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## DELTA REPORT

### 10-Q

OPCH - OPTION CARE HEALTH, INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

**TOTAL DELTAS** 1106

■ CHANGES	173
■ DELETIONS	323
■ ADDITIONS	610

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

## Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended **September 30, 2023** **March 31, 2024**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from **to**

Commission file number: 001-11993



## OPTION CARE HEALTH, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State of incorporation)

05-0489664

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

3000 Lakeside Dr.      Suite 300N,      Bannockburn,      IL

60015

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

312-940-2443

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, \$0.0001 par value per share	OPCH	Nasdaq Global Select Market

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 every Interactive Data File required to be submitted 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 such files). Yes  No

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  Emerging growth company

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

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

On **October 23, 2023** **April 19, 2024**, there were **177,130,539** **173,816,267** shares of the registrant's Common Stock outstanding.

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Unless the context requires otherwise, references in this Quarterly Report on Form 10-Q (this "Form 10-Q") to "Option Care Health," the "Company," "we," "us" and "our" refer to Option Care Health, Inc. and its consolidated subsidiaries.

**Forward-Looking Statements**

This Form 10-Q includes forward-looking statements within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, including, without limitation, statements concerning our expectations regarding industry and macroeconomic trends and our operating performance. Forward-looking statements can be identified by words such as: "anticipate," "intend," "plan," "believe," "project," "estimate," "expect," "may," "should," "will" and similar references to future periods.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. If any of these risks materialize, or if any of our assumptions underlying forward-looking statements prove incorrect, actual results and developments may differ materially from those made in or suggested by the forward-looking statements contained in this Form 10-Q. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, those set forth in Item 1A, "Risk Factors," of Part I of our Annual Report on Form 10-K for the year ended **December 31, 2022** December 31, 2023 (our "Form 10-K") filed with the U.S. Securities and Exchange Commission (the "SEC"). Although we have attempted to identify important risk factors, there may be other risk factors not presently known to us or that we presently believe are not material that could cause actual results and developments to differ materially from those made in or suggested by the forward-looking statements contained in this Form 10-Q. We caution you against relying on any forward-looking statements, which should also be read in conjunction with the other cautionary statements that are included elsewhere in this Form 10-Q. Any forward-looking statement made by us in this Form 10-Q speaks only as of the date hereof. We undertake no obligation to publicly update or to revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

**PART I**  
**FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**OPTION CARE HEALTH, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(IN THOUSANDS, EXCEPT SHARES AND PER SHARE AMOUNTS)

		September 30, 2023	December 31, 2022	
		(unaudited)		
		March 31, 2024		March 31, 2024
				December 31, 2023
ASSETS	ASSETS			
ASSETS	ASSETS			
CURRENT	CURRENT			
ASSETS:	ASSETS:			
CURRENT ASSETS:				
CURRENT ASSETS:				
Cash and cash equivalents	Cash and cash equivalents			
Cash and cash equivalents	Cash and cash equivalents	\$ 386,489	\$ 294,186	
Accounts receivable, net	Accounts receivable, net	382,957	377,542	
Inventories	Inventories	251,366	224,281	
Prepaid expenses and other current assets	Prepaid expenses and other current assets	95,473	98,330	
Total current assets	Total current assets	1,116,285	994,339	
NONCURRENT ASSETS:	NONCURRENT ASSETS:			
NONCURRENT ASSETS:				
Property and equipment, net	Property and equipment, net			
Property and equipment, net	Property and equipment, net	107,960	108,321	
Operating lease right-of-use asset	Operating lease right-of-use asset	83,732	72,424	
Intangible assets, net	Intangible assets, net	20,868	22,371	
Referral sources, net	Referral sources, net	323,126	341,744	
Goodwill	Goodwill	1,540,246	1,533,424	
Other noncurrent assets	Other noncurrent assets	51,399	40,313	
Total noncurrent assets	Total noncurrent assets	2,127,331	2,118,597	
<b>TOTAL ASSETS</b>	<b>TOTAL ASSETS</b>	<b>\$3,243,616</b>	<b>\$3,112,936</b>	
LIABILITIES AND STOCKHOLDERS' EQUITY	LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES:	CURRENT LIABILITIES:			

Accounts payable	Accounts payable	\$ 429,536	\$ 378,763
Accrued compensation and employee benefits	Accrued compensation and employee benefits	81,159	76,906
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	88,921	84,302
Current portion of operating lease liability	Current portion of operating lease liability	18,468	19,380
Current portion of long-term debt	Current portion of long-term debt	6,000	6,000
Total current liabilities	Total current liabilities	624,084	565,351
<b>NONCURRENT LIABILITIES:</b>	<b>NONCURRENT LIABILITIES:</b>		
Long-term debt, net of discount, deferred financing costs and current portion	Long-term debt, net of discount, deferred financing costs and current portion		
Long-term debt, net of discount, deferred financing costs and current portion	Long-term debt, net of discount, deferred financing costs and current portion		
Long-term debt, net of discount, deferred financing costs and current portion	Long-term debt, net of discount, deferred financing costs and current portion	1,057,016	1,058,204
Operating lease liability, net of current portion	Operating lease liability, net of current portion	85,423	71,441
Deferred income taxes	Deferred income taxes	33,921	22,154
Other noncurrent liabilities	Other noncurrent liabilities	3,089	9,683
Total noncurrent liabilities	Total noncurrent liabilities	1,179,449	1,161,482
<b>Total liabilities</b>	<b>Total liabilities</b>	<b>1,803,533</b>	<b>1,726,833</b>
<b>STOCKHOLDERS' EQUITY:</b>	<b>STOCKHOLDERS' EQUITY:</b>		
Preferred stock; \$0.0001 par value; 12,500,000 shares authorized, no shares outstanding as of September 30, 2023 and December 31, 2022	—	—	—
Common stock; \$0.0001 par value: 250,000,000 shares authorized, 182,901,785 shares issued and 177,129,378 shares outstanding as of September 30, 2023; 182,341,420 shares issued and 181,957,698 shares outstanding as of December 31, 2022	18	18	18

Treasury stock; 5,772,407 and  
383,722 shares outstanding, at cost,  
as of September 30, 2023 and  
December 31, 2022, respectively      (179,205)      (2,403)

**STOCKHOLDERS' EQUITY:**

**STOCKHOLDERS' EQUITY:**

Preferred stock; \$0.0001 par value;  
12,500,000 shares authorized, no  
shares outstanding as of March 31,  
2024 and December 31, 2023

Preferred stock; \$0.0001 par value;  
12,500,000 shares authorized, no  
shares outstanding as of March 31,  
2024 and December 31, 2023

Preferred stock; \$0.0001 par value;  
12,500,000 shares authorized, no  
shares outstanding as of March 31,  
2024 and December 31, 2023

Common stock;  
\$0.0001 par  
value:

250,000,000  
shares  
authorized,  
183,397,817  
shares issued  
and 173,816,056  
shares  
outstanding as of  
March 31, 2024;  
182,905,559  
shares issued  
and 174,575,537  
shares  
outstanding as of  
December 31,  
2023

Treasury stock;  
9,581,761 and  
8,330,022 shares  
outstanding, at  
cost, as of March  
31, 2024 and  
December 31,  
2023,  
respectively

Paid-in capital	Paid-in capital	1,197,874	1,176,906
Retained earnings	Retained earnings	400,336	190,423
Accumulated other comprehensive income	Accumulated other comprehensive income	21,060	21,159
Total stockholders' equity	Total stockholders' equity	1,440,083	1,386,103
<b>TOTAL</b>	<b>TOTAL</b>		
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$3,243,616</b>	<b>\$3,112,936</b>

The notes to unaudited condensed consolidated financial statements are an integral part of these statements.

**OPTION CARE HEALTH, INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

		Three Months Ended March 31,		Nine Months Ended September 30,	
		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
NET REVENUE	NET REVENUE	\$ 1,093,014	\$ 1,020,918	\$ 3,177,934	\$ 2,917,522
NET REVENUE					
NET REVENUE					
COST OF REVENUE	COST OF REVENUE	838,748	802,917	2,443,834	2,281,685
COST OF REVENUE					
COST OF REVENUE					
GROSS PROFIT	GROSS PROFIT	254,266	218,001	734,100	635,837
OPERATING COSTS AND EXPENSES:	OPERATING COSTS AND EXPENSES:				
OPERATING COSTS AND EXPENSES:					
Selling, general and administrative expenses	Selling, general and administrative expenses	158,214	142,015	459,644	417,771
Depreciation and amortization expense	Depreciation and amortization expense	15,005	15,268	44,417	46,027
Depreciation and amortization expense					
Depreciation and amortization expense					
Total operating expenses	Total operating expenses				
Total operating expenses					
Total operating expenses	Total operating expenses	173,219	157,283	504,061	463,798
OPERATING INCOME	OPERATING INCOME	81,047	60,718	230,039	172,039
OPERATING INCOME					
OPERATING INCOME					
OTHER INCOME (EXPENSE):	OTHER INCOME (EXPENSE):				
OTHER INCOME (EXPENSE):					
OTHER INCOME (EXPENSE):					
Interest expense, net	Interest expense, net	(11,786)	(13,997)	(38,816)	(39,008)
Interest expense, net					
Equity in earnings of joint ventures	Equity in earnings of joint ventures	1,273	1,472	4,107	4,065
Equity in earnings of joint ventures					
Equity in earnings of joint ventures					
Other, net	Other, net	(449)	3,888	84,487	3,891
Total other (expense) income		(10,962)	(8,637)	49,778	(31,052)
Other, net					
Other, net					
Total other expense					
Total other expense					
Total other expense					

INCOME BEFORE INCOME TAXES	INCOME BEFORE INCOME TAXES	70,085	52,081	279,817	140,987
INCOME BEFORE INCOME TAXES					
INCOME BEFORE INCOME TAXES					
INCOME TAX EXPENSE					
INCOME TAX EXPENSE					
INCOME TAX EXPENSE	INCOME TAX EXPENSE	13,783	13,258	69,904	37,960
NET INCOME	NET INCOME	\$ 56,302	\$ 38,823	\$ 209,913	\$ 103,027
NET INCOME					
OTHER	OTHER				
COMPREHENSIVE	COMPREHENSIVE				
INCOME (LOSS), NET OF TAX:	INCOME (LOSS), NET OF TAX:				
Change in unrealized gain (loss) on cash flow hedges, net of income tax benefit (expense) of \$8, \$(1,398), \$57 and \$(5,917), respectively	\$ 53	\$ 9,255	\$ (99)	\$ 24,962	
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:					
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:					
Change in unrealized gain (loss) on cash flow hedges, net of income tax (expense) benefit of \$(454) and \$1,152, respectively					
Change in unrealized gain (loss) on cash flow hedges, net of income tax (expense) benefit of \$(454) and \$1,152, respectively					
Change in unrealized gain (loss) on cash flow hedges, net of income tax (expense) benefit of \$(454) and \$1,152, respectively					
OTHER COMPREHENSIVE INCOME (LOSS)					
OTHER COMPREHENSIVE INCOME (LOSS)					
OTHER	OTHER				
COMPREHENSIVE	COMPREHENSIVE				
INCOME (LOSS)	INCOME (LOSS)	53	9,255	(99)	24,962
NET COMPREHENSIVE INCOME	NET COMPREHENSIVE INCOME				
INCOME	INCOME	\$ 56,355	\$ 48,078	\$ 209,814	\$ 127,989
NET COMPREHENSIVE INCOME					
NET COMPREHENSIVE INCOME					
EARNINGS PER COMMON SHARE:	EARNINGS PER COMMON SHARE:				
EARNINGS PER COMMON SHARE:					
EARNINGS PER COMMON SHARE:					
Earnings per share, basic	Earnings per share, basic	\$ 0.31	\$ 0.21	\$ 1.17	\$ 0.57
Earnings per share, diluted	Earnings per share, diluted	\$ 0.31	\$ 0.21	\$ 1.16	\$ 0.57
Earnings per share, diluted					
Earnings per share, diluted					
Weighted average common shares outstanding, basic	Weighted average common shares outstanding, basic	178,826	181,884	179,956	180,829

Weighted average common shares outstanding, basic					
Weighted average common shares outstanding, basic					
Weighted average common shares outstanding, diluted	Weighted average common shares outstanding, diluted	180,528	183,022	181,286	181,760
Weighted average common shares outstanding, diluted					
Weighted average common shares outstanding, diluted					

The notes to unaudited condensed consolidated financial statements are an integral part of these statements.

