on](#)
[Form 8-K/A, Exhibit](#)
[2.1, dated November](#)
[1, 2017\)](#)**

2.2 [Amended and](#)
[Restated Purchase](#)
[Agreement, dated as](#)
[of April 30, 2018, by](#)
[and among Halyard](#)
[Health, Inc., the other](#)
[sellers party thereto](#)
[and Owens &](#)
[Minor, Inc.](#)
[\(incorporated herein](#)
[by reference to our](#)
[Current Report on](#)
[Form 8-K, Exhibit 2.1,](#)
[dated May 1, 2018\)](#)

2.3 [Purchase Agreement, dated as of April 6, 2020 by and among EHDH Holding Group and Owens & Minor, Inc. \(incorporated herein by reference to our Current Report on Form 8-K/A Exhibit 2.1, dated January 16, 2020\)**](#)

2.4 [Agreement and Plan of Merger, dated as of January 7, 2022, by and among the Company, Apria and Merger Sub \(incorporated herein by reference to the Company's Company's Current Report on Form 8-K, Exhibit 2.01, dated January 10, 2022\)](#)

3.1 [Amended and Restated Articles of Incorporation of Owens & Minor, Inc. \(incorporated herein by reference to our Current Report on Form 8-K, Exhibit 3.1, dated July 29, 2008\)](#)

3.2 [Amended and Restated Bylaws of the Company effective October 28, 2022 \(incorporated herein by reference to the our Quarterly Report on Form 10-Q, Exhibit 3.1, date dated November 2, 2022\)d November 2, 2022\)](#)

4.1 [Indenture, dated September 16, 2014, by and among Owens & Minor, Inc., Owens and Minor Distribution, Inc., Owens & Minor Medical, Inc. and U.S. Bank National Association, as trustee \(incorporated herein by reference to our Current Report on Form 8-K, Exhibit 4.1, dated September 17, 2014\)](#)

4.2 [First Supplemental Indenture, dated September 16, 2014, by and among Owens & Minor, Inc., Owens and Minor Distribution, Inc., Owens & Minor Medical, Inc. and U.S. Bank National Association, as trustee \(incorporated herein by reference to our Current Report on Form 8-K, Exhibit 4.2, dated September 17, 2014\)](#)

4.3 [Form of Global Note for the 3.875% Senior Notes due 2021 \(incorporated herein by reference to our Current Report on Form 8-K, Exhibit A of Exhibit 4.2, dated September 17, 2014\)](#)

4.4 [Form of
Global
Note for the
4.375%
Senior
Notes due
2024
\(incorporated
herein by
reference to
our Current
Report on
Form 8-K,
Exhibit B of
Exhibit 4.2,
dated
September
17, 2014\).](#)

4.5 [Third Supplemental
Indenture, dated as of
April 30, 2018, by and
among, Owens &
Minor, Inc., the
guarantors, signatory
thereto and U.S. Bank
National Association,
as trustee.
\(incorporated herein
by reference to our
Current Report on
Form 8-K, Exhibit 4.1,
dated May 4, 2018\)](#)

4.6 Fourth Supplemental
Indenture, dated as of
February 12, 2019,
among Owens &
Minor, Inc., the
guarantors signatory
thereto and U.S. Bank
National Association,
as trustee,
(incorporated herein
by reference to our
Current Report on
Form 8-K, Exhibit 4.1,
dated February 19,
2019)

4.7 Indenture, dated
March 10, 2021,
among Owens &
Minor, Inc., the
guarantors named
therein and Regions
Bank, as Trustee
(incorporated herein
by reference to the
Company's Current
Report on Form 8-K,
Exhibit 4.1, dated
March 11, 2021)

4.8 Form of Global
Note for the 4.500%
Senior Notes due
2029 (included as
Exhibit A to Exhibit 4.1
hereto) (incorporated
herein by reference to
the Company's
Current Report on
Form 8-K, Exhibit 4.2,
dated March 11,
2021)

4.9 Sixth Supplemental
Indenture, dated as of
March 10, 2021, by
and among Owens &
Minor, Inc., the
guarantors signatory
thereto and U.S. Bank
National Association,
as trustee
(incorporated herein
by reference to the
Company's Current
Report on Form 8-K,
Exhibit 4.3, dated
March 11, 2021).

94

Table of
Contents

4.10 Indenture dated
March 29, 2022
by and among
the Company,
the guarantors
named therein
and Regions
Bank, as trustee
(incorporated
herein by
reference to the
Company's
Current Report
on Form 8-K,
Exhibit 4.1, dated
March 29, 2022)

4.11 [Form of Global Note for the 6.625% Senior Notes due 2030 \(incorporated herein by reference to the Company's Current Report on Form 8-K, Exhibit 4.2, dated March 29, 2022\)](#)

4.12 [Seventh](#)
4.11 [Supplemental Indenture dated as of March 29, 2022, by and among the Company, the guarantors named therein and U.S. Bank National Association, as trustee \(incorporated herein by reference to the Company's Current Report on Form 8-K, Exhibit 4.3, dated March 29, 2022\)](#)

4.13 [First](#)
4.12 [Supplemental Indenture dated as of March 29, 2022, by and among the Company, the guarantors named therein and Regions Bank, as trustee, to the Indenture dated as of March 10, 2021](#)

2021
(incorporated
herein by
reference to
the Company's
Current Report
on Form 8-K,
Exhibit 4.4,
dated March
29, 2022)

4.14 First
4.13 Supplemental
Indenture
dated as of
March 29,
2022, by and
among the
Company, the
guarantors
named therein
and Regions
Bank, as
trustee, to the
Indenture
dated of March
29, 2022
(incorporated
herein by
reference to
the Company's
Current Report
on Form 8-K,
Exhibit 4.5,
dated March
29, 2022)

4.15 Description of
4.14 Securities -
filed herewith

10.1 Form of
Director
Restricted
Stock
Agreement
under the
2015 Plan
(incorporated
herein by
reference to
our Quarterly
Report on
Form 10-Q,
Exhibit 10.3

EXHIBIT 10.3,
for the quarter
ended March
31, 2016)*

10.2 Form of
Owens &
Minor, Inc.
Restricted
Stock
Agreement
under the
2018 Stock
Incentive Plan
effective
February 28,
2019
(incorporated
herein by
reference to
our Current
report on 8-K,
Exhibit 10.1,
dated March 1,
2019)*

10.3 Owens &
Minor, Inc.
Directors'
Deferred
Compensation
Plan, as
amended and
restated
effective
January 1,
2005
(incorporated
herein by
reference to
our Quarterly
Report on
Form 10-Q,
Exhibit 10.3,
for the quarter
ended
September 30,
2008)*

10.4 Form of
Owens &
Minor, Inc.
Executive
Severance
Agreement

Agreement
effective
January 1,
2011
(incorporated
herein by
reference to
our Annual
Report on
Form 10-K,
Exhibit 10.10,
for the year
ended
December 31,
2010)*

10.5 Form of
Owens &
Minor, Inc.
Executive
Change in
Control
Severance
Agreement
between
Owens &
Minor, Inc. and
Edward A.
Pesicka
effective
March 4, 2019
(incorporated
herein by
reference to
our Current
Report on
Form 8-K,
Exhibit 10.1,
dated
February 25,
2019)*

10.6 Form of
Owens &
Minor, Inc.
Executive
Change in
Control
Severance
Agreement
effective
October 25,
2018
(incorporated
herein by

reference to
our Annual
Report on
Form 10-K,
Exhibit 10.7,
for the year
ended
December 31,
2018))*

10.7Owens &
Minor, Inc.
Supplemental
Executive
Retirement
Plan, as
amended and
restated
effective
January 1,
2005 ("SERP").
(incorporated
herein by
reference to
our Quarterly
Report on
Form 10-Q,
Exhibit 10.1,
for the quarter
ended
September 30,
2008)*

10.8Resolutions of
the Board of
Directors of
the Company
amending the
SERP
(incorporated
herein by
reference to
our Annual
Report on
Form 10-K,
Exhibit 10.12,
for the year
ended
December 31,
2011)*