#### OPTION CARE HEALTH, INC.

#### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (IN THOUSANDS)

		Nine Months Ended September 30,			Three Months Ended March 31, 2023	
		Three Months Ended March 31,				
CASH FLOWS FROM OPERATING ACTIVITIES:	CASH FLOWS FROM OPERATING ACTIVITIES:	2023	2022	2024		
Net income	Net income	\$209,913	\$103,027			
Adjustments to reconcile net income to net cash provided by operations:						
Net income						
Net income						
Adjustments to reconcile net income to net cash (used in) provided by operations:						
Depreciation and amortization expense						
Depreciation and amortization expense						
Depreciation and amortization expense	Depreciation and amortization expense	46,423	49,723			
Non-cash operating lease costs	Non-cash operating lease costs	14,610	14,451			
Deferred income taxes - net	Deferred income taxes - net	11,767	37,631			
Amortization of deferred financing costs	Amortization of deferred financing costs	3,312	3,206			

Equity in earnings of joint ventures	Equity in earnings of joint ventures	(4,107)	(4,065)
Stock-based incentive compensation expense	Stock-based incentive compensation expense	22,908	12,581
Capital distribution from equity method investments	Capital distribution from equity method investments	4,000	2,500
Other adjustments	Other adjustments	1,769	695
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:		
Accounts receivable, net	Accounts receivable, net	(5,075)	(23,153)
Accounts receivable, net			
Accounts receivable, net			
Inventories	Inventories	(28,362)	(52,749)
Prepaid expenses and other current assets	Prepaid expenses and other current assets	3,197	(10,335)
Accounts payable	Accounts payable	50,726	129,859
Accrued compensation and employee benefits	Accrued compensation and employee benefits	4,197	(26,711)
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	9,829	19,495
Operating lease liabilities	Operating lease liabilities	(13,019)	(15,372)
Other noncurrent assets and liabilities	Other noncurrent assets and liabilities	(11,762)	(16,691)
Net cash provided by operating activities			
		320,326	224,092
Net cash (used in) provided by operating activities			
<hr/>			
CASH FLOWS FROM INVESTING ACTIVITIES:	CASH FLOWS FROM INVESTING ACTIVITIES:		

CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property and equipment	Acquisition of property and equipment	(21,981)	(17,111)
Business acquisitions, net of cash acquired		(12,855)	(87,315)
Other investing activities		(5,889)	—
Acquisition of property and equipment		—	—
Acquisition of property and equipment		—	—
Net cash used in investing activities	Net cash used in investing activities	(40,725)	(104,426)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH FLOWS FROM FINANCING ACTIVITIES:			
Exercise of stock options, vesting of restricted stock, and related tax withholdings	Exercise of stock options, vesting of restricted stock, and related tax withholdings	(1,940)	(37)
Proceeds from warrant exercises		—	20,916
Exercise of stock options, vesting of restricted stock, and related tax withholdings		—	—
Exercise of stock options, vesting of restricted stock, and related tax withholdings		—	—
Repayments of debt principal	Repayments of debt principal	(4,500)	(4,500)
Purchase of company stock	Purchase of company stock	(175,108)	—
Other financing activities	Other financing activities	(5,750)	—
Net cash (used in) provided by financing activities		(187,298)	16,379
Net cash used in financing activities		—	—
NET INCREASE IN CASH AND CASH EQUIVALENTS		92,303	136,045
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		—	—
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		—	—

NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS						
Cash and cash equivalents - beginning of the period	Cash and cash equivalents - beginning of the period		294,186	119,423		
CASH AND CASH EQUIVALENTS -	CASH AND CASH EQUIVALENTS -					
END OF PERIOD	END OF PERIOD		\$386,489	\$255,468		
Supplemental disclosure of cash flow information:	Supplemental disclosure of cash flow information:					
Supplemental disclosure of cash flow information:						
Supplemental disclosure of cash flow information:						
Cash paid for interest	Cash paid for interest					
Cash paid for interest	Cash paid for interest		\$ 46,377	\$ 29,578		
Cash paid for income taxes	Cash paid for income taxes		\$ 53,699	\$ 6,690		
Cash paid for operating leases	Cash paid for operating leases		\$ 20,272	\$ 18,964		

The notes to unaudited condensed consolidated financial statements are an integral part of these statements.

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**OPTION CARE HEALTH, INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**(IN THOUSANDS)**

	Preferred Stock	Common Stock	Treasury Stock	Accumulated Other			Stockholders' Total Equity
				Paid-in Capital	Retained Earnings	Comprehensive Income (Loss)	
Balance - December 31, 2021	\$ —	\$ 18	\$ (2,403)	\$ 1,138,855	\$ 39,867	\$ (451)	\$ 1,175,886
Exercise of stock options, vesting of restricted stock, and related tax withholdings	—	—	—	355	—	—	355
Stock-based incentive compensation	—	—	—	4,178	—	—	4,178
Net income	—	—	—	—	30,275	—	30,275
Other comprehensive income	—	—	—	—	—	11,070	11,070
Balance - March 31, 2022	\$ —	\$ 18	\$ (2,403)	\$ 1,143,388	\$ 70,142	\$ 10,619	\$ 1,221,764
Exercise of stock options, vesting of restricted stock, and related tax withholdings	—	—	—	168	—	—	168
Exercise of warrants	—	—	—	20,098	—	—	20,098
Stock-based incentive compensation	—	—	—	4,398	—	—	4,398
Net income	—	—	—	—	33,929	—	33,929
Other comprehensive income	—	—	—	—	—	4,637	4,637
Balance - June 30, 2022	\$ —	\$ 18	\$ (2,403)	\$ 1,168,052	\$ 104,071	\$ 15,256	\$ 1,284,994

Exercise of stock options, vesting of restricted stock, and related tax withholdings	—	—	—	(560)	—	—	(560)	
Exercise of warrants	—	—	—	818	—	—	818	
Stock-based incentive compensation	—	—	—	4,005	—	—	4,005	
Net income	—	—	—	—	38,823	—	38,823	
Other comprehensive income	—	—	—	—	—	9,255	9,255	
<b>Balance - September 30, 2022</b>	<b>\$</b>	<b>—</b>	<b>\$ 18</b>	<b>\$ (2,403)</b>	<b>\$1,172,315</b>	<b>\$142,894</b>	<b>\$ 24,511</b>	<b>\$ 1,337,335</b>

							Accumulated Other			
				Preferred Stock	Common Stock	Treasury Stock	Paid-in Capital	Retained Earnings	Comprehensive Income (Loss)	Stock
<b>Preferred Stock</b>										
Balance - December 31, 2022	Balance - December 31, 2022	\$	—	\$ 18	\$ (2,403)	\$1,176,906	\$190,423	\$ 21,159	\$ 1,386,103	
Exercise of stock options, vesting of restricted stock, and related tax withholdings	Exercise of stock options, vesting of restricted stock, and related tax withholdings	—	—	—	(1,902)	—	—	—	(1,902)	
Stock-based incentive compensation	Stock-based incentive compensation	—	—	—	5,988	—	—	—	5,988	
Purchase of company stock	Purchase of company stock	—	—	(75,735)	—	—	—	—	(75,735)	
Net income	Net income	—	—	—	—	39,208	—	—	39,208	
Other comprehensive loss	Other comprehensive loss	—	—	—	—	—	(3,443)	—	(3,443)	
Balance - March 31, 2023	Balance - March 31, 2023	\$	—	\$ 18	\$ (78,138)	\$1,180,992	\$229,631	\$ 17,716	\$ 1,350,219	
<b>Balance - December 31, 2023</b>										
Balance - December 31, 2023	Balance - December 31, 2023									
Balance - December 31, 2023	Balance - December 31, 2023									
Exercise of stock options, vesting of restricted stock, and related tax withholdings	Exercise of stock options, vesting of restricted stock, and related tax withholdings	—	—	—	(247)	—	—	—	(247)	
Stock-based incentive compensation	Stock-based incentive compensation	—	—	—	7,685	—	—	—	7,685	
Purchase of company stock, and related tax effects	Purchase of company stock, and related tax effects	—	—	32	—	—	—	—	32	
Net income	Net income	—	—	—	—	114,403	—	—	114,403	
Other comprehensive income	Other comprehensive income	—	—	—	—	—	3,291	—	3,291	

Balance - June 30, 2023	\$	—	\$	18	\$ (78,106)	\$1,188,430	\$344,034	\$	21,007	\$	1,475,383
Exercise of stock options, vesting of restricted stock, and related tax withholdings	—	—	—	—	209	—	—	—	209	—	—
Stock-based incentive compensation	—	—	—	—	9,235	—	—	—	9,235	—	—
Purchase of company stock, and related tax effects	—	—	—	(101,099)	—	—	—	—	(101,099)	—	—
Net income	—	—	—	—	—	56,302	—	—	56,302	—	—
Other comprehensive income	—	—	—	—	—	—	53	—	53	—	—
Balance - September 30, 2023	\$	—	\$	18	\$ (179,205)	\$1,197,874	\$400,336	\$	21,060	\$	1,440,083

Balance - March  
31, 2024

The notes to unaudited condensed consolidated financial statements are an integral part of these statements.

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## OPTION CARE HEALTH, INC.

### NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### 1. NATURE OF OPERATIONS AND PRESENTATION OF FINANCIAL STATEMENTS

**Corporate Organization and Business** — HC Group Holdings II, Inc. ("HC II") was incorporated under the laws of the State of Delaware on January 7, 2015, with its sole shareholder being HC Group Holdings I, LLC. ("HC I"). On April 7, 2015, HC I and HC II collectively acquired Walgreens Infusion Services, Inc. and its subsidiaries from Walgreen Co., and the business was rebranded as Option Care, Inc. ("Option Care").

On March 14, 2019, HC I and HC II entered into a definitive agreement (the "Merger Agreement") to merge with and into a wholly-owned subsidiary of BioScrip, Inc. ("BioScrip") (the "Merger"), a national provider of infusion and home care management solutions, which was completed on August 6, 2019 (the "Merger Date"). Following the close of the transaction, BioScrip was rebranded as Option Care Health. The combined Company's stock is listed on the Nasdaq Global Select Market as of September 30, 2023. During the nine months ended September 30, 2023, HC I completed sales of 23,771,926 shares of common stock. In addition, the Company repurchased 2,475,166 shares from HC I on March 3, 2023 under the Company's share repurchase program. See Note 15, *Stockholders' Equity*, for further discussion of the Company's share repurchase program. As of September 30, 2023, HC I no longer holds shares of the Company's common stock.

Option Care Health, and its wholly-owned subsidiaries, provides infusion therapy and other ancillary health care services through a national network of 93 full service pharmacies and 81 stand-alone ambulatory infusion suites. The Company contracts with managed care organizations, third-party payers, hospitals, physicians, and other referral sources to provide pharmaceuticals and complex compounded solutions to patients for intravenous delivery in the patients' homes or other nonhospital settings. The Company operates in one segment, infusion services. The Company's stock is listed on the Nasdaq Global Select Market as of March 31, 2024.

**Basis of Presentation** — The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") in the United States and contain all adjustments, including normal recurring adjustments, necessary to present fairly the Company's financial position, results of operations and cash flows for interim financial reporting. The results of operations for the interim periods presented are not necessarily indicative of the results of operations for the entire year. These unaudited condensed consolidated financial statements do not include all of the information and notes to the financial statements required by GAAP for complete financial statements and should be read in conjunction with the 2022 audited consolidated financial statements, including the notes thereto, as presented in our Form 10-K.

**Principles of Consolidation** — The Company's unaudited condensed consolidated financial statements include the accounts of Option Care Health, Inc. and its subsidiaries. All intercompany transactions and balances are eliminated in consolidation.

The Company has investments in companies that are 50% owned and are accounted for as equity-method investments. The Company's share of earnings from equity-method investments is included in the line entitled "Equity in earnings of joint ventures" in the unaudited condensed consolidated statements of comprehensive income. See Equity-Method Investments within Note 2, *Summary of Significant Accounting Policies*, for further discussion of the Company's equity-method investments.

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Cash and Cash Equivalents** — The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. As of September 30, 2023 March 31, 2024, cash equivalents consisted of money market funds.

**Prepaid Expenses and Other Current Assets** — Included in prepaid expenses and other current assets are rebates receivable from pharmaceutical and medical supply manufacturers of \$51.0 million and \$53.4 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

**Equity-Method Investments** — The Company's investments in certain unconsolidated entities are accounted for under the equity method. The balance of these investments is included in other noncurrent assets in the accompanying condensed consolidated balance sheets. As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, the balance of the investments was **\$19.5 million** **\$21.3 million** and **\$19.4 million** **\$20.9 million**, respectively. The balance of these investments is increased to reflect the Company's capital contributions and equity in earnings of the investees. The balance of these investments is decreased to reflect the Company's equity in losses of the investees and for distributions received that are not in excess of the carrying amount of the investments. The Company's proportionate share of earnings or losses of the investees is recorded in equity in earnings of joint ventures in the accompanying unaudited condensed consolidated statements of comprehensive income. The Company's proportionate share of earnings was **\$1.3 million** **\$1.1 million** and **\$4.1 million** **\$1.4 million** for the three and nine months ended **September 30, 2023**, respectively. The Company's proportionate share of earnings was **\$1.5 million** **March 31, 2024** and **\$4.1 million** for the three and nine months ended **September 30, 2022**, **2023**, respectively. Distributions from the investees are treated as cash inflows from operating activities in the unaudited condensed consolidated statements of cash flows. During the three and nine months ended **September 30, 2023**, **March 31, 2024** and **2023**, the Company received distributions from the investees of **\$1.5 million** and **\$4.0 million**, respectively. During the three and nine months ended **September 30, 2022**, the Company received distributions from the investees of **\$1.5 million** **\$0.8 million** and **\$2.5 million**, respectively. See Note **16**, **15**, *Related-Party Transactions*, for discussion of related-party transactions with these investees.

**Concentrations of Business Risk** — The Company generates revenue from managed care contracts and other agreements with commercial third-party payers. Revenue related to the Company's largest payer was approximately 14% for the three and nine months ended **September 30, 2023**. Revenue related to the Company's largest payer was approximately **14%** **March 31, 2024** and **15%** for the three and nine months ended **September 30, 2022**, **2023**, respectively. There were no other managed care contracts that represent greater than 10% of revenue for the periods presented.

For the three and nine months ended **September 30, 2023**, approximately **11%** **March 31, 2024** and **12%**, respectively, of the Company's revenue was reimbursable through direct government healthcare programs, such as Medicare and Medicaid. For the three and nine months ended **September 30, 2022**, **2023**, approximately 12% of the Company's revenue was reimbursable through direct government healthcare programs, such as Medicare and Medicaid. As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, approximately **11%** **14%** and **13%** **12%**, respectively, of the Company's accounts receivable was related to these programs. Governmental programs pay for services based on fee schedules and rates that are determined by the related governmental agency. Laws and regulations pertaining to government programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change in the near term.

The Company does not require its patients or other payers to carry collateral for any amounts owed for goods or services provided. Other than as discussed above, concentration of credit risk relating to trade accounts receivable is limited due to the Company's diversity of patients and payers. Further, the Company generally does not provide charity care; however, Option Care Health offers a financial assistance program for patients that meet certain defined hardship criteria.

For the three and nine months ended **September 30, 2023**, **March 31, 2024** and **2023**, approximately **73%** of the Company's pharmaceutical **66%** and **medical supply purchases** were from four vendors. For the three and nine months ended **September 30, 2022**, approximately **74%** and **73%** **72%**, respectively, of the Company's pharmaceutical and medical supply purchases were from four vendors. Although there are a limited number of suppliers, the Company believes that other vendors could provide similar products on comparable terms. However, a change in suppliers could cause delays in service delivery and possible losses in revenue, which could adversely affect the Company's financial condition or operating results.

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### **3. BUSINESS COMBINATIONS**

**Amedisys, Inc.** — On May 3, 2023, the Company entered into a definitive merger agreement (the "Merger Agreement") with Amedisys, Inc. ("Amedisys"), a leading provider of healthcare in home health and hospice settings. Under the terms of the merger agreement, the Company would issue new shares of its common stock to Amedisys's stockholders, which would result in the Company's stockholders holding approximately 64.5% of the combined company.

On June 26, 2023, the Company entered into an agreement to terminate the Merger Agreement (the "Mutual Termination Agreement"). Under the terms of the Mutual Termination Agreement, the Company received a payment of \$106.0 million in cash on behalf of Amedisys ("Termination Fee"). The Termination Fee is included in Other, net in the unaudited condensed consolidated statements of comprehensive income and in Net cash provided by operating activities in the unaudited condensed consolidated statements of cash flows.

**Revitalized, LLC** — In May 2023, pursuant to the equity purchase agreement dated May 1, 2023, the Company completed the acquisition of 100% of the membership interests in Revitalized, LLC ("Revitalized") for a purchase price, net of cash acquired, of \$12.5 million, inclusive of a \$0.4 million non-cash receivable adjustment, which primarily consisted of \$6.7 million of goodwill and \$5.5 million of intangible assets.

**Rochester Home Infusion, Inc.** — In August 2022, pursuant to the stock purchase agreement dated June 10, 2022, the Company completed the acquisition of 100% of the equity interests in Rochester Home Infusion, Inc. ("RHI") for a purchase price, net of cash acquired, of \$27.4 million.

The allocation of the purchase price of RHI was accounted for as a business combination in accordance with ASC Topic 805, *Business Combinations*, with the total purchase price being allocated to the assets and liabilities acquired based on the relative fair value of each asset and liability. The following is a final allocation of the consideration transferred to acquired identifiable assets and assumed liabilities, net of cash acquired (in thousands):

	Amount
Accounts receivable	\$ 686
Intangible assets	5,449
Other assets	394
Accounts payable and other liabilities	(434)
Fair value identifiable assets and liabilities	6,095
Goodwill (1)	21,323
Cash acquired	201
Purchase price	27,619
Less: cash acquired	(201)
Purchase price, net of cash acquired	<u><u>\$ 27,418</u></u>

(1) Goodwill is attributable to cost synergies from procurement and operational efficiencies and elimination of duplicative administrative costs.

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#### **4. REVENUE**

The following table sets forth the net revenue earned by category of payer for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 (in thousands):

	Three Months Ended		Nine Months Ended			
	September 30,		September 30,			
	2023	2022	2023	2022		
<b>Three Months Ended</b>						
<b>March 31,</b>				<b>Three Months Ended March 31,</b>		
<b>2024</b>		<b>2024</b>		<b>2023</b>		
Commercial payers	Commercial payers	\$ 957,601	\$ 888,162	\$ 2,765,513	\$ 2,526,354	
Government payers	Government payers	124,122	122,793	370,648	357,383	
Patients	Patients	11,291	9,963	41,773	33,785	
Net revenue	Net revenue	<u>\$ 1,093,014</u>	<u>\$ 1,020,918</u>	<u>\$ 3,177,934</u>	<u>\$ 2,917,522</u>	

#### **5.4. INCOME TAXES**

During the three months ended September 30, 2023, March 31, 2024 and 2023, the Company recorded tax expense of \$13.8 million. During the nine months ended September 30, 2023, the Company recorded tax expense of \$69.9 \$12.2 million which includes \$22.1 and \$15.0 million, of tax expense related to the Termination Fee payment received on behalf of Amedisys, under the terms of the Mutual Termination Agreement, net of merger-related expenses. The tax expense for the three and nine months ended September 30, 2023 respectively, which represents an effective tax rate of 19.7% 21.4% and 25.0% 27.7%, respectively. The variance in the Company's effective tax rate of 19.7% and 25.0% 21.4% for the three and nine months ended September 30, 2023 March 31, 2024, respectively, compared to the federal statutory rate of 21%, is primarily attributable to the difference between federal and state tax rates, various non-deductible expenses, and a change in state valuation allowance. During the three months ended September 30, 2023 March 31, 2024, the Company released \$5.8 \$2.2 million of state valuation allowance. During the three and nine months ended September 30, 2022, the Company recorded tax expense of \$13.3 million and \$38.0 million, respectively, which represents an effective tax rate of 25.5% and 26.9%, respectively. The variance in the Company's effective tax rate of 25.5% and 26.9% 27.7% for the three and nine months ended September 30, 2022 March 31, 2023, compared to the federal statutory rate of 21%, is primarily attributable to current difference between federal and deferred state taxes tax rates, as well as various non-deductible expenses.

The Company maintains a valuation allowance of \$7.2 \$4.2 million against certain state net operating losses. In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets depends on the generation of future taxable income during the periods in which those temporary differences are deductible. In making this assessment, the Company considers the scheduled reversal of deferred tax liabilities, including the effect in available carryback and carryforward periods, projected taxable income, and tax-planning strategies. On a quarterly basis, the Company evaluates all positive and negative evidence in determining if the valuation allowance is fairly stated.

The Company's tax expense of \$12.2 million and \$15.0 million for the three and nine months ended September 30, 2023 of \$13.8 million March 31, 2024 and \$69.9 million, March 31, 2023, respectively, consists of quarterly federal and state tax liabilities as well as recognized deferred federal and state tax expense. The Company's tax expense for the three and nine months ended September 30, 2022 of \$13.3 million and \$38.0 million, respectively, consists of quarterly tax liabilities attributable to specific state taxing authorities as well as recognized deferred federal and state tax expense.

The Company has accumulated federal net operating loss carryovers that are subject to one or more Internal Revenue Code ("Code") Section 382 limitations. This may limit the Company's ability to utilize its federal net operating losses.

## 6.5. EARNINGS PER SHARE

The Company presents basic and diluted earnings per share for its common stock. Basic earnings per share is calculated by dividing the net income of the Company by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss and the weighted average number of shares of common stock outstanding for the effects of all potentially dilutive securities.

The earnings are used as the basis of determining whether the inclusion of common stock equivalents would be anti-dilutive. The computation of diluted shares for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** includes the effect of shares that would be issued in connection with warrants, stock options, restricted stock awards and performance stock unit awards, as these common stock equivalents are dilutive to the earnings per share recorded in those periods.

The following table presents the Company's common stock equivalents that were excluded from the calculation of earnings per share as they would be anti-dilutive:

		Three Months Ended September 30, 2023		Nine Months Ended September 30, 2023	
		2023	2022	2023	2022
<b>Three Months Ended March 31,</b>					
		<b>2024</b>		<b>2023</b>	
Stock option awards	Stock option awards	984,567	520,944	1,180,376	794,887
Restricted stock awards	Restricted stock awards	16,564	13,561	569,831	476,329
Performance stock unit awards	Performance stock unit awards	—	—	288,680	—

The following table presents the Company's basic earnings per share and shares outstanding (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Numerator:</b>				
Net income (1)	\$ 56,302	\$ 38,823	\$ 209,913	\$ 103,027
<b>Denominator:</b>				
Weighted average number of common shares outstanding	178,826	181,884	179,956	180,829
<b>Earnings per common share:</b>				
Earnings per common share, basic	\$ 0.31	\$ 0.21	\$ 1.17	\$ 0.57

(1) Net income for the nine months ended September 30, 2023 includes \$62.8 million related to the termination payment received on behalf of Amedisys, under the terms of the Mutual Termination Agreement, net of merger-related expenses and taxes. See Note 3, *Business Combinations*, for further discussion.