10.9Amendment
effective
March 1, 2016

of the
Company's
SERP
(incorporated
herein by
reference to
our Quarterly
Report on
Form 10-Q,
Exhibit 10.6,
for the quarter
ended March
31, 2016)*

95

[Table of](#)
[Contents](#)

10.10 [Amendment](#)
effective March
1, 2016 of
Exhibit II of the
Company's
SERP
(incorporated
herein by
reference to our
Quarterly
Report on Form
10-Q, Exhibit
10.7, for the
quarter ended
March 31,
2016)*

10.11Owens & Minor, Inc.
Amended and Restated Management Equity Ownership Program and Stock Ownership Rewards Program (incorporated herein by reference to our Annual Report on Form 10-K, Exhibit 10.15, for the year ended December 31, 2009)*

10.12Amendment to MEOP effective January 1, 2014 (incorporated herein by reference to our Annual Report on Form 10-K, Exhibit 10.10, for the year ended December 31, 2013)*

10.13 Owens & Minor, Inc.
Executive Deferred Compensation and Retirement Plan effective January 1, 2013 (incorporated herein by reference to our Quarterly Report on Form 10-Q, Exhibit 10.1, for the quarter ended March 31, 2013)*

10.14 Form of Owens & Minor, Inc. Restricted Stock Agreement under the 2015 Stock Incentive Plan (incorporated herein by reference to our Quarterly Report on Form 10-Q, Exhibit 10.2, for the quarter ended March 31, 2016)*

10.15 Form of Owens & Minor, Inc. Restricted Stock Unit Agreement under the Company's 2015 Stock Incentive Plan (incorporated herein by reference to our Quarterly

Report on
Form 10-Q,
Exhibit 10.1,
for the quarter
ended March
31, 2016)*

10.16 Form of
Owens &
Minor Director
Restricted
Stock
Agreement
under the
Company's
2018 Stock
Incentive Plan
(incorporated
herein by
reference to
our Current
Report on
Form 8-K,
Exhibit 10.1,
dated May 9,
2018)**

10.17 Form of
Owens &
Minor
Restricted
Stock
Agreement
under the
Company's
2018 Stock
Incentive Plan
(incorporated
herein by
reference to
our Current
Report on
Form 8-K,
Exhibit 10.2,
dated May 9,
2018)**

10.18 Form of
Owens &
Minor
Restricted
Stock Unit
Agreement
under the

Company's
2018 Stock
Incentive Plan
(incorporated
herein by
reference to
our Current
Report on
Form 8-K,
Exhibit 10.3,
dated May 9,
2018)*

10.19 Form of 2016
Performance
Share Award
Agreement
under the
2015 Stock
Incentive Plan
(incorporated
herein by
reference to
our Quarterly
Report on
Form 10-Q,
Exhibit 10.4,
for the quarter
ended March
31, 2016)*

10.20 Form of
Owens &
Minor, Inc.
2019
Performance
Share Award
Agreement
under the
2018 Stock
Incentive Plan
(incorporated
herein by
reference to
our Current
report on 8-K,
Exhibit 10.2,
dated March
1, 2019)*

10.21 Form of
Owens &
Minor, Inc.
2020

Performance
Share Award
Agreement
under the
2018 Stock
Incentive Plan
(incorporated
herein by
reference to
our Current
report on 8-K,
Exhibit 10.2,
dated May 1,
2020)*

10.22 Owens &
Minor, Inc.
Officer
Severance
Policy dated
May 7, 2018
(incorporated
herein by
reference to
our Current
Report on
Form 8-K,
Exhibit 10.4,
dated May 9,
2018)*

10.23 Policy on
Recoupment
of Executive
Incentive
Compensation
(incorporated
herein by
reference to
our Annual
Report on
Form 10-K,
Exhibit 10.36,
for the year
ended
December 31,
2009)*

10.24 Owens &
Minor, Inc.
2015 Stock
Incentive Plan
(incorporated
herein by
reference to
our
Registration

Statement on
Form S-8,
Registration
Number 333-
203826)*

10.25 Owens &
10.24 Minor, Inc.
2018 Stock
Incentive Plan
(incorporated
herein by
reference to
our
Registration
Statement on
Form S-8,
Registration
number 333-
224787)*

96

Table of
Contents

10.26 Credit
10.25 Agreement
dated as of June
5, 2012 by and
among Owens &
Minor
Distribution, Inc.
and Owens &
Minor
Medical, Inc. (as
Borrowers),
Owens &
Minor, Inc. and
certain of its
domestic
subsidiaries (as
Guarantors),
Wells Fargo
Bank, N.A. (as
Administrative
Agent),
JPMorgan
Chase Bank,
N.A. (as
Syndication
Agent) and a
syndicate of
banks as
specified on the
signature
pages thereof
(incorporated
herein by
reference to our
Current Report
on Form 8-K,
Exhibit 10.1,
dated June 8,
2012).

10.27 First
10.26 Amendment
dated as of
September 17,
2014 by and
among Owens &
Minor
Distribution, Inc.
and Owens &
Minor
Medical, Inc. (as
Borrowers),
Owens &
Minor, Inc. and
certain of its
domestic
subsidiaries (as
Guarantors) and
Wells Fargo
Bank, N.A. (as
Administrative
Agent), to the
Credit
Agreement
dated as of June
5, 2012 by and
among the
Borrowers, the
Guarantors, a
syndicate of
financial
institutions party
thereto, the
Administrative
Agent, and the
other agents
party thereto
(incorporated
herein by
reference to our
Current Report
on Form 8-K,
Exhibit 10.1,
dated
September 18,
2014).

10.28 Interest
10.27 Purchase
Agreement,
dated as of May,
2, 2017, by and
among Owens &
Minor, Inc.,
Barista
Acquisition I,
LLC, Barista
Acquisition II,
LLC, [REDACTED] Mediq
B.V., [REDACTED] Mediq
International
B.V. and Mediq
USA Holdings
(incorporated
herein by
reference to our
Quarterly Report
on Form 10-Q,
Exhibit 10.1, for
the quarter
ended March
31, 2017)

10.29 Owens &
10.28 Minor, Inc. 2017
10.28 Teammate
Stock Purchase
Plan
(incorporated by
reference to
Appendix A to
the Company's
Definitive Proxy
Statement on
Schedule 14A
filed March 22,
2017 (File
No. 001-
09810)*

10.30 Credit
10.29 Agreement,
dated as of July
27, 2017, by
and among
Owens & Minor
Distribution, Inc.,
Owens & Minor
Medical, Inc.,
Barista
Acquisition I,
LLC, and
Barista
Acquisition II,
LLC, (the
"Borrowers"),
Owens &
Minor, Inc. and
certain of its
domestic
subsidiaries
(together, the
"Guarantors"),
Merrill Lynch,
Pierce,
Fenner & Smith
Incorporated,
and Wells Fargo
Bank, N.A. (the
"Administrative
Agent"), a
syndicate of
financial
institutions party
thereto, and the
other agents
party thereto
(incorporated
herein by
reference to our
Current Report
on Form 8-K,
Exhibit 10.1,
dated July 28,
2017).

10.31 Restated
10.30 Guaranty,
Agreement,
dated as of the
February 12,
2019, by and
among

Owens _____ &
Minor, Inc., the
other
Guarantors party,
thereto and
Bank _____ of
America, N.A.,
as administrative
agent for the Pro
Rata Facilities
and the Term B
Facility
(incorporated
herein by
reference to our
Current Report
on Form 8-K,
Exhibit 10.1,
dated February
19, 2019)

10.32 Security _____ and
10.31 Pledge
Agreement,
dated as of April
30, 2018, by and
among Owens &
Minor, Inc., O&M
Halyard, Inc.,
Owens & Minor
Distribution, Inc.,
Owens & Minor
Medical, Inc.,
Barista
Acquisition I,
LLC and Barista
Acquisition II,
LLC, Bank of
America, N.A.,
U.S. Bank
National
Association, and
the other
secured parties
thereto.
(incorporated
herein by
reference to our
Current Report
on Form 8-K,
Exhibit 10.2,
dated May 4,
2018)

10.30 ...