	Three Months Ended March 31,	
	2024	2023
<b>Numerator:</b>		
Net income	\$ 44,791	\$ 39,208
<b>Denominator:</b>		
Weighted average number of common shares outstanding	173,928	181,262
<b>Earnings per common share:</b>		
Earnings per common share, basic	\$ 0.26	\$ 0.22

The following table presents the Company's diluted earnings per share and shares outstanding (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Numerator:</b>				

Net income (1)	\$ 56,302	\$ 38,823	\$ 209,913	\$ 103,027
<b>Denominator:</b>				
Weighted average number of common shares outstanding	178,826	181,884	179,956	180,829
Effect of dilutive securities	1,702	1,138	1,330	931
Weighted average number of common shares outstanding, diluted	<u>180,528</u>	<u>183,022</u>	<u>181,286</u>	<u>181,760</u>
<b>Earnings per common share:</b>				
Earnings per common share, diluted	\$ 0.31	\$ 0.21	\$ 1.16	\$ 0.57

(1) Net income for the nine months ended September 30, 2023 includes \$62.8 million related to the termination payment received on behalf of Amedisys, under the terms of the Mutual Termination Agreement, net of merger-related expenses and taxes. See Note 3, *Business Combinations*, for further discussion.

	Three Months Ended March 31,	
	2024	2023
<b>Numerator:</b>		
Net income	\$ 44,791	\$ 39,208
<b>Denominator:</b>		
Weighted average number of common shares outstanding	173,928	181,262
Effect of dilutive securities	1,696	1,473
Weighted average number of common shares outstanding, diluted	<u>175,624</u>	<u>182,735</u>
<b>Earnings per common share:</b>		
Earnings per common share, diluted	\$ 0.26	\$ 0.21

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## 7.6. LEASES

During the three and nine months ended September 30, 2023, March 31, 2024 and 2023, the Company incurred operating lease expenses of \$7.8 million \$7.9 million and \$22.3 million, respectively, including short-term lease expenses, which were included as a component of selling, general and administrative expenses in the unaudited condensed consolidated statements of comprehensive income. During the three and nine months ended September 30, 2022, the Company incurred operating lease expenses of \$7.8 million and \$22.7 million \$7.0 million, respectively, including short-term lease expenses, which were included as a component of selling, general and administrative expenses in the unaudited condensed consolidated statements of comprehensive income. As of September 30, 2023 March 31, 2024, the weighted-average remaining lease term was 6.9 7.0 years and the weighted-average discount rate was 6.04% 6.36%.

Operating leases mature as follows (in thousands):

Fiscal Year Ended December 31,	Fiscal Year Ended December 31,	Payments Fiscal Year Ended December 31,	Minimum Payments
2023	\$ 9,410		
2024	2024	23,564	
2025	2025	21,350	
2026	2026	18,490	
2027	2027	15,315	
2028			
Thereafter	Thereafter	<u>44,262</u>	
Total lease payments	Total lease payments	132,391	
Less: interest	Less: interest	(28,500)	
Present value of lease liabilities	Present value of lease liabilities		
		\$ 103,891	

During the nine months ended **September 30, 2023** **March 31, 2024**, the Company commenced new leases, extensions and amendments, resulting in non-cash operating activities in the unaudited condensed consolidated statements of cash flow of **\$26.1** **\$11.3** million related to increases in the operating lease right-of-use assets and operating lease liabilities. During the nine months ended **September 30, 2022**, the Company commenced new leases, extensions and amendments, resulting in non-cash operating activities in the unaudited condensed consolidated statements of cash flow of **\$13.6** million related to increases in the operating lease right-of-use assets and operating lease liabilities. As of **September 30, 2023** **March 31, 2024**, the Company did not have any significant operating or financing leases that had not yet commenced.

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**8.7. PROPERTY AND EQUIPMENT**

Property and equipment was as follows as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** (in thousands):

	September 30, 2023	December 31, 2022	March 31, 2024	March 31, 2024	December 31, 2023
Infusion pumps	Infusion pumps	\$ 37,027	\$ 34,942		
Equipment, furniture and other	Equipment, furniture and other	35,955	31,929		
Leasehold improvements	Leasehold improvements	101,283	99,085		
Computer software, purchased and internally developed	Computer software, purchased and internally developed	47,878	34,922		
Assets under development	Assets under development	26,915	29,411		
		249,058	230,289		
		245,419			
Less: accumulated depreciation	Less: accumulated depreciation	(141,098)	(121,968)		
Property and equipment, net	Property and equipment, net	\$ 107,960	\$ 108,321		

Depreciation expense is recorded within cost of revenue and operating expenses within the unaudited condensed consolidated statements of comprehensive income, depending on the nature of the underlying fixed assets. The depreciation expense included in cost of revenue relates to revenue-generating assets, such as infusion pumps. The depreciation expense included in operating expenses is related to infrastructure items, such as furniture, computer and office equipment, and leasehold improvements. The following table presents the amount of depreciation expense recorded in cost of revenue and operating expenses for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** (in thousands):

	Three Months Ended		Nine Months Ended			
	Ended September 30, 2023	2023	Ended September 30, 2023	2023	Ended September 30, 2022	2022
<b>Three Months Ended</b>						
	<b>March 31, 2024</b>		<b>March 31, 2024</b>			
Depreciation expense in cost of revenue	Depreciation expense in cost of revenue	\$ 616	\$ 1,205	\$ 2,006	\$ 3,696	

Depreciation expense in operating expenses	Depreciation expense in operating expenses	6,365	6,778	18,665	21,337
Total depreciation expense	Total depreciation expense	\$6,981	\$7,983	\$20,671	\$25,033

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## 9.8. GOODWILL AND OTHER INTANGIBLE ASSETS

Changes There was no change in the carrying amount of goodwill consist of the following activity for the three and nine months ended September 30, 2023 (in thousands):

Balance at December 31, 2022	\$ 1,533,424
Purchase accounting adjustments	145
Balance at March 31, 2023	\$ 1,533,569
Acquisitions	6,998
Balance at June 30, 2023	\$ 1,540,567
Purchase accounting adjustments	(321)
Balance at September 30, 2023	\$ 1,540,246

March 31, 2024.

The carrying amount and accumulated amortization of intangible assets consist of the following as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 (in thousands):

		September 30, 2023	December 31, 2022	
		March 31, 2024	March 31, 2024	December 31, 2023
Gross intangible assets:	Gross intangible assets:			
Referral sources	Referral sources			
Referral sources	Referral sources	\$ 514,388	\$ 509,646	
Trademarks/names	Trademarks/names	39,136	38,508	
Other amortizable intangible assets	Other amortizable intangible assets	1,003	912	
Total gross intangible assets	Total gross intangible assets	554,527	549,066	
Accumulated amortization:	Accumulated amortization:			
Accumulated amortization:	Accumulated amortization:			
Referral sources	Referral sources			
Referral sources	Referral sources	(191,262)	(167,902)	
Trademarks/names	Trademarks/names	(18,973)	(16,901)	
Other amortizable intangible assets	Other amortizable intangible assets	(298)	(148)	
Total accumulated amortization	Total accumulated amortization	(210,533)	(184,951)	
Total intangible assets, net	Total intangible assets, net	\$ 343,994	\$ 364,115	

Amortization expense for intangible assets was \$8.6 million and \$25.6 million \$8.5 million for the three and nine months ended September 30, 2023, respectively. Amortization expense for intangible assets was \$8.4 million March 31, 2024 and \$24.6 million for the three and nine months ended September 30, 2022, 2023, respectively.

## 10.9. INDEBTEDNESS

Long-term debt consisted of the following as of **September 30, 2023** **March 31, 2024** (in thousands):

	Debt			
	Principal Amount	Discount	Issuance Costs	Net Balance
Asset-based-lending ("ABL")				
Facility	\$ —	\$ —	\$ —	\$ —
<b>Principal Amount</b>				
Revolver Facility				
First Lien	First Lien			
Term	Term			
Loan	Loan	589,500	(7,313)	(10,149)
Senior Notes	Senior Notes	500,000	—	(9,022)
		<b>\$1,089,500</b>	<b>\$ (7,313)</b>	<b>(\$19,171)</b>
				<b>1,063,016</b>
Less: current portion	Less: current portion			(6,000)
Total long-term debt	Total long-term debt			<b>\$1,057,016</b>

Long-term debt consisted of the following as of **December 31, 2022** **December 31, 2023** (in thousands):

	Principal Amount	Discount	Debt Issuance Costs	Net Balance
ABL Facility	\$ —	\$ —	\$ —	\$ —
First Lien Term Loan	594,000	(8,307)	(11,529)	574,164
Senior Notes	500,000	—	(9,960)	490,040
	<b>\$1,094,000</b>	<b>\$ (8,307)</b>	<b>\$ (21,489)</b>	<b>1,064,204</b>
Less: current portion				(6,000)
Total long-term debt				<b>\$1,058,204</b>

Effective June 30, 2023, the Company entered into an agreement, dated as of June 8, 2023, to amend the First Lien Term Loan (the "First Lien Credit Agreement Amendment") solely to replace London Interbank Offered Rate ("LIBOR") and related definitions and provisions with Secured Overnight Financing Rate ("SOFR") as the new reference rate. The Company elected an optional expedient allowed under ASC Topic 848 such that we will account for the modification as a continuation of the existing contract.

	Principal Amount	Discount	Debt Issuance Costs	Net Balance
Revolver Facility	\$ —	\$ —	\$ —	\$ —
First Lien Term Loan	588,000	(6,974)	(9,678)	571,348
Senior Notes	500,000	—	(8,698)	491,302
	<b>\$1,088,000</b>	<b>\$ (6,974)</b>	<b>\$ (18,376)</b>	<b>1,062,650</b>
Less: current portion				(6,000)
Total long-term debt				<b>\$1,056,650</b>

The interest rate on the First Lien Term Loan was **8.20%** **8.19%** and **6.82%** **8.21%** as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively. The weighted average interest rate incurred on the First Lien Term Loan was **8.11%** **8.20%** and **7.71%** **7.28%** for the three and nine months ended **September 30, 2023**, respectively. The weighted average interest rate incurred on the First Lien Term Loan was **4.94%** **March 31, 2024** and **3.90%** for the three and nine months ended **September 30,**

2022, 2023, respectively. The interest rate on the Senior Notes was 4.375% as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. The weighted average interest rate incurred on the Senior Notes was 4.375% for the three and nine months ended September 30, 2023, respectively. The weighted average interest rate incurred on the Senior Notes was 4.375% for the three March 31, 2024 and nine months ended September 30, 2022, respectively, 2023.

Long-term debt matures as follows (in thousands):

Fiscal Year Ended December 31, 31,	Fiscal Year Ended December 31, 31,	Minimum Payments	Fiscal Year Ended December 31,	Minimum Payments
2023	\$ 1,500			
2024	2024	6,000		
2025	2025	6,000		
2026	2026	6,000		
2027	2027	6,000		
2028				
Thereafter	Thereafter	1,064,000		
Total	Total	\$1,089,500		

During the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company engaged in hedging activities to limit its exposure to changes in interest rates. See Note 11, 10, Derivative Instruments, for further discussion.

The following table presents the estimated fair values of the Company's debt obligations as of September 30, 2023 March 31, 2024 (in thousands):

Financial Instrument	Financial Instrument	Markets for Identical Item (Level 1)			Financial Instrument	Carrying Value as of March 31, 2024	Markets for Identical Item (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Carrying Value as of September 30, 2023	Identical Inputs (Level 2)	Significant Unobservable Inputs (Level 3)					
First Lien	First Lien								
Term Loan	Term Loan	\$ 572,037	\$ —	\$ 591,740	\$ —				
Senior Notes	Senior Notes	490,979	—	430,000	—				
Total debt instruments	Total debt instruments	\$1,063,016	\$ —	\$1,021,740	\$ —				

See Note 12, 11, Fair Value Measurements, for further discussion.

Effective January 13, 2023 On December 7, 2023, the Company entered into an agreement the second amendment to amend the ABL Facility, to amended and restated First Lien Credit Agreement dated as of October 27, 2021 ("First Lien Credit Agreement Amendment"). The First Lien Credit Agreement Amendment, among other things, increase provides for revolving credit commitments by the applicable Revolving Credit Lenders in an aggregate amount of \$400.0 million (the "Revolver Facility"), pursuant to which such lenders have agreed to make Revolving Credit Loans to the Company. As of March 31, 2024, the Company had \$5.3 million of undrawn letters of credit issued and outstanding, resulting in net borrowing availability by \$50.0 million to \$225.0 million total borrowing availability and to replace LIBOR with SOFR as under the new reference rate. Revolver Facility of \$394.7 million.