10.33 First
10.32 Amendment to
Credit
Agreement,
dated as of
March 29, 2018,
by and among
Owens & Minor
Distribution, Inc.,
Owens & Minor
Medical, Inc.,
Barista
Acquisition I,
LLC, and Barista
Acquisition II,
LLC, as
Borrowers,
Owens &
Minor, Inc. and
certain of its
domestic
subsidiaries, as
Guarantors, the
banks party
thereto and
Wells Fargo
Bank, N.A., as
Administrative
Agent for the
banks party
thereto
(incorporated
herein by
reference to our
Current Report
on Form 8-KA,
Exhibit 10.1,
dated April 18,
2018)

10.34 Second
10.33 Amendment to
Credit
Agreement,
dated as of April
30, 2018, by and
among O&M
Halyard, Inc.,
Owens & Minor
Distribution, Inc.,
Owens & Minor
Medical, Inc.,
Barista
Acquisition I,
LLC and Barista

Acquisition II,
LLC, Owens &
Minor, Inc. and
each other
domestic
subsidiary of the
Company party
thereto from
time to time,
Wells Fargo
Bank, N.A., as
administrative
agent for certain
of the credit
facilities, Bank of
America, N.A.,
as collateral
agent and
administrative
agent for the
term B facility,
and the other
agents party
thereto.
(incorporated
herein by
reference to our
Current Report
on Form 8-K,
Exhibit 10.1,
dated May 4,
2018).

97

Table of
Contents

10.35 Third
10.34 Amendment to
Credit
Agreement,
dated as of May
9, 2018, by and
among O&M
Halyard, Inc.,
Owens & Minor
Distribution, Inc.,
Owens & Minor
Medical, Inc.,
Barista
Acquisition I,
LLC and Barista
Acquisition II,
LLC, Owens &
Minor, Inc. and
each other
domestic
subsidiary of the
Company party
thereto from
time to time,
Wells Fargo
Bank, N.A., as
administrative
agent for certain
of the credit
facilities, Bank
of America,
N.A., as
collateral agent
and
administrative
agent for the
term B facility,
and the other
agents party
thereto,
(incorporated
herein by
reference to our
Form 10-Q,
Exhibit 10.9,
dated May 10,
2018).

10.36 Fourth
10.35 Amendment to
Credit
Agreement,
dated as of
February 12,
2019, by and
among O&M
Halyard, Inc.,
Owens & Minor
Distribution, Inc.,
Owens & Minor
Medical, Inc.,
Barista
Acquisition I,
LLC and Barista
Acquisition II,
LLC, Owens &
Minor, Inc. and
each other
domestic
subsidiary of the
Company party
thereto from
time to time,
Bank of
America, N.A.,
as
administrative
agent for certain
of the credit
facilities and as
collateral agent
and
administrative
agent for the
term B facility,
and the other
agents party
thereto.
(incorporated
herein by
reference to our
Current Report
on Form 8-K,
Exhibit 10.1,
dated February
19, 2019)

10.37 Amendment to
10.36 the Owens &
Minor, Inc. 2018
Stock Incentive
Plan
(Incorporated
herein by
reference to our
Current Report
on Form 8-K,
Exhibit 10.1,
dated May 10,
2019*

10.38 Owens &
10.37 Minor, Inc.
Directors'
Deferred
Compensation
Plan, as
Amended and
Restated
Effective May
10, 2019
((Incorporated
herein by
reference to our
Current Report
on Form 8-K,
Exhibit 10.2,
dated May 10,
2019*

10.39 Fifth
10.38 Amendment to
Credit
Agreement,
dated as of
February 13,
2020, by and
among O&M
Halyard, Inc.,
Owens & Minor
Distribution, Inc.,
Owens & Minor
Medical, Inc.,
Barista
Acquisition I,
LLC and Barista
Acquisition II,
LLC, Owens &
Minor, Inc. and
each other
domestic
subsidiary of the
Company party
thereto from
time to time,
Bank of
America, N.A.,
as
administrative
agent for certain
of the credit
facilities and as
collateral agent
and
administrative
agent for the
term B facility,
and the other
agents party
thereto.
(Incorporated
herein by
reference to our
Current Report
on Form 8-K,
Exhibit 10.1,
dated February
18, 2020)

10.40 Receivables
10.39 Financing
 Agreement,
 dated as of
 February 19,
 2020, by and
 among Owens &
 Minor
 Medical, Inc., as
 the initial
 servicer, O&M
 Funding, LLC, as
 borrower, the
 lenders from
 time to time
 party thereto,
 PNC Bank,
 National
 Association, as
 administrative
 agent, and PNC
 Capital, Markets
 LLC, as
 structuring
 agent.
 (Incorporated
 herein by
 reference to our
 Current, Report
 on Form 8-K,
 Exhibit 10.1,
 dated February,
 19, 2020).

10.41 Purchase and
10.40 Sale
10.40 Agreement,
dated as of
February 19,
2020, by and
among Owens &
Minor
Distribution, Inc.,
as the originator,
Owens & Minor
Medical, Inc., as
servicer, and
O&M Funding
LLC, as buyer.
(Incorporated
herein by
reference to our
Current Report
on Form 8-K,
Exhibit 10.2,
dated February
19, 2020).

10.42 Performance
10.41 Guaranty of
10.41 Owens &
10.41 Minor, Inc.,
dated as of
February 19,
2020 in favor of
PNC Bank,
National
Association.
(Incorporated
herein by
reference to our
Current Report
on Form 8-K,
Exhibit 10.3,
dated February
19, 2020).

10.43 Amendment
10.42 No. 2 to the
Owens &
Minor, Inc. 2018
Stock Incentive
Plan
(incorporated by
reference to
Appendix A to
the Company's
Definitive Proxy
Statement on
Schedule 14A
filed March 19,
2020. (File
No. 001-
09810))*

10.44 First
10.43 Amendment
to the
Receivables
Financing
Agreement,
dated as of
May 19,
2020, by and
among
Owens &
Minor
Medical, Inc.,
as the initial
servicer,
O&M
Funding LLC,
as borrower,
the lenders
from time to
time party
thereto, PNC
Bank,
National
Association,
as
administrative
agent, and
PNC Capital
Markets LLC,
as structuring
agent
(incorporated
herein by
reference to
our Quarterly
Report on
Form 10-Q,
Exhibit 10.1,
for the
quarter
ended June
30, 2020).

10.45 [Second Amendment](#)
10.44 [to the Receivables](#)
[Financing Agreement](#),
dated as of July 1,
2020, by and among
Owens & Minor
Medical, Inc., as the
initial servicer, O&M
Funding, LLC, as
borrower, the lenders
from time to time party
thereto, PNC Bank,
National Association,
as administrative
agent, and PNC
Capital Markets LLC,
as structuring agent
(incorporated herein
by reference to our
Quarterly Report on
Form 10-Q, Exhibit
10.2, for the quarter
ended June 30, 2020).

10.46 [Form of Restricted](#)
10.45 [Stock Agreement](#)
(incorporated herein
by reference to the
Company's Current
Report on Form 8-K,
Exhibit 10.1, dated
February 26, 2021)*

10.47 [Form of Restricted](#)
10.46 [Stock Unit Award](#)
[Agreement](#)
(incorporated herein
by reference to the
Company's Current
Report on Form 8-K,
Exhibit 10.2, dated
February 26, 2021)*

10.48 [Form of 2021](#)
10.47 [Performance Stock](#)
[Unit Award Agreement](#)
(incorporated herein
by reference to the
Company's Current
Report on Form 8-K,
Exhibit 10.3, dated
February 26, 2021)*

10.49 [Credit Agreement](#),
10.48 [dated as of March 10, 2021, by and among Owens & Minor, Inc. and certain subsidiaries of Owens & Minor, Inc. as borrowers, Bank of America, N.A., as an administrative agent and collateral agent, and a syndicate of financial institutions, as lenders \(incorporated herein by reference to the Company's Current Report on Form 8-K, Exhibit 10.1, dated March 11, 2021\).](#)

10.50 [Third Amendment to Receivables](#)
10.49 [Financing Agreement, dated as of March 10, 2021, by and among Owens & Minor Medical, Inc., as the initial servicer, O&M Funding LLC, as borrower, the lenders from time to time party thereto, PNC Bank, National Association, as administrative agent, and PNC Capital Markets LLC, as structuring agent \(incorporated herein by reference to the Company's Current Report on Form 8-K, Exhibit 10.2, dated March 11, 2021\).](#)

10.51 Amendment _____ to
10.50 Purchase and Sale
Agreement, dated as
of March 10, 2021, by
and among Owens &
Minor
Distribution, Inc., as
the _____ originator,
Owens & Minor
Medical, Inc., as
servicer, and O&M
Funding, LLC, as
buyer (incorporated
herein by reference to
the _____ Company's
Current Report on
Form 8-K, Exhibit
10.3, dated March 11,
2021).