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#### **11.10. DERIVATIVE INSTRUMENTS**

The Company uses derivative financial instruments for hedging and non-trading purposes to limit the Company's exposure to increases in interest rates related to its variable interest rate debt. Use of derivative financial instruments in hedging programs subjects the Company to certain risks, such as market and credit risks. Market risk represents the possibility that the value of the derivative financial instrument will change. In a hedging relationship, the change in the value of the derivative financial instrument is offset to a great extent by the change in the value of the underlying hedged item. Credit risk related to a derivative financial instrument represents the possibility that the counterparty will not fulfill the terms of the contract. The notional, or contractual, amount of the Company's derivative financial instruments is used to measure interest to be paid or received and does not represent the Company's exposure due to credit risk. Credit risk is monitored through established approval procedures, including reviewing credit ratings when appropriate.

In October 2021, the Company entered into an interest rate cap hedge with a notional amount of \$300 million for a 5-year term beginning November 30, 2021. The hedge partially offsets risk associated with the First Lien Term Loan's variable interest rate. The interest rate cap instrument perfectly offsets the terms of the interest rates associated with the variable interest rate of the First Lien Term Loan. As a result of the First Lien Credit Agreement Amendment, the Company elected an optional expedient allowed under ASC Topic 848 such that we will continue the hedging relationship for the interest rate cap hedge.

The following table summarizes the amount and location of the Company's derivative instruments in the condensed consolidated balance sheets (in thousands):

		Fair Value - Derivatives in Asset Position							
		Fair Value - Derivatives in Asset Position				Fair Value - Derivatives in Asset Position			
Derivative	Derivative	Balance Sheet		September 30, 2023	December 31, 2022	Derivative	Balance Sheet Caption	March 31, 2024	December 31, 2023
		Sheet	Caption						
Interest rate cap	Interest rate cap	Prepaid expenses							
designated as cash	designated as cash	and other current							
flow hedge	flow hedge	assets		\$ 5,927	\$ 10,926				
Interest rate cap	Interest rate cap								
designated as cash	designated as cash	Other noncurrent							
flow hedge	flow hedge	assets		22,185	17,342				
Total derivative assets	Total derivative assets			\$ 28,112	\$ 28,268				

The gain (loss) associated with the change in the fair value of the effective portion of the hedging instrument is recorded in other comprehensive income (loss). The following table presents the pre-tax gain (loss) from derivative instruments recognized in other comprehensive income (loss) in the Company's unaudited condensed consolidated statements of comprehensive income (in thousands):

		Three Months Ended		Nine Months Ended			
		September 30,	September 30,	September 30,	September 30,		
		Three Months Ended	Three Months Ended	Three Months Ended	Three Months Ended		
Derivative	Derivative	2023	2022	2023	2022	Derivative	
Interest rate cap	Interest rate cap					2024	2023
designated as cash	designated as cash						
flow hedge	flow hedge	\$ 45	\$ 10,653	\$(156)	\$ 30,879		

The following table presents the amount and location of pre-tax income (loss) recognized in the Company's unaudited condensed consolidated statements of comprehensive income related to the Company's derivative instruments (in thousands):

		Three Months Ended		Nine Months Ended			
		September 30,	September 30,	September 30,	September 30,		
		Three Months Ended	Three Months Ended	Three Months Ended	Three Months Ended		
Derivative	Derivative	2023	2022	2023	2022	Derivative	
Interest rate cap	Interest rate cap					2024	2023
designated as cash	designated as cash						
flow hedge	flow hedge	net		\$ 2,931	\$(1,775)	\$ 8,002	\$(591)

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## **12.11. FAIR VALUE MEASUREMENTS**

Fair value measurements are determined by maximizing the use of observable inputs and minimizing the use of unobservable inputs. The hierarchy places the highest priority on unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurements) and gives the lowest priority to unobservable inputs (Level 3 measurements). The categories within the valuation hierarchy are described as follows:

- Level 1 — Inputs to the fair value measurement are quoted prices in active markets for identical assets or liabilities.
- Level 2 — Inputs to the fair value measurement include quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Level 3 — Inputs to the fair value measurement are unobservable inputs or valuation techniques.

While the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

*First Lien Term Loan:* The fair value of the First Lien Term Loan is derived from a broker quote on the loans in the syndication (Level 2 inputs). See Note 10, *Indebtedness*, for further discussion of the carrying amount and fair value of the First Lien Term Loan.

*Senior Notes:* The fair value of the Senior Notes is derived from a broker quote (Level 2 inputs). See Note 10, *Indebtedness*, for further discussion of the carrying amount and fair value of the Senior Notes.

*Interest Rate Cap:* The fair value of the interest rate cap is derived from the interest rates prevalent in the market and future expectations of those interest rates (Level 2 inputs). The Company determines the fair value of the investments based on quoted prices from third-party brokers. See Note 11, *Derivative Instruments*, for further discussion of the fair value of the interest rate cap.

*Money Market Funds:* The fair value of the money market funds is derived from the closing price reported by the fund sponsor and classified as cash and cash equivalents on the Company's condensed consolidated balance sheets (Level 1 inputs).

There were no other material assets or liabilities measured at fair value at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

## **13.12. COMMITMENTS AND CONTINGENCIES**

The Company is involved in legal proceedings and is subject to investigations, inspections, audits, inquiries, and similar actions by governmental authorities, arising in the normal course of the Company's business. Some of these suits may purport or may be determined to be class actions and/or involve parties seeking large and/or indeterminate amounts, including punitive or exemplary damages, and may remain unresolved for several years. From time to time, the Company may also be involved in legal proceedings as a plaintiff involving antitrust, tax, contract, intellectual property, and other matters. Gain contingencies, if any, are recognized when they are realized.

The results of legal proceedings are often uncertain and difficult to predict, and the costs incurred in litigation can be substantial, regardless of the outcome. The Company believes that its defenses and assertions in pending legal proceedings have merit and does not believe that any of these pending matters, after consideration of applicable reserves and rights to indemnification, will have a material adverse effect on the Company's condensed consolidated balance sheets.

However, substantial unanticipated verdicts, fines, and rulings may occur. As a result, the Company may from time to time incur judgments, enter into settlements, or revise expectations regarding the outcome of certain matters, and such developments could have a material adverse effect on its results of operations in the period in which the amounts are accrued and/or its cash flows in the period in which the amounts are paid.

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## **14.13. STOCK-BASED INCENTIVE COMPENSATION**

**Equity Incentive Plans** — Under the Company's 2018 Equity Incentive Plan (the "2018 Plan"), approved at the annual meeting by the BioScrip, Inc. ("BioScrip") stockholders on May 3, 2018 and amended and restated on May 19, 2021, the Company may issue, among other things, incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock units, stock grants, and performance units to key employees and directors, resulting in a total of 9,101,734 shares of common stock authorized for issuance. The 2018 Plan is administered by the Company's Compensation Committee, a standing committee of the Company's Board of Directors. The Company had stock options, restricted stock units and performance stock units outstanding related to the 2018 Plan as of September 30, 2023 March 31, 2024 and 2022, 2023. During the three and nine months ended September 30, 2023, March 31, 2024 and 2023, total stock-based incentive compensation expense recognized by the Company related to the 2018 Plan was \$9.2 million \$9.6 million and \$22.9 million, respectively. During the three and nine months ended September 30, 2022, total stock-based incentive compensation expense recognized by the Company related to the 2018 Plan was \$4.0 million and \$12.6 million \$6.0 million, respectively.

## **15.14. STOCKHOLDERS' EQUITY**

**2017 Warrants** — During the three and nine months ended September 30, 2023, warrant holders elected to exercise 188,350 warrants to purchase shares of common stock. During the three months ended September 30, 2022, March 31, 2024 and 2023, warrant holders did not elect to exercise any warrants to purchase shares of common stock. During the nine months ended September 30, 2022, warrant holders elected to exercise 1,130,089 warrants to purchase shares of common stock. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the remaining warrant holders are entitled to purchase 51,838 and 240,188 shares of common stock, respectively, stock.

**2015 Warrants** — During the three and nine months ended September 30, 2023, March 31, 2024 and 2023, warrant holders exercised an immaterial number of warrants to purchase shares of common stock. During the three and nine months ended September 30, 2022, warrant holders elected to exercise 31,968 and 900,272 warrants to purchase shares of common stock, respectively. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the remaining warrant holders are entitled to purchase 13,892 13,365 and 15,231 13,888 shares of common stock, respectively.

**Share Repurchase Program** — On February 20, 2023, the The Company's Board of Directors approved a share repurchase program of up to an aggregate \$250.0 million \$500.0 million of common stock of the Company. Under the share repurchase program, repurchases may occur in any number of methods depending on timing, market conditions, regulatory requirements, and other corporate considerations. The share repurchase program has no specified expiration date.

During the three and nine months ended September 30, 2023, March 31, 2024 and 2023, the Company purchased 2,913,520 1,251,739 and 5,388,686 2,475,166 shares of common stock for an average share price of \$34.32 \$31.96 and \$32.48, \$30.30, totaling \$100.0 million \$40.0 million and \$175.0 million \$75.0 million, respectively. All repurchased shares became treasury stock. As of September 30, 2023 March 31, 2024, the Company is authorized to repurchase up to a remaining \$75.0 million \$210.0 million of common stock of the Company.

## 16.15. RELATED-PARTY TRANSACTIONS

**Transactions with Equity-Method Investees** — The Company provides management services to its joint ventures such as accounting, invoicing and collections in addition to day-to-day managerial support of the operations of the businesses. The Company recorded management fee income of \$1.3 million \$1.5 million and \$3.9 million \$1.3 million for the three and nine months ended September 30, 2023, respectively. The Company recorded management fee income of \$1.1 million March 31, 2024 and \$2.9 million for the three and nine months ended September 30, 2022, 2023, respectively. Management fees are recorded in net revenues in the accompanying unaudited condensed consolidated statements of comprehensive income. During the three and nine months ended September 30, 2023, March 31, 2024 and 2023, the Company received distributions from the investees of \$1.5 million and \$4.0 million, respectively. During the three and nine months ended September 30, 2022, the Company received distributions from the investees of \$1.5 million \$0.8 million and \$2.5 million, respectively.

The Company had an amounts due from its joint ventures of \$0.2 million and \$1.0 million as of March 31, 2024. The Company had amounts due to its joint ventures of \$0.6 million \$0.5 million and due from its joint ventures of \$0.1 million as of September 30, 2023 December 31, 2023. Receivables were included in prepaid expenses and other current assets in the accompanying condensed consolidated balance sheets. Payables were included in accrued expenses and other current liabilities in the accompanying condensed consolidated balance sheets. The Company also had amounts due to its joint ventures of \$1.5 million as of December 31, 2022. These payables were included in accrued expenses and other current liabilities in the accompanying condensed consolidated balance sheets. These balances primarily relate to cash collections received by the Company on behalf of the joint ventures, offset by certain pharmaceutical inventories and other expenses paid for by the Company on behalf of the joint ventures.

**Share Repurchase Agreement** — On February 28, 2023, we entered into a Share Repurchase Agreement (the "Share Repurchase Agreement") with HC I, pursuant to which we agreed to repurchase, subject to the terms and conditions contained therein, up to \$75.0 million of our common stock then held by HC I at the same purchase price per share as the underwriter in a concurrent underwritten public offering of our common stock held by HC I. On March 3, 2023, the transactions contemplated by the Share Repurchase Agreement closed, and we repurchased directly from HC I 2,475,166 shares of our common stock.

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

Unless the context requires otherwise, references in this report to "Option Care Health," the "Company," "we," "us" and "our" refer to Option Care Health, Inc. and its consolidated subsidiaries. Management's discussion and analysis of financial condition and results of operations ("MD&A") is intended to assist the reader in understanding and assessing significant changes and trends related to our results of operations and financial condition. The following discussion and analysis should be read in conjunction with the Company's unaudited condensed consolidated financial statements and the related notes thereto included in Item 1 of Part I of this Quarterly Report on Form 10-Q (this "Form 10-Q"). Certain statements in this Item 2 of Part I of this Form 10-Q, and in Item 1A, "Risk Factors" of Part I of our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (our "Form 10-K"), may cause our actual results, financial position, and cash and cash equivalents generated from operations to differ materially from these forward-looking statements.

### Business Overview

Option Care Health, and its wholly-owned subsidiaries, provides infusion therapy and other ancillary health care services through a national network of 174 177 locations around the United States. The Company contracts with managed care organizations, third-party payers, hospitals, physicians, and other referral sources to provide pharmaceuticals and complex compounded solutions to patients for intravenous delivery in the patients' homes or other nonhospital settings. Our services are provided in coordination with, and under the direction of, the patient's physician. Our multidisciplinary team of clinicians, including pharmacists, nurses, and dietitians work with the physician to develop a plan of care suited to each patient's specific needs. We provide home infusion services consisting of anti-infectives, nutrition support, bleeding disorder therapies, immunoglobulin therapy, and other therapies for chronic and acute conditions.

On April 7, 2015, HC I and HC II collectively acquired Walgreens Infusion Services, Inc. and its subsidiaries from Walgreen Co., and the business was rebranded as Option Care.

On March 14, 2019, HC I and HC II entered into the Merger Agreement to merge with and into a wholly-owned subsidiary of BioScrip, a national provider of infusion and home care management solutions, which was completed on August 6, 2019. Following the close of the transaction, BioScrip was rebranded as Option Care Health.

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## Update on the Impact of the COVID-19 Pandemic Change Healthcare Cybersecurity Incident

On May 11, 2023 As previously disclosed, Change Healthcare, a subsidiary of UnitedHealth Group, experienced an incident on February 21, 2024, in which a cybersecurity threat actor gained access to some of its information technology systems ("Change Healthcare Cybersecurity Incident"). Since the Department time of the system disruption, Option Care Health has worked continuously to find alternative processes to help maintain patient care and Human Services declared overall operations.

As of March 31, 2024, the COVID-19 pandemic is no longer a public health emergency. Company has not identified any compromise or unauthorized access of its systems or networks due to this third party incident. As of the end of the first quarter of 2024, the Company reconnected to certain applications maintained by Change Healthcare and resumed claims submission to several payers and utilized alternative platforms for the majority of its claims. The Company anticipates that new variants could affect its operations for an extended period; however, at this time we cannot confidently forecast continues to work through accumulated unprocessed claims and to establish full recovery with Change Healthcare's applications.

During the duration or first quarter of 2024, the ultimate Company did not experience a material financial impact from the Change Healthcare Cybersecurity Incident on our operations.

See Item 1A. "Risk Factors" under the caption "The COVID-19 pandemic financial results as reported. The impact to the first quarter financial results was primarily related to cash flows from operations, which are expected to be recognized later in 2024, additional labor costs to support continued operations, and other potential pandemic events could adversely higher net interest expense due to lower-than-expected interest-bearing cash balances. The Company continues to maintain strong liquidity and, having resumed submission of claims to payers, has determined that the Change Healthcare Cybersecurity Incident is not reasonably likely to materially impact our the Company, including its business operations, financial condition or results of operations, cash flows and financial position" included in our Form 10-K for further discussion of risks. operations.

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### Composition of Results of Operations

The following results of operations include the accounts of Option Care Health and our subsidiaries for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023.

#### **Gross Profit**

Gross profit represents our net revenue less cost of revenue.

**Net Revenue.** Infusion and related health care services revenue is reported at the estimated net realizable amounts from third-party payers and patients for goods sold and services rendered. When pharmaceuticals are provided to a patient, revenue is recognized upon delivery of the goods. When nursing services are provided, revenue is recognized when the services are rendered.

Due to the nature of the health care industry and the reimbursement environment in which the Company operates, certain estimates are required to record revenue and accounts receivable at their net realizable values at the time goods or services are provided. 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 and the uncertainty of reimbursement amounts for certain services from certain payers may result in adjustments to amounts originally recorded.

**Cost of Revenue.** Cost of revenue consists of the actual cost of pharmaceuticals and other medical supplies dispensed to patients. In addition to product costs, cost of revenue includes warehousing costs, purchasing costs, depreciation expense relating to revenue-generating assets, such as infusion pumps, shipping and handling costs, and wages and related costs for the pharmacists, nurses, and all other employees and contracted workers directly involved in providing service to the patient.

The Company receives volume-based rebates and prompt payment discounts from some of its pharmaceutical and medical supplies vendors. These payments are recorded as a reduction of inventory and are accounted for as a reduction of cost of revenue when the related inventory is sold.

#### **Operating Costs and Expenses**

**Selling, General and Administrative Expenses.** Selling, general and administrative expenses consist principally of salaries for administrative employees that directly and indirectly support the operations, occupancy costs, marketing expenditures, insurance, and professional fees.

**Depreciation and Amortization Expense.** Depreciation within this caption relates to fixed assets and amortization relates to intangibles. Depreciation of revenue-generating assets, such as infusion pumps, is included in cost of revenue.

#### **Other Income (Expense)**

**Interest Expense, Net.** Interest expense consists principally of interest payments on the Company's outstanding borrowings under the ABL Facility, First Lien Term Loan, Revolver Facility, Senior Notes, amortization of discount and deferred financing fees, payments associated with the interest rate cap, and interest income earned on cash and cash equivalents. Refer to the "Liquidity and Capital Resources" section below for further discussion of these outstanding borrowings.

**Equity in Earnings of Joint Ventures.** Equity in earnings of joint ventures consists of our proportionate share of equity earnings or losses from equity investments in two infusion joint ventures with health systems.

**Other, Net.** Other income (expense) primarily includes activity related to non-operating income and expenses.

**Income Tax Expense.** The Company is subject to taxation in the United States and various states. The Company's income tax expense is reflective of the current federal and state tax rates.

**Change in Unrealized Gains (Losses) Gain (Loss) on Cash Flow Hedges, Hedge, Net of Income Tax (Expense) Benefit (Expense).** Change in unrealized gains (losses) gain (loss) on cash flow hedges, hedge, net of income tax expense (expense) benefit, consists of the gains and losses gain (loss) associated with the changes in the fair value of derivatives designated as hedging instruments related to the interest rate cap hedge, net of income taxes.

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**Results of Operations**

The following table presents Option Care Health's consolidated results of operations for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** (in thousands, except for percentages):

Three Months Ended March 31,										2024		
	Three Months Ended September 30,				Nine Months Ended September 30,							
	2023		2022		2023		2022					
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
<b>Amount</b>										<b>Amount</b>		
NET REVENUE	NET REVENUE	\$1,093,014	100.0 %	\$1,020,918	100.0 %	\$3,177,934	100.0 %	\$2,917,522	100.0 %	NET REVENUE	\$1,146,052	100.0 %
COST OF REVENUE	COST OF REVENUE	838,748	76.7 %	802,917	78.6 %	2,443,834	76.9 %	2,281,685	78.2 %	COST OF REVENUE	907,552	79.2 %
GROSS PROFIT	GROSS PROFIT	254,266	23.3 %	218,001	21.4 %	734,100	23.1 %	635,837	21.8 %	GROSS PROFIT	238,500	20.8 %
OPERATING COSTS AND EXPENSES:	OPERATING COSTS AND EXPENSES:									OPERATING COSTS AND EXPENSES:		
OPERATING COSTS AND EXPENSES:	OPERATING COSTS AND EXPENSES:									OPERATING COSTS AND EXPENSES:		
Selling, general and administrative expenses	Selling, general and administrative expenses	158,214	14.5 %	142,015	13.9 %	459,644	14.5 %	417,771	14.3 %	Selling, general and administrative expenses	154,742	13.5 %
Depreciation and amortization expense	Depreciation and amortization expense	15,005	1.4 %	15,268	1.5 %	44,417	1.4 %	46,027	1.6 %	Depreciation and amortization expense	14,728	1.3 %
Total operating expenses	Total operating expenses	173,219	15.8 %	157,283	15.4 %	504,061	15.9 %	463,798	15.9 %	Total operating expenses	169,470	14.8 %
OPERATING INCOME	OPERATING INCOME	81,047	7.4 %	60,718	5.9 %	230,039	7.2 %	172,039	5.9 %	OPERATING INCOME	69,030	6.0 %
OTHER INCOME (EXPENSE):	OTHER INCOME (EXPENSE):									OTHER INCOME (EXPENSE):		
Interest expense, net	Interest expense, net	(11,786)	(1.1) %	(13,997)	(1.4) %	(38,816)	(1.2) %	(39,008)	(1.3) %	Interest expense, net	(13,202)	(1.2) %
Equity in earnings of joint ventures	Equity in earnings of joint ventures	1,273	0.1 %	1,472	0.1 %	4,107	0.1 %	4,065	0.1 %	Equity in earnings of joint ventures	1,125	0.1 %
Other, net	Other, net	(449)	— %	3,888	0.4 %	84,487	2.7 %	3,891	0.1 %	Other, net	2	— %

Total other (expense) income	(10,962)	(1.0) %	(8,637)	(0.8) %	49,778	1.6 %	(31,052)	(1.1) %			
Total other expense									Total other expense	(12,075)	(1.1) %
INCOME BEFORE INCOME TAXES											
INCOME BEFORE INCOME TAXES											
INCOME BEFORE INCOME TAXES	INCOME TAXES	70,085	6.4 %	52,081	5.1 %	279,817	8.8 %	140,987	4.8 %	56,955	5.0 %
INCOME TAX EXPENSE	INCOME TAX EXPENSE	13,783	1.3 %	13,258	1.3 %	69,904	2.2 %	37,960	1.3 %	12,164	1.1 %
NET INCOME	NET INCOME	\$ 56,302	5.2 %	\$ 38,823	3.8 %	\$ 209,913	6.6 %	\$ 103,027	3.5 %	\$ 44,791	3.9 %
OTHER	OTHER										
COMPREHENSIVE INCOME (LOSS), NET OF TAX:											
Change in unrealized gain (loss) on cash flow hedges, net of income tax benefit (expense) of \$8, \$(1,398), \$57, and \$(5,917), respectively		53	— %	9,255	0.9 %	(99)	— %	24,962	0.9 %		
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:											
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:											
Change in unrealized gain (loss) on cash flow hedges, net of income tax (expense) benefit of \$(454) and \$1,152, respectively											
Change in unrealized gain (loss) on cash flow hedges, net of income tax (expense) benefit of \$(454) and \$1,152, respectively											
Change in unrealized gain (loss) on cash flow hedges, net of income tax (expense) benefit of \$(454) and \$1,152, respectively											
OTHER	OTHER								OTHER	1,551	0.1 %
COMPREHENSIVE INCOME (LOSS)	COMPREHENSIVE INCOME (LOSS)	53	— %	9,255	0.9 %	(99)	— %	24,962	0.9 %	INCOME (LOSS)	1,551
NET	NET									NET	0.1
COMPREHENSIVE INCOME (LOSS)	COMPREHENSIVE INCOME (LOSS)									COMPREHENSIVE INCOME (LOSS)	0.1 %
INCOME	INCOME	\$ 56,355	5.2 %	\$ 48,078	4.7 %	\$ 209,814	6.6 %	\$ 127,989	4.4 %	\$ 46,342	4.0 %

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#### Three Months Ended September 30, 2023 March 31, 2024 Compared to Three Months Ended September 30, 2022 March 31, 2023

The following tables present selected consolidated comparative results of operations from Option Care Health's unaudited condensed consolidated financial statements for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023.