10.52 Owens & Minor, Inc.
10.51 2021 Teammate Stock
Purchase Plan
(incorporated _____ by
reference to Appendix
C to the Company's
definitive Proxy
Statement filed March
19, 2020 (File
No. 001-09810)*

10.53 Agreement _____ of
10.52 Resignation,
Appointment, _____ and
Acceptance, dated as
September 10, 2021,
by _____ and _____ among
Owens & Minor, Inc.,
U.S. Bank National
Association, as Prior
Trustee, and Regions
Bank, as Successor
Trustee (incorporated
herein by reference to
our Form 10-Q,
Exhibit 10.1, dated
November 3, 2021)

10.54 [Form of Owens & Minor, Inc. Restricted Stock Agreement under the Company's Company's 2018 Stock Incentive Plan](#) (incorporated herein by reference to our Form 10-Q, Exhibit 10.2, dated November 3, 2021)*

10.55 [Form of Owens & Minor, Inc. Restricted Stock Unit Award Agreement under the Company's Company's 2018 Stock Incentive Plan](#) (incorporated herein by reference to our Form 10-Q, Exhibit 10.3, dated November 3, 2021)*

10.56 [Amendment No. 1 to Credit Agreement, among Owens & Minor Distribution, Inc., Owens & Minor Medical, Inc., Barista Acquisition I, LLC, Barista Acquisition II, LLC, O&M Halyard, Inc., Byram Healthcare Centers, Inc., Owens & Minor, Inc., and Bank Of America \(incorporated herein by reference to our Form 10-K, Exhibit 10.56, dated February 23, 2022\)](#)

10.57 Executive Separation
10.56 Agreement and
General Release,
dated as of January 9,
2022, by and between
Christopher Lowery
and Owens & Minor
Medical, Inc.
(incorporated herein
by reference to our
Form 10-K, Exhibit
10.57, dated February
23, 2022)***

99

Table of
Contents

10.58 Form of
10.57 Restricted
Stock
Agreement
(incorporated
herein by
reference to the
Company's
Current Report
on Form 8-K,
Exhibit 10.1,
dated March 1,
2022)**

10.59 Form of
10.58 Restricted
Stock Unit
Award
Agreement
(incorporated
herein by
reference to the
Company's
Current Report
on Form 8-K,
Exhibit 10.2,
dated March 1,
2022)**

10.60 [Form of 2022](#)
10.59 [Performance](#)
Stock Unit
Award
Agreement
(incorporated
herein by
reference to
the
Company's
Current
Report on
Form 8-K,
Exhibit 10.3,
dated March
1, 2022)**

10.61 [Credit](#)
10.60 [Agreement](#)
dated as of
March 29,
2022, by and
among the
Company,
certain
subsidiaries
of the
Company
party thereto,
as borrowers,
JPMorgan
Chase Bank,
N.A., as an
administrative
agent and
collateral
agent and a
syndicate of
financial
institutions,
as lenders
(incorporated
herein by
reference to
the
Company's
Current
Report on
Form 8-K,
Exhibit 10.1,
dated March
29, 2022)**

10.62 [Fourth](#)
10.61 [Amendment](#)
to
[Receivables](#)
[Financing](#)
[Agreement](#),
[dated as of](#)
[March 29,](#)
[2022, by and](#)
[among O&M](#)
[Funding LLC,](#)
[as borrower,](#)
[Owens &](#)
[Minor](#)
[Medical, Inc.,](#)
[as initial](#)
[servicer, the](#)
[lenders party](#)
[thereto, and](#)
[PNC Bank,](#)
[National](#)
[Association,](#)
[as](#)
[administrative](#)
[agent](#)
[\(incorporated](#)
[herein by](#)
[reference to](#)
[the](#)
[Company's](#)
[Current](#)
[Report on](#)
[Form 8-K,](#)
[Exhibit 10.2,](#)
[dated March](#)
[29, 2022\)**](#)

10.63 [Joinder](#) to
10.62 [Credit](#)
[Agreement,](#)
[Amendment](#)
[No. 2 to](#)
[Credit](#)
[Agreement,](#)
[Amendment](#)
[No. 1 to](#)
[Security](#)
[Agreement](#)
[and](#)
[Amendment](#)
[No. 1 to](#)
[Guaranty,](#)
[dated as of](#)
[March 29,](#)

2022, by and among the Company and certain subsidiaries of the Company, as borrowers, the guarantors and lenders thereto and Bank of America, N.A., as administrative agent and collateral agent, L/C issuer and swing line lender (incorporated herein by reference to our Quarterly Report on Form 10-Q, Exhibit 10.6, for the quarter ended March 31, 2022).

10.64 Amendment
10.63 No. 3 to the Owens & Minor, Inc. 2018 Stock Incentive Plan (incorporated herein by reference to our Quarterly Report on Form 10-Q, Exhibit 10.6, for the quarter ended March 31, 2022)*

10.64 Executive

Separation
Agreement
and General
Release,
dated as of
October 12,
2022, by and
between
Jeffrey T.
Jochims and
Owens &
Minor Inc.
(incorporated
herein by
reference to
our Form 10-
Q, Exhibit
10.2, dated
November 2,
2022)**

10.65

Fifth
Amendment
to the
Receivables
Financing
Agreement,
dated March
14, 2023 by
and among
O&M Funding
LLC, as
borrower,
Owens &
Minor
Medical, Inc.
as initial
servicer,
Regions
Bank, Capital
One Bank,
and Bank of
America,
N.A., as
lenders, and
PNC Bank,
National
Association,
as lender and
administrative
agent,
(incorporated
herein by
reference to
our Quarterly

Report on
Form 10-Q,
Exhibit 10.1,
for the
quarter ended
March 31,
2023).

11.1 Form of
10.66 Employee
Restricted
Stock Unit
Grant Notice
and Award
Agreement
(incorporated
herein by
reference to
the
Company's
Current
Report on
Form 8-K,
Exhibit 10.1,
dated May
10, 2023)*

10.67 Form of Non-
Employee
Director
Restricted
Stock Unit
Grant Notice
and Award
Agreement
(incorporated
herein by
reference to
the
Company's
Current
Report on
Form 8-K,
Exhibit 10.2,
dated May
10, 2023)*

10.68 Owens &
Minor, Inc.
2023
Omnibus
Incentive
Plan
(incorporated
herein by
reference to

Annex A to
Owns &
Minor, Inc.'s
definitive
Proxy
Statement
filed on
March 29,
2023)*

11.1 Calculation of
Net (Loss)
Income
(Loss) per
Common
Share.
Information
related to this
item is in
Part II, Item
8, Notes to
Consolidated
Financial
Statements,
Note 15-
Net 14 - Net
(Loss)
Income
(Loss) per
Common
Share

21.1 Subsidiaries
of Registrant

22.1 List of
Guarantor
Subsidiaries

22.2 List of
Subsidiaries
Pledged as
Collateral

100

Table of
Contents

23.1

23.1 Consent of
KPMG LLP,
independent
registered
public
accounting
firm

31.1 Certification of
Chief Executive
Officer pursuant
to Rule
13(a)-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
13(a)-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

Owens & Minor,
Inc. Policy on
Recoupment of
Executive
Incentive

97 Compensation

Inline XBRL

101.INS Instance

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 XBRL and
contained in
Exhibit 101)

* Management
contract or
compensatory
plan or
arrangement.
**
Certain
exhibits and
schedules to
these
agreements
have been
omitted
pursuant to
Item 601(b)
(2) of
Regulation S-
K. We hereby
undertake to
furnish copies
of such
omitted
materials
supplementally
upon request
by the SEC.

* Management
contract or
compensatory
plan or
arrangement.

** Certain exhibits
and schedules
to these
agreements
have been
omitted
pursuant to Item
601(b)(2) of
Regulation S-K.
We hereby
undertake to
furnish copies
of such omitted
materials
supplementally
upon request by
the SEC.

Item 16.
Form 10-K Summary

None.

None.

101

[Table](#) of
[Contents](#)

SIGNATURES

Pursuant to
the requirements of
Section 13 or 15(d) 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, on the
28th **20th** day of
February, **2023**.

2024.

OWENS &
MINOR, INC.

/s/
Edward
A.
Pesicka

Edward A.
Pesicka
President,
Chief
Executive
Officer &
Director

Pursuant to
the requirements of
the Securities
Exchange Act of
1934, this report has
been signed below by
the following persons
on behalf of the
Registrant and in the
capacities indicated
on the **28th 20th** day
of February, 2023:

2024:

/s/ **Edward A. Pesicka** */s/*
Robert J.
Henkel

Edward A. **Robert J.**
Pesicka **Henkel**
President, **Director**
Chief
Executive
Officer &
Director

/s/ **Alexander J. Bruni** */s/* **Rita F.**
Johnson-
Mills

Rita F.
Alexander **Johnson-**
J. Bruni **Mills**
Executive **Director**
Vice
President &
Chief
Financial
Officer

/s/ Michael W. Lowry */s/*
Stephen
W.
Klemash

Stephen
Michael W. W.
Lowry Klemash
Senior Vice Director
President,
Corporate
Controller &
Chief
Accounting
Officer
Accounting
Officer

/s/ Mark A. /s/ Teresa
Beck L. Kline
Mark A. Teresa L.
Beck Kline
Chair of the Director
Board of
Directors

/s/ Gwendolyn M. /s/
Bingham Carissa
L. Rollins
Gwendolyn Carissa
M. Bingham L. Rollins
Director Director

/s/ Kenneth Gardner-
Smith
Kenneth
Gardner-
Smith
Director

91

102

Exhibit
4.14

DESCRIPTION
OF THE

COMPANY'S
SECURITIES
REGISTERED

PURSUANT
TO SECTION 12
OF THE
SECURITIES
EXCHANGE ACT
OF 1934

The following is a brief description of the common stock, \$2.00 par value per share (the "Common Stock"), of Owens & Minor, Inc. (the "Company," "we," "us," and "our"), which is the only security of the Company registered pursuant to Section 12 of the Securities Exchange Act of 1934 (the "Exchange Act"). The following description is qualified in its entirety by reference to our amended and restated articles of incorporation and our amended and restated bylaws. Because this is a summary description, it does not contain all of the information that may be important to you. For a more detailed description of our common stock, you should refer to the provisions of our amended and restated articles of

incorporation and our amended and restated bylaws, as amended, each of which is an exhibit to the Form 10-K to which this description is an exhibit, as well as the applicable provisions of the Virginia Stock Corporation Act (the "VSCA").

**Authorized
Capital Stock**

Our authorized capital stock consists of 200,000,000 shares of common stock, par value \$2.00 per share, and 10,000,000 shares of cumulative preferred stock, par value \$100.00 per share.

**Common
Stock**

Dividends

Subject to the rights of any series of preferred stock that we may issue, the holders of common stock may receive dividends when, as and if declared by our board of directors, out of our assets legally available therefor.

Fully Paid

All outstanding shares of common

stock are fully paid and non-assessable.

Voting Rights

Holders of shares of our common stock are entitled to one vote for each share held of record on all matters on which shareholders are entitled to vote generally, including the election or removal of directors. In uncontested elections, directors are elected by a majority of the votes cast in the election for such director nominee. The holders of our common stock do not have cumulative voting rights in the election of directors. The affirmative vote of more than two-thirds of the outstanding shares of common stock is required for certain amendments to our amended and restated articles of incorporation and the approval of mergers, statutory share exchanges, certain sales or other dispositions of assets outside the usual and regular course of business, conversions, domestications and dissolutions. All other matters to be

voted on by shareholders must be approved by a majority of the votes cast on the matter.

Liquidation

Rights

Upon our dissolution, liquidation or winding up and after payment in full of all amounts required to be paid to creditors and to the holders of shares of our preferred stock having liquidation preferences, if any, the holders of shares of our common stock will be entitled to receive pro rata our remaining assets available for distribution.

Other Rights

We will notify shareholders of any shareholders' meetings according to applicable law. Holders of shares of our common stock do not have preemptive, subscription, redemption or conversion rights. Shares of our common stock will not be subject to further calls or assessment by us. There will be no redemption or sinking fund provisions applicable to

shares of our common stock. The rights, powers, preferences and privileges of holders of shares of our common stock will be subject to those of the holders of any shares of our preferred stock that we may authorize and issue in the future.

Transfer

Agent

The transfer agent and registrar for shares of our common stock is Computershare, Inc.

Listing

Our common stock is listed on the New York Stock Exchange (the "NYSE") under the symbol "OMI."

Preferred

Stock

Our amended and restated articles of incorporation authorize our board of directors to establish one or more series of

shares of preferred stock (including shares of convertible preferred stock). Unless required by law or by the NYSE, the authorized shares of preferred stock will be available for issuance without further action by our shareholders. Our board of directors is able to determine, with respect to any series of shares of preferred stock, the powers (including voting powers), preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, including:

- the rate of dividend, the time of payment and the dates from which any dividends shall be cumulative and the extent of participation rights, if any;
- any right to vote with holders of shares of any other series or class and any right to vote as a class either generally or as a condition to specified corporate action, subject to certain limitations;
- the price at which and the terms and conditions

upon which
shares may be
redeemed;
the
amount payable
upon shares in
the event of
involuntary or
voluntary
liquidation;
sinking
fund provisions
of the
redemption or
purchase of
shares, if any;
and
the
terms and
conditions upon
which shares
may be
converted, if the
shares of any
series are
issued with the
privilege of
conversion.

the rate of
dividend,
the time of
payment
and the
dates from
which any
dividends
shall be
cumulative
and the
extent of
participation
rights, if
any;

· any right
to vote
with
holders of
shares of
any other
series or
class and
any right
to vote as
a class
either
generally
or as a
condition
to
specified
corporate
action,
subject to
certain
limitations;

· the price
at which
and the
terms and
conditions
upon
which
shares
may be
redeemed;

· the amount
payable
upon
shares in
the event
of
involuntary
or
voluntary
liquidation;

· sinking
fund
provisions
of the
redemption
or
purchase
of shares,
if any; and

the terms
and
conditions
upon which
shares may
be
converted,
if the
shares of
any series
are issued
with the
privilege of
conversion.

Virginia
Stock
Corporation Act
and our Articles
of Incorporation
and Bylaws

General

We are a Virginia corporation subject to the VSCA. Provisions of the VSCA, in addition to provisions in our amended and restated articles of incorporation and our amended and restated bylaws, address corporate governance issues, including the rights of shareholders. Certain of these provisions may make it more difficult or discourage a takeover of our business or removal of our incumbent directors or officers. This anti-takeover effect may, in some circumstances, reduce the control

premium that might otherwise be reflected in the value of our common stock.

Certain key provisions of the VSCA, our amended and restated articles of incorporation and our amended and restated bylaws are summarized below. This summary is necessarily general and is not intended to be a complete description of all features and consequences of those provisions, and is qualified in its entirety by reference to our amended and restated articles of incorporation, our amended and restated bylaws and the VSCA.