##### Gross Profit

Three Months Ended September 30,			2023			2023			Variance		
2024			2024			2023			2023		
2024			2024			2023			Variance		
2023	2022	Variance	2023	2022	Variance	2023	2022	Variance	2023	2022	Variance

(in thousands, except for percentages)									
(in thousands, except for percentages)									
(in thousands, except for percentages)									
Net revenue	Net revenue	\$ 1,093,014	\$ 1,020,918	\$ 72,096	7.1 %	Net revenue	\$ 1,146,052	\$ 1,015,848	\$ 130,204
Cost of revenue	Cost of revenue	838,748	802,917	35,831	4.5 %	Cost of revenue	907,552	786,843	120,709
Gross profit	Gross profit	\$ 254,266	\$ 218,001	\$ 36,265	16.6 %	Gross profit	\$ 238,500	\$ 229,005	\$ 9,495
Gross profit margin	Gross profit margin	23.3 %	21.4 %						

The increase in net revenue was primarily driven by organic growth in the Company's portfolio of therapies, consisting of acute revenue that had mid-single-digit single-digit growth relative to the prior year while chronic revenue grew in the high-single-digits. The increase in net revenue was partially offset by the divestiture of respiratory therapy assets as well as therapies related to the treatment of ALS and pre-term labor mid-teens. The increase in cost of revenue and gross profit was primarily driven by the growth in revenue, which outpaced therapy mix, and acute drug supply chain disruption, as well as the increase in cost comparable impact of revenue primarily due to our disciplined procurement strategies, certain temporary favorable therapy pricing dynamics and efficient utilization in the prior year. The decrease in gross profit margin was primarily due to the same comparable impact of our infusion suite network, certain temporary favorable pricing dynamics in the prior year that did not continue into 2024.

#### Operating Expenses

Three Months Ended September 30,			2024			2023			Variance						
(in thousands, except for percentages)															
(in thousands, except for percentages)															
(in thousands, except for percentages)															
(in thousands, except for percentages)															
Selling, general and administrative expenses	Selling, general and administrative expenses	\$ 158,214	\$ 142,015	\$ 16,199	11.4 %	Selling, general and administrative expenses	\$ 154,742	\$ 147,866	\$ 6,876						
Depreciation and amortization expense	Depreciation and amortization expense	15,005	15,268	(263)	(1.7)%	Depreciation and amortization expense	14,728	14,514	214						
Total operating expenses	Total operating expenses	\$ 173,219	\$ 157,283	\$ 15,936	10.1 %	Total operating expenses	\$ 169,470	\$ 162,380	\$ 7,090						

The increase in selling, general and administrative expenses during the three months ended March 31, 2024 is primarily due to an increase in salaries, benefits, and equity compensation.

[Table compensation; however, these expenses have declined as a percentage of Contents](#)

revenue to 13.5% for the three months ended March 31, 2024 compared to 14.6% for the three months ended March 31, 2023, due to the Company's focus on leveraging existing infrastructure to control spending.

#### Other Income (Expense)

Three Months Ended September 30,
--

	2023	2022	Variance (in thousands, except for percentages)	2024			2023	Variance					
				2024	2023	Variance							
(in thousands, except for percentages)													
(in thousands, except for percentages)													
(in thousands, except for percentages)													
Interest expense, net	Interest expense, net	\$ (11,786)	\$ (13,997)	\$ 2,211	(15.8)%	Interest expense, net	\$ (13,202)	\$ (13,834)	\$ 632	(4.6)	(4.6)	%	
Equity in earnings of joint ventures	Equity in earnings of joint ventures	1,273	1,472	(199)	(13.5)%	Equity in earnings of joint ventures	1,125	1,437	1,437	(312)	(312)	(21.7)%	
Other, net	Other, net	(449)	3,888	(4,337)	(111.5)%	Other, net	2	1	1	1	100.0	100.0 %	
Total other expense	Total other expense	\$ (10,962)	\$ (8,637)	\$ (2,325)	26.9 %	Total other expense	\$ (12,075)	\$ (12,396)	\$ 321	(2.6)	(2.6)	%	

The decrease in interest expense, net during the three months ended **September 30, 2023** **March 31, 2024** was primarily attributable to **an increase in additional** interest income generated from our cash and cash equivalents, partially offset by **increases** an increase in the Company's First Lien Term **Loan's** **variable** interest rate, compared to three months ended **September 30, 2022** **March 31, 2023**. See Note **10, 9, Indebtedness**, of the condensed consolidated financial statements for further information.

**The decrease in Other, net during the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 is primarily related to one-time non-operating income during the three months ended September 30, 2022. There was no comparable activity during the three months ended September 30, 2023.**

#### Income Tax Expense

	Three Months Ended September 30,			Variance (in thousands, except for percentages)
	2023		2022	
	2023	2022	Variance	
Income tax expense	\$ 13,783	\$ 13,258	\$ 525	4.0 %
Three Months Ended March 31,				
	2024		2023	Variance (in thousands, except for percentages)
	2024	2023	Variance	
Income tax expense	\$ 12,164	\$ 15,021	\$ (2,857)	(19.0)%

The Company recorded income tax expense of **\$13.8** **\$12.2** million and **\$13.3** **\$15.0** million for the three months ended **September 30, 2023** **March 31, 2024** and **2022**, respectively. The tax expense for the three months ended **September 30, 2023** and **2022** **2023**, respectively, which represents an effective tax rate of **19.7%** **21.4%** and **25.5%** **27.7%**, respectively. The variance in the Company's effective tax rate of **19.7%** **21.4%** for the three months ended **September 30, 2023** **March 31, 2024**, compared to the federal statutory rate of 21%, is primarily attributable to the difference between federal and state tax rates, various non-deductible expenses, and a change in state valuation allowance. The variance in the Company's effective tax rate of **25.5%** **27.7%** for the three months ended **September 30, 2022** **March 31, 2023**, compared to the federal statutory rate of 21%, is primarily attributable to **current** the difference between federal and **deferred** state **taxes** **tax** rates, as well as various non-deductible expenses.

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#### Net Income and Other Comprehensive Income (Loss)

	Three Months Ended September 30,			Variance
	2023	2022		
	(in thousands, except for percentages)			
Net income	\$ 56,302	\$ 38,823	\$ 17,479	45.0 %
Other comprehensive income, net of tax:				
Changes in unrealized gain on cash flow hedges, net of income taxes	53	9,255	(9,202)	(99.4)%
Other comprehensive income	53	9,255	(9,202)	(99.4)%
Net comprehensive income	\$ 56,355	\$ 48,078	\$ 8,277	17.2 %

	Three Months Ended March 31,			Variance
	2024	2023		
	(in thousands, except for percentages)			
Net income	\$ 44,791	\$ 39,208	\$ 5,583	14.2 %
Other comprehensive income (loss), net of tax:				
Changes in unrealized gain (loss) on cash flow hedges, net of income taxes	1,551	(3,443)	4,994	145.0 %
Other comprehensive income (loss)	1,551	(3,443)	4,994	145.0 %
Net comprehensive income	\$ 46,342	\$ 35,765	\$ 10,577	29.6 %

The change in net income was attributable to organic growth from additional revenue related to the factors described in the above sections.

For the three months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, the change in unrealized gain on cash flow hedges, net of income taxes was related to the change in fair market value of the \$300.0 million interest rate cap hedge executed in October 2021.

Net comprehensive income increased to **\$56.4 million** **\$46.3 million** for the three months ended **September 30, 2023** **March 31, 2024**, compared to net comprehensive income of **\$48.1** **35.8 million** for the three months ended **September 30, 2022** **March 31, 2023**, primarily as a result of the changes in net income discussed above and partially offset by the impact of the fair value of the interest rate cap hedge, above.

#### **Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022**

The following tables present selected consolidated comparative results of operations from Option Care Health's unaudited condensed consolidated financial statements for the nine months ended September 30, 2023 and 2022.

##### **Gross Profit**

	Nine Months Ended September 30,			Variance
	2023	2022		
	(in thousands, except for percentages)			
Net revenue	\$ 3,177,934	\$ 2,917,522	\$ 260,412	8.9 %
Cost of revenue	2,443,834	2,281,685	162,149	7.1 %
Gross profit	\$ 734,100	\$ 635,837	\$ 98,263	15.5 %
Gross profit margin	23.1 %	21.8 %		

The increase in net revenue was primarily driven by organic growth in the Company's portfolio of therapies, consisting of acute revenue that had mid-single-digit growth relative to the prior year while chronic revenue grew in the low-double-digits. The increase in net revenue was partially offset by the divestiture of respiratory therapy assets as well as therapies related to the treatment of ALS and pre-term labor. The increase in cost of revenue and gross profit was primarily driven by the growth in revenue, which outpaced the increase in cost of revenue primarily due to our disciplined procurement strategies, certain temporary favorable therapy pricing dynamics, and efficient utilization of our infusion suite network.

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##### **Operating Expenses**

	Nine Months Ended September 30,			Variance
	2023	2022		
	(in thousands, except for percentages)			

	(in thousands, except for percentages)				
Selling, general and administrative expenses	\$ 459,644	\$ 417,771	\$ 41,873		10.0 %
Depreciation and amortization expense	44,417	46,027	(1,610)		(3.5)%
<b>Total operating expenses</b>	<b>\$ 504,061</b>	<b>\$ 463,798</b>	<b>\$ 40,263</b>		<b>8.7 %</b>

The increase in selling, general and administrative expenses is primarily due to an increase in salaries, benefits, and equity compensation as a result of expansion of team members to adjust to current volumes, however, these expenses have remained relatively consistent as a percentage of revenue at 14.5% and 14.3% for the nine months ended September 30, 2023 and 2022, respectively, due to the Company's focus on controlling spending leverage.

#### **Other Income (Expense)**

	Nine Months Ended September 30,			Variance
	2023	2022	(in thousands, except for percentages)	
Interest expense, net	\$ (38,816)	\$ (39,008)	\$ 192	(0.5)%
Equity in earnings of joint ventures	4,107	4,065	42	1.0 %
Other, net	84,487	3,891	80,596	2,071.3 %
<b>Total other income (expense)</b>	<b>\$ 49,778</b>	<b>\$ (31,052)</b>	<b>\$ 80,830</b>	<b>(260.3)%</b>

The increase in Other, net during the nine months ended September 30, 2023 is due to the \$106.0 million payment received on behalf of Amedisys, under the terms of the Mutual Termination Agreement, net of merger-related expenses. There was no comparable activity during the nine months ended September 30, 2022. See Note 3, *Business Combinations*, for further discussion.

#### **Income Tax Expense**

	Nine Months Ended September 30,			Variance
	2023	2022	(in thousands, except for percentages)	
Income tax expense	\$ 69,904	\$ 37,960	\$ 31,944	84.2 %

The Company recorded income tax expense of \$69.9 million and \$38.0 million for the nine months ended September 30, 2023 and 2022, respectively. The income tax expense for the nine months ended September 30, 2023 includes \$22.1 million of tax expense related to the Termination Fee payment received on behalf of Amedisys, under the terms of the Mutual Termination Agreement, net of merger-related expenses. The tax expense for the nine months ended September 30, 2023 and 2022 represents an effective tax rate of 25.0% and 26.9%, respectively. The variance in the Company's effective tax rate of 25.0% for the nine months ended September 30, 2023, compared to the federal statutory rate of 21%, is primarily attributable to the difference between federal and state tax rates, various non-deductible expenses, and a change in state valuation allowance. The variance in the Company's effective tax rate of 26.9% for the nine months ended September 30, 2022, compared to the federal statutory rate of 21%, is primarily attributable to current and deferred state taxes as well as various non-deductible expenses.

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#### **Net Income and Other Comprehensive (Loss) Income**

	Nine Months Ended September 30,			Variance
	2023	2022	(in thousands, except for percentages)	
Net income	\$ 209,913	\$ 103,027	\$ 106,886	103.7 %
Other comprehensive (loss) income, net of tax:				
Changes in unrealized (loss) gain on cash flow hedges, net of income taxes	(99)	24,962	(25,061)	(100.4)%
Other comprehensive (loss) income	(99)	24,962	(25,061)	(100.4)%
<b>Net comprehensive income</b>	<b>\$ 209,814</b>	<b>\$ 127,989</b>	<b>\$ 81,825</b>	<b>63.9 %</b>

The change in net income was attributable to organic growth from additional revenue related to the factors described in the above sections. Additionally, the change in net income was attributable to the \$106.0 million payment received on behalf of Amedisys, under the terms of the Mutual Termination Agreement, net of merger-related expenses. There was no comparable activity during the nine months ended September 30, 2022.

For the nine months ended September 30, 2023, the change in unrealized (loss) gain on cash flow hedges, net of income taxes was related to the change in fair market value of the \$300.0 million interest rate cap hedge executed in October 2021.