***Certain
Provisions of Our
Amended and
Restated Articles
of Incorporation
and Amended
and Restated
Bylaws***

Election and Removal of Directors; Vacancies. Each of our directors is elected by the vote of a majority of the votes cast at any meeting of shareholders for the election of directors at which a

quorum is present, provided that if the number of director nominees at such meeting exceeds the number of directors to be elected, the directors are elected by a plurality of the votes cast. Under our amended and restated bylaws, a majority of the votes cast means that the number of shares voted "for" a director must exceed the number of shares voted "against" that director.

Our directors are elected for one-year terms and can be removed, with or without cause, if the number of votes cast for removal at a shareholder meeting called for that purpose at which a quorum is present constitutes a majority of the votes entitled to be cast at an election of directors. Our amended and restated bylaws provide that the number

of directors will from time to time be fixed by resolution adopted by the affirmative vote of a majority of our directors then in office.

Vacancies in the board may be filled by the board. Subject to the rights of any preferred stock, any vacancy on our board of directors resulting from any death, resignation, retirement, disqualification, removal from office or newly created directorship resulting from an increase in the authorized number of directors or otherwise may be filled by majority vote of the remaining directors then in office, even if less than a quorum.

Special Meetings of Shareholders. Special meetings of shareholders may be called at any time and from time to time only by the chair of our board of directors, our chief executive officer or by a majority of the board of directors.

Advance Notice Requirements for Shareholder

*Director
Nominations and
Shareholder
Business.* Our
amended and
restated bylaws
require that
advance notice of
shareholder
director
nominations and
shareholder
business for
annual meetings of
shareholders be
made in writing
and given to our
corporate
secretary, together
with certain
specified
information, not
earlier than the
close of business
on the 150th day
nor later than the
close of business
on the 120th day
before the
anniversary of the
immediately
preceding annual
meeting of
shareholders,
subject to other
timing
requirements as
specified in our
amended and
restated bylaws,
including in the
case of a change
in the date of the
annual meeting of
shareholders.

Director
nominations and
shareholder
business that are
given late or that
do not include all
required
information may be
rejected. This

could prevent shareholders from bringing certain matters before an annual or special meeting, including making nominations for directors.

Proxy Access.

Our amended and restated bylaws permit a shareholder, or a group of up to 20 shareholders, owning 3% or more of our outstanding common stock continuously for at least three years, to nominate and include in our annual meeting proxy materials director candidates to occupy up to two or 20% of the number of directors in office (whichever is greater), provided that such shareholder or group of shareholders satisfies the requirements set forth in our amended and restated bylaws.

Authorized but Unissued Capital Stock. Our amended and restated articles of incorporation currently authorize more capital stock than we have issued. The listing requirements of the NYSE, which will apply so long as our common stock

remains listed on the NYSE, require shareholder approval of certain issuances equal to or exceeding 20% of then-outstanding voting power or then-outstanding number of shares of common stock. These additional shares may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions.

One of the effects of the existence of unissued and unreserved common stock or preferred stock may be to enable our board of directors to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of our company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management and possibly deprive shareholders of opportunities to sell their shares of common stock at prices higher than

prevailing market
prices.

*Certain
Provisions of
Virginia Law*

Directors'

Duties. The standards of conduct for directors of Virginia corporations are listed in Section 13.1-690 of the VSCA. Directors must discharge their duties in accordance with their good faith business judgment of the best interests of the corporation.

Directors may rely on the advice or acts of others, including officers, employees, attorneys, accountants and board committees if they have a good faith belief in their competence.

Directors' actions are not subject to a reasonableness or prudent person standard. Virginia's federal and state courts have focused on the process involved with directors' decision-making and are generally supportive of directors if they have based their decision on an informed process. These elements of Virginia law could make it more

difficult to take over
a Virginia
corporation than
corporations in
other states.

*Control Share
Acquisitions*
Statute. Virginia
law contains
provisions relating
to "control share
acquisitions,"
which are
transactions
causing the voting
power of any
person acquiring
beneficial
ownership of
shares of a Virginia
public corporation
to meet or exceed
certain threshold
percentages (20%,
33 1/3% or 50%) of
the total votes
entitled to be cast
for the election of
directors. Under
Virginia law, shares
acquired in a
control share
acquisition have no

voting
rights unless
granted by a
majority vote of all
outstanding shares
entitled to vote in
the election of
directors other than
those held by the
acquiring person or
held by any officer
or employee

director of the corporation, unless at the time of any control share acquisition, the articles of incorporation or bylaws of the corporation provide that this statute does not apply to acquisitions of its shares. An acquiring person that owns 5% or more of the corporation's voting stock may require that a special meeting of the shareholders be held, within 50 days of the acquiring person's request, to consider the grant of voting rights to the shares acquired or to be acquired in the control share acquisition. If voting rights are not granted and the corporation's articles of incorporation or bylaws permit, the acquiring person's shares may be redeemed by the corporation, at the corporation's option, at a price per share equal to the acquiring person's cost. Unless otherwise provided in the corporation's articles of incorporation or bylaws, the Virginia law grants appraisal rights to

any shareholder who objects to a control share acquisition that is approved by a vote of disinterested shareholders and that gives the acquiring person control of a majority of the corporation's voting shares. As permitted by Virginia law, we have opted out of the Virginia anti-takeover law regulating control share acquisitions.

Affiliated Transactions
Statute. Virginia law also contains provisions governing "affiliated transactions." An affiliated transaction is generally defined as a merger, a share exchange, a material disposition of corporate assets not in the ordinary course of business, any dissolution of the corporation proposed by or on behalf of a holder of more than 10% of any class of the corporation's outstanding voting shares (a "10% holder") or any reclassification, including reverse stock splits, recapitalization or merger of the corporation with its subsidiaries, that increases the

percentage of voting shares owned beneficially by a 10% holder by more than 5%. In general, these provisions prohibit a Virginia corporation from engaging in affiliated transactions with any 10% holder for a period of three years following the date that such person became a 10% holder unless (1) a majority of disinterested directors of the corporation and the holders of two-thirds of the voting shares, other than the shares beneficially owned by the 10% holder, approve the affiliated transaction or (2) before the date the person became a 10% holder, the board of directors approved the transaction that resulted in the shareholder becoming a 10% holder. A disinterested director is a director who was a director on the date on which a 10% holder became a 10% holder or was recommended for election or elected by a majority of the disinterested directors then on the board. After three years, an

affiliated transaction must be (i) approved by either the holders of two-thirds of the voting shares, other than the shares beneficially owned by the 10% holder, or a majority of disinterested directors or (ii) satisfy certain fair price requirements in the statute. Virginia law permits corporations to opt out of the affiliated transactions provisions. We have not opted out of the Virginia anti-takeover law regulating affiliated transactions.

Shareholder Action by Unanimous Consent. Virginia law provides that, unless provided otherwise in a Virginia corporation's articles of incorporation, any action that could be taken by shareholders at a meeting may be taken, instead, without a meeting and without notice if a consent in writing is signed by all the shareholders entitled to vote on the action. Our amended and restated articles of incorporation do not include a

provision that permits shareholders to take action without a meeting other than by unanimous written consent.

**Limitations
on Liability and
Indemnification of
Officers and
Directors**

Virginia law permits, and our amended and restated articles of incorporation provide for, the indemnification of our directors and officers with respect to certain liabilities and expenses imposed upon them in connection with any civil, criminal or other proceeding by reason of having been a director or officer of the Company. This indemnification does not apply in the case of willful misconduct or a knowing violation of the criminal law. Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Securities Act") may be permitted to directors, officers or persons controlling us pursuant to the

foregoing provisions, we have been informed that, in the opinion of the U.S. Securities and Exchange Commission, indemnification for liabilities under the Securities Act is against public policy and is unenforceable.

**Exhibit
21.1**

**Subsidiaries
of Registrant**

<u>Subsidiary</u>		<u>Incorporation/ Subsidiary Organization</u>	<u>Country</u>	<u>State of Assumed Name</u>
American Contract Systems, Inc.			Minnesota	USA
AVID Medical, Inc.			Delaware	USA
Barista Acquisition I, LLC			Virginia	USA
Barista Acquisition II, LLC			Virginia	USA
Byram Healthcare Centers, Inc.			New Jersey	USA
Byram Holdings I, Inc.			New Jersey	USA
Clinical Care Services, L.L.C.			Utah	USA

Diabetes		
Specialty		
Center, L.L.C.	Utah	USA
Fusion 5 Inc.	Delaware	USA
Halyard North		
Carolina, LLC	North Carolina	USA
Key Diabetes		
Supply Co.	Michigan	USA
Medical Action		
Industries Inc.	Delaware	USA
O&M Byram		
Holdings, GP	Delaware	USA
O&M Funding		
LLC	Delaware	USA
O&M Halyard,		
Inc.	Virginia	USA
O&M IT		
Holdings, Inc.	Virginia	USA
O&M IT		
Holdings II,		
Inc.	Virginia	USA
O&M		
Worldwide,		
LLC	Virginia	USA
Owens & Minor		
Distribution,		
Inc.	Virginia	USA
Owens & Minor		
Global		
Resources,		
LLC	Virginia	USA
Owens & Minor		
International		
Logistics, Inc.	Virginia	USA
Owens & Minor		
Medical, Inc.	Virginia	USA
Owens & Minor,		
Inc.	Virginia	USA
Owens & Minor,		
Inc. Executive		
Deferred		
Compensation		
Trust	Virginia	USA
Arabian Medical		
Products		
Manufacturing		
Company		
(19%)	N/A	Saudi Arabia
ArcRoyal		
Holdings		
Unlimited		
Company	N/A	Ireland
ArcRoyal		
Unlimited		
Company	N/A	Ireland

Halyard			
Malaysia SND			
BHD	N/A		Malaysia
La Ada de			
Acuna, S. de			
R.L. de C.V.	N/A		Mexico
Mira			
MEDsource			
(Shanghai)			
Co., LTD	N/A		Shanghai
Mira			
MEDsource			
Holding			
Company			
Limited	N/A		Hong Kong
O and M			
Halyard South			
Africa Pty Ltd	N/A		South Africa
O&M Brasil			
Consultoria			
Ltda	N/A		Brazil
O&M Halyard			
Australia PTY			
LTD	N/A		Australia
O&M Halyard			
Belgium	N/A		Belgium
O&M Halyard			
Canada Inc.	N/A		Canada
O&M Halyard			
France	N/A		France
O&M Halyard			
Germany			
GmbH	N/A		Germany
O&M Halyard			
Health India			
Private			
Limited	N/A		India
O&M Halyard			
Honduras			
S.A. de C.V.	N/A		Honduras
O&M Halyard			
Ireland			
Limited	N/A		Ireland

O&M Halyard			
Japan GK	N/A	Japan	
O&M Halyard			
Korea	N/A	Republic of Korea	

O&M Halyard
Mexico, S.
de R.L. de
C.V. N/A Mexico

O&M Halyard
Netherlands
B.V. N/A Netherlands

O&M Halyard
Singapore
PTE Ltd N/A Singapore

O&M Halyard
UK Limited N/A United Kingdom

O&M
Healthcare
Italia S.R.L. N/A Italy

O&M
International
Healthcare
C.V. N/A Netherlands

O&M-
Bermuda
Insurance
Co. Ltd. N/A Bermuda

Owens &
Minor
Global
Services
Unlimited
Company N/A Ireland

Owens &
Minor
Ireland
Unlimited
Company N/A Ireland

Safeskin
Medical &
Scientific
(Thailand)
Ltd. N/A Thailand

Apria, Inc. Delaware USA

Apria
Healthcare
Group LLC Delaware USA

Apria
Healthcare
LLC Delaware USA

Apria Holdco
LLC Delaware USA

CPAP Sleep
Stores, LLC Delaware USA

DMEHUB
LLC Delaware USA

Healthy
Living
Home
Medical
LLC Delaware USA
Lofta, Inc. California USA

**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
December 31,
2022 December
31, 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

Key
Diabetes Supply
Co., a Michigan
corporation

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

December 31,
2022 December
31, 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

Key
Diabetes Supply
Co., a Michigan
corporation

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.

**Exhibit
23.1**

**Consent
of Independent
Registered Public
Accounting Firm**

We
consent to the
incorporation by
reference in the
registration
statements (Nos.
033-32497, 333-
203826, 333-
217783, 333-
224787, 333-
231386, 333-
238059, 333-

251376, 333-
264671 and 333-
264671) 333-
271859) on Form
S-8 and
registration
statement (No.
333-238068) on
Form S-3 of our
reports dated
February 28,
2023 February
20, 2024, with
respect to the
consolidated
financial
statements of
Owens & Minor,
Inc. and the
effectiveness of
internal control
over financial
reporting.

/s/ KPMG
LLP

Richmond,
Virginia

February 28, 2023

20, 2024

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 Annual Report on Form 10-K for the year ended December 31, 2022 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;

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.

1. I have
reviewed
this
Annual
Report on
Form 10-
K for the
year
ended
December
31, 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:

February 28,
2023 February
20, 2024

/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 Annual
Report on
Form 10-K
for the
year ended
December
31, 2022,
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

materiably
affected,
or
is
reasonably
likely
to
materiably
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.

1. I have
reviewed
this
Annual
Report on
Form 10-
K for the
year
ended
December
31, 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:

February 28,
2023 February
20, 2024

/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
Annual Report of
Owens & Minor,
Inc. (the
"Company") on
Form 10-K for the
year ended
December 31,
2022 December
31, 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.

(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.
February
28,
2023 20,
2024

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
Annual Report of
Owens & Minor,
Inc. (the
"Company") on
Form 10-K for the
year ended
December 31,
2022 December
31, 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.

(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.
February
28,
2023 20,
2024

Exhibit 97



POLICY ON

RECOUPMENT

OF EXECUTIVE

INCENTIVE

COMPENSATION

PURPOSE The

Board of Directors

(the "Board") of

Owens & Minor,

Inc. (the

"Company")

believes that it is in

the best interests

of the Company

and its

shareholders to

create and

maintain a culture

that emphasizes

integrity and

accountability and

that reinforces the

Company's pay-

for-performance

compensation

philosophy. The

Board has

therefore adopted

this policy to

provide for the

recoupment of

certain executive

compensation in

the event that the

Company is required to prepare an accounting restatement due to material noncompliance with any financial reporting requirement under the federal securities laws (this "Policy"). This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the rules promulgated thereunder, and the listing standards of the national securities exchange on which the Company's securities are listed.

ADMINISTRATION
This Policy shall be administered by the Our People & Culture Committee of the Board (the "OP&C Committee"). Any determinations made by the OP&C Committee shall be final and binding on all affected individuals.

COVERED EXECUTIVES This Policy applies to the Company's current and former executive officers (as determined by the OP&C Committee in accordance with Section 10D of the

Exchange Act, the rules promulgated thereunder, and the listing standards of the national securities exchange on which the Company's securities are listed) and such other senior executives and employees as the OP&C Committee may from time to time designate as subject to this Policy ("Covered Executives").

COVERED COMPENSATION
For purposes of this Policy, "Incentive-Based Compensation" means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a financial reporting measure, including, but not limited to: (i) non-equity incentive plan awards that are earned solely or in part by satisfying a financial reporting measure performance goal; (ii) bonuses paid from a bonus pool, where the size of the pool is determined solely or in part by satisfying a financial reporting measure performance goal; (iii) other cash

awards based on
satisfaction of a
financial reporting
measure
performance goal;
(iv) restricted
stock, restricted
stock units, stock
options, stock
appreciation rights,
performance share
units and deferred
stock that are
granted or vest
solely or in part on
satisfying a
financial reporting
measure
performance goal;
and (v) proceeds
from the sale of
shares acquired
through an
incentive plan that
were granted or
vested solely or in
part on satisfying a



financial reporting
measure
performance goal;
Compensation
that would not be
considered
incentive-based
Compensation
includes, but is
not limited to: (a)
salaries; (b) time-
based
Compensation
(which is defined
and separately
addressed
below); (c)
bonuses paid
solely or
satisfying
subjective
standards, such
as demonstrating
leadership, and/or

completion of a specified employment period; (d) non-equity incentive plan awards earned solely on satisfying strategic or operational measures; and (e) discretionary bonuses or other compensation that is not paid from a bonus pool that is determined by satisfying a financial reporting measure performance goal.

• A "financial reporting measure" is: (i) any measure that is determined and presented in accordance with the accounting principles used in preparing financial statements, or any measure derived wholly or in part from such measure, such as revenues, EBITDA, or net income and (ii) stock price and total shareholder return. Financial reporting measures include, but are not limited to, revenues, net income, operating income, profitability of one or more reportable segments, financial ratios

(e.g., accounts receivable turnover and inventory turnover rates), net assets or net asset value per share (e.g., for registered investment companies and business development companies that are subject to the rule); earnings before interest taxes, depreciation and amortization funds from operations and adjusted funds from operations liquidity measures (e.g., working capital, operating cash flow), return measures (e.g., return on invested capital, return on assets); earnings measures (e.g., earnings per share), sales per square foot or same store sales, where sales is subject to an accounting restatement revenue per user or average revenue per user, where revenue is subject to an accounting restatement, cost per employee, where cost is subject to an accounting restatement, any of such financial reporting measures relative

to a peer group;
where the
Issuer's financial
reporting
measure is
subject to an
accounting
restatement; and
tax basis income;
• "Time-Based
Compensation"
means any
equity-based
compensation
that is subject to
vesting based
solely on
continued
employment or
service;
"Covered
Compensation"
means
collectively,
incentive-based
Compensation
and Time-Based
Compensation;
RECOUPMENT
OF INCENTIVE
BASED
COMPENSATION
In the event the
Company is
required to
prepare an
accounting
restatement of its
financial
statements due to
the Company's
material
noncompliance
with any financial
reporting
requirement
under applicable
securities laws,
including any
required
accounting
restatement to
correct an error in
previously issued
financial

statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (each an "Accounting Restatement").

the OP&C Committee will require reimbursement or forfeiture of the incentive-based Overpayment (as defined below) received by any Covered Executive during the three (3) completed fiscal years immediately preceding the date on which the Company is required to prepare an Accounting Restatement and any transition period (that results from a change in the Company's fiscal year) within or immediately following those three (3) completed fiscal years.



The amount to be recovered will be the amount of

Incentive-Based Compensation received that exceeds the amount of Incentive-Based Compensation that otherwise would have been received had it been determined based on the restated amounts and must be computed without regard to any taxes paid (the "Incentive-Based Overpayment"). Incentive-Based Compensation is deemed received in the Company's fiscal period during which the financial reporting measure specified in the incentive-based compensation award is attained, as applicable, even if the payment or grant of the incentive-based compensation occurs after the end of that period. For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in the

Accounting
Restatement, the
amount must be
based on a
reasonable
estimate of the
effect of the

Accounting
Restatement on
the stock price or
total shareholder
return upon which
the Covered
Compensation
was received, and
the Company
must maintain
documentation of
the determination
of that reasonable
estimate and
provide such
documentation to
the exchange on
which the
Company's
securities are
listed.

RECOUPMENT
OF TIME-BASED
COMPENSATION
In addition, in the
event the
Company is
required to
prepare an
Accounting
Restatement, the
OP&C Committee
will have the sole
discretion to
determine (0)
whether to cause
the Company to
pursue
reimbursement or
forfeiture of any
Time-Based
Compensation
subject to this
Policy received by
any Covered
Executive during
the three (3)
completed fiscal

years immediately preceding the date on which the Company is required to prepare an Accounting Restatement and any transition period (that results from a change in the Company's fiscal year) within or immediately following those three (3) completed fiscal years. (ii) the amount of such Time-Based Compensation (or portion thereof) subject to reimbursement or forfeiture and (iii) the timing, amount, method and form of any reimbursement in each case, subject to applicable law and the terms of this Policy in determining whether or not to cause the Company to pursue reimbursement or forfeiture of Time-Based Compensation under this Policy, the OP&C Committee will not be required to cause the Company to seek reimbursement or forfeiture if the OP&C Committee determines that it would not be in

the best interests
of the Company
or the OP&C
Committee
determines that
such
reimbursement or
forfeiture of Time-
Based
Compensation
cannot be
accomplished
with reasonable
efforts in making
such
determinations.
the OP&C
Committee may
take into account
all facts and
circumstances
that it determines
to be relevant.
METHOD OF
RECOUPPMENT
The OP&C
Committee will
determine, in its
sole discretion,
the method for
recouping any
Incentive-Based
Overpayment
and/or Time-
Based
Compensation
hereunder which
may include
without limitation
• requiring
reimbursement of
cash Covered
Compensation
previously paid.



• seeking recovery
of any gain realized
on the vesting
exercise
settlement, sale,
transfer, or other
disposition of any
equity-based

awards, • offsetting
the _____ recouped
amount from any
compensation
otherwise owed by
the Company to the
Covered Executive;
• _____ cancelling
outstanding vested
or unvested equity
awards; and/or •
taking any other
remedial _____ and
recovery action
permitted by law, as
determined by the
OP&C Committee.

**LIMITATION ON
RECOVERY; NO
ADDITIONAL
PAYMENTS** The
right to recovery will
be limited to
Incentive-Based
Overpayments
and/or Time-Based
Compensation, as
applicable, paid or
distributed during
the three (3) years
prior to the date on
which the Company
is required to
prepare an
Accounting
Restatement and
any _____ transition
period (that results
from a change in
the Company's
fiscal year) within or
immediately
following those
three (3) completed
fiscal years. In no
event shall the
Company be
required to award
Covered
Executives an
additional payment
if the restated or
accurate financial
results would have
resulted in a higher

Covered
Compensation
payment. NO
INDEMNIFICATION
The Company shall
not indemnify any
Covered
Executives against
the loss of any
incorrectly awarded
Covered
Compensation
INTERPRETATION
The OP&C
Committee is
authorized to
interpret and
construe this Policy
and to make all
determinations
necessary,
appropriate, or
advisable for the
administration of
this Policy. It is
intended that this
Policy be
interpreted in a
manner that is
consistent with the
requirements of
Section 10D of the
Exchange Act and
the applicable rules
or standards
adopted by the
Securities and
Exchange
Commission or any
national securities
exchange on which
the Company's
securities are listed.
EFFECTIVE DATE
This Policy shall be
effective as of the
date it is adopted
by the Board (the
"Effective Date")
and shall apply to
Covered
Compensation
(including Covered
Compensation
granted pursuant to

arrangements
existing prior to the
Effective Date)

AMENDMENT:

TERMINATION The
Board may amend
this Policy from
time to time in its
discretion and shall
amend this Policy
as it deems
necessary to reflect
final rules or
additional
standards adopted
by a national
securities exchange
on which the
Company's
securities are listed.
The Board may
terminate this
Policy at any time.



**OTHER
GRAPHIC
RECOUPMENT**

RIGHTS The Board
intends that this
Policy will be applied
to the fullest extent
of the law. The
OP&C Committee
may require that any
employment or
service agreement,
equity award
agreement, or
similar agreement
entered into on or
after the Effective
Date shall, as a
condition to the
grant of any benefit
hereunder, require
a Covered Executive
to agree to abide by
the terms of this
Policy. Any right of
recoupment under
this Policy is in
addition to, and not
in lieu of, any other
remedies or rights of

recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.

IMPRATICABILITY

The OP&C Committee shall recover any Incentive-Based Overpayment in accordance with this Policy except to the extent that the OP&C Committee determines such recovery would be impracticable because: (i) The direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered; (ii) Recovery would violate home country law where that law was adopted prior to November 28, 2022; or (iii) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

SUCCESSORS This Policy shall be

binding and
enforceable against
all Covered
Executives and their
beneficiaries, heirs,
executors,
administrators or
other legal
representatives.
Approved by Board
of Directors on
3/20/2023

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ARE
ADVISED
TO
REVIEW
THE
APPLICABLE
COMPANY'S
ACTUAL
SEC
FILINGS
BEFORE
MAKING
ANY
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OR
OTHER
DECISIONS.

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