Net comprehensive income increased to \$209.8 million for the nine months ended September 30, 2023, compared to net comprehensive income of \$128.0 million for the nine months ended September 30, 2022, primarily as a result of the changes in net income discussed above and partially offset by the impact of the fair value of the interest rate cap hedge.

## Liquidity and Capital Resources

For the **nine three** months ended **September 30, 2023** **March 31, 2024** and the twelve months ended **December 31, 2022** **December 31, 2023**, the Company's primary sources of liquidity were cash and cash equivalents of **\$386.5 million** **\$219.5 million** and **\$294.2 million** **\$343.8 million**, respectively. As of **September 30, 2023** **March 31, 2024** and **December 31, 2023**, the Company had **\$219.7 million** **\$394.7 million** of borrowings available under its credit facilities (net of \$5.3 million undrawn letters of credit issued and outstanding). As of **December 31, 2022** During the three months ended March 31, 2024, the Company had **\$168.3 million** Company's cash flows from operations were impacted by the Change Healthcare Cybersecurity Incident. See the caption "Update on the Impact of borrowings available under its credit facilities (net of \$6.7 million undrawn letters of credit issued and outstanding), the Change Healthcare Cybersecurity Incident" included in this Form 10-Q for further discussion. During the **nine months ended September 30, 2023** and the twelve months ended **December 31, 2022** **December 31, 2023**, the Company's **positive** cash flows from operations enabled investments in pharmacy, **infusion suites**, and information technology infrastructure to support growth and create additional capacity in the future, as well as to pursue acquisitions and share repurchases.

The Company's primary uses of cash and cash equivalents include supporting our ongoing business activities, investment in capital expenditures in both facilities and technology, the pursuit of acquisitions, and share repurchases. Ongoing operating cash outflows are associated with procuring and dispensing drugs, personnel and other costs associated with servicing patients, as well as paying cash interest on outstanding debt and cash taxes. Ongoing investing cash flows are primarily associated with capital projects related to business acquisitions, the improvement and maintenance of our pharmacy facilities and investment in our information technology systems. Ongoing financing cash flows are primarily associated with the quarterly principal payments on our outstanding debt, along with potential future share repurchases.

Our business strategy includes the deployment of capital to pursue acquisitions that complement our existing operations. We continue to evaluate acquisition opportunities and view acquisitions as a key part of our growth strategy. The Company historically has funded its acquisitions with cash and cash equivalents with the exception of the **Merger** **BioScrip merger**. The Company may require additional capital in excess of current availability in order to complete future acquisitions. It is impossible to predict the amount of capital that may be required for acquisitions, and there is no assurance that sufficient financing for these activities will be available on acceptable terms.

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### **Short-Term and Long-Term Liquidity Requirements**

The Company's ability to make principal and interest payments on any borrowings under our credit facilities and our ability to fund planned capital expenditures will depend on our ability to generate cash and cash equivalents in the future, which to a certain extent, is subject to general economic, financial, competitive, regulatory and other conditions. Based on our current level of operations and planned capital expenditures, we believe that our existing cash and cash equivalents balances and expected cash flows generated from operations will be sufficient to meet our operating requirements over the next 12 months and beyond. We may require additional borrowings under our credit facilities and alternative forms of financings or investments to achieve our longer-term strategic plans.

### **Credit Facilities**

Effective January 13, 2023, the Company entered into an agreement to amend the ABL Facility, to among other things, increase the amount of borrowing availability by \$50.0 million to \$225.0 million total borrowing availability and to replace LIBOR with SOFR as the new reference rate. The ABL Company's Revolver Facility provides for borrowings up to \$225.0 million and \$400.0 million. The Revolver Facility matures on October 27, 2026. The ABL the date that is the earlier of (i) December 7, 2028 and (ii) the date that is 91 days prior to the stated maturity date applicable to any Term B Loans. Borrowings under the Revolver Facility bears will bear interest at a rate equal to, at the Company's election, option of the Company, either (i) a base rate determined in accordance with the ABL Term Secured Overnight Financing Rate ("SOFR") applicable thereto plus the Applicable Rate or (ii) the then-applicable Base Rate plus the Applicable Rate, which Applicable Rate shall be, subject to certain caveats thereto, as follows (i) until delivery of financial statements and related Compliance Certificate for the first full fiscal quarter ending after the effective date of the First Lien Credit Agreement plus an applicable margin, which is equal Amendment, (A) for Term SOFR Loans, 1.75%, or (B) for Base Rate Loans, 0.75% and (ii) thereafter, the Applicable Rate for Term SOFR Loans and Base Rate Loans, based upon the Total Net Leverage Ratio as set forth in the most recent compliance certificate received by the Administrative Agent pursuant to between 0.25% and 0.75% based on the historical excess availability as a percentage terms of the Line Cap (as such term is defined in credit agreement. As of March 31, 2024, the ABL Credit Agreement) and (ii) SOFR (or a comparable successor rate, with a floor of 0.00% per annum) plus an applicable margin, which is equal to between 1.25% and 1.75% based on the historical excess availability as a percentage of the Line Cap. The Company had \$5.3 million of undrawn letters of credit issued and outstanding, resulting in net borrowing availability under the ABL Revolver Facility of \$219.7 million as of September 30, 2023 \$394.7 million.

Effective June 30, 2023, the Company entered into an agreement, dated as of June 8, 2023, to amend the First Lien Term Loan to replace LIBOR and related definitions and provisions with SOFR as the new reference rate. The principal balance of the First Lien Term Loan is repayable in quarterly installments of **\$1.5 million** **\$1.5 million** plus interest, with a final payment of all remaining outstanding principal due on October 27, 2028. The quarterly principal payments commenced in March 2022. Under the First Lien Credit Agreement Amendment, interest on the First Lien Term Loan is payable monthly on either (i) SOFR (with a floor of 0.50% per annum) plus an applicable margin of 2.75% for Term SOFR Loans (as such term is defined in the First Lien Credit Agreement Amendment); or (ii) a base rate determined in accordance with the First Lien Credit Agreement Amendment, plus 1.75% for Base Rate Loans (as such term is defined in the First Lien Credit Agreement Amendment).

The Senior Notes bear interest at a rate of 4.375% per annum and are payable semi-annually in arrears on October 31 and April 30 of each year, which began on April 30, 2022. The Senior Notes mature on October 31, 2029.

Interest payments over the course of long-term debt obligations total an estimated **\$377.4 million** **\$341.8 million** based on final maturity dates of the Company's credit facilities. Interest payments are calculated based on current rates as of **September 30, 2023** **March 31, 2024**. Actual payments are based on changes in SOFR and exclude the interest rate cap derivative instrument.

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**Cash Flows**

**Nine Three Months Ended September 30, 2023 March 31, 2024 Compared to Nine Three Months Ended September 30, 2022 March 31, 2023**

The following table presents selected data from Option Care Health's unaudited condensed consolidated statements of cash flows:

Nine Months Ended September 30,			2024	2023	Variance
2023	2022	Variance			
(in thousands)			(in thousands)		
Net cash provided by operating activities	\$320,326	\$224,092	\$ 96,234		
Net cash (used in) provided by operating activities					
Net cash used in investing activities	(40,725)	(104,426)	63,701		
Net cash (used in) provided by financing activities	(187,298)	16,379	(203,677)		
Net increase in cash and cash equivalents	92,303	136,045	(43,742)		
Net cash used in financing activities					
Net (decrease) increase in cash and cash equivalents					
Cash and cash equivalents - beginning of period	294,186	119,423	174,763		

Cash and cash equivalents	Cash and cash equivalents
- end of period	- end of period
	\$386,489
	<u>\$255,468</u>
	<u>\$131,021</u>

#### **Cash Flows from Operating Activities**

The **increase** use of cash in operating activities during the three months ended March 31, 2024, as compared to the cash provided by operating activities in the three months ended March 31, 2023, is primarily due to higher net income, the Termination Fee received on behalf of Amedisys, under the terms changes in accounts receivable as a result of the Mutual Termination Agreement, net of merger-related expenses and taxes, changes in Change Healthcare Cybersecurity Incident, with lesser impacts from accrued compensation and employee benefits, accrued expenses and changes in inventory, other current liabilities, which were partially offset by cash paid for taxes, prepaid expenses, other current assets, certain accruals higher net income and timing of vendor payments during the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, higher inventory turnover.

#### **Cash Flows from Investing Activities**

The **decrease** **increase** in cash used in investing activities during the **nine** three months ended **September 30, 2023** **March 31, 2024** is primarily due a decrease related to an increase in **acquisition activity** **capital expenditures** as compared to the **nine** three months ended **September 30, 2022** **March 31, 2023**.

#### **Cash Flows from Financing Activities**

The **decrease** in cash used in financing activities is primarily related to the Company's \$40.0 million repurchase of common stock during the **nine** three months ended **September 30, 2023** **March 31, 2024**, whereas the **nine** three months ended **September 30, 2022** **March 31, 2023** activity primarily related to the **proceeds** Company's \$75.0 million repurchase of warrant exercises, common stock.

#### **Critical Accounting Policies and Estimates**

The Company prepares its unaudited condensed consolidated financial statements in accordance with GAAP, which requires the Company to make estimates and assumptions. The Company evaluates its estimates and assumptions on an ongoing basis. Estimates and assumptions are based on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making assumptions about the carrying values of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the period presented. The Company's actual results may differ from these estimates, and different assumptions or conditions may yield different estimates.

There have been no material changes to the Company's critical accounting policies and estimates as presented in our Form 10-K, which are hereby incorporated by reference.

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#### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

There have been no material changes to our exposure to market risk from those included in our Form 10-K, which is hereby incorporated by reference.

#### **Item 4. Controls and Procedures**

##### **Evaluation of Disclosure Controls and Procedures**

The Company maintains disclosure controls and procedures (as such term is defined under Rule 13a-15(e) promulgated under the Exchange Act) that are designed to ensure that information required to be disclosed by the Company in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, management evaluated the effectiveness of the Company's disclosure controls and procedures as of **September 30, 2023** **March 31, 2024**. Based on that evaluation, the Company's Chief Executive Officer and its Chief Financial Officer concluded that our disclosure controls and procedures were effective as of **September 30, 2023** **March 31, 2024**.

##### **Changes in Internal Controls over Financial Reporting**

There were no changes in our internal control over financial reporting during the three months ended **September 30, 2023** **March 31, 2024** that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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## **PART II** **OTHER INFORMATION**

#### **Item 1. Legal Proceedings**

For a summary of legal proceedings, refer to Note 13, 12, *Commitments and Contingencies*, of the unaudited condensed consolidated financial statements included in Item 1 of this Form 10-Q.

#### Item 1A. Risk Factors

There have been no material changes to the risk factors affecting our business, financial condition or results of operations from those set forth in Part I, Item 1A. "Risk Factors" in our Form 10-K. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition and/or operating results, except for the updated risk factor below:

##### **Delays in reimbursement may adversely affect our liquidity, cash flows and results of operations.**

The reimbursement process for the services we provide is complex, resulting in delays between the time we bill for a service and receipt of payment that can be significant. Reimbursement and procedural issues often require us to resubmit claims multiple times and respond to multiple administrative requests before payment is remitted. The collection of accounts receivable is challenging and requires constant focus and involvement by management and ongoing enhancements to information systems and billing center operating procedures. While management believes that our controls and processes are satisfactory, there can be no assurance that collections of accounts receivable will continue at historical rates. The risks associated with third-party payers and the inability to collect outstanding accounts receivable could have a material adverse effect on our liquidity, cash flows, and results of operations. For example, in the first quarter of 2024, Change Healthcare, a subsidiary of UnitedHealth Group, experienced a cybersecurity incident that disrupted its operations, causing us to disconnect from certain Change Healthcare applications until the end of the quarter, preventing us from processing claims for services and reducing our cash flows from operations in the first quarter of 2024, which are now expected to be recognized later in 2024.

#### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

##### Issuer Purchases of Equity Securities

On February 20, 2023, the Company's Board of Directors approved a share repurchase program of up to an aggregate \$250.0 million of common stock of the Company. This program has no specified expiration date.

The following table provides certain information with respect to the Company's repurchases of common stock from July 1, 2023 January 1, 2024 through September 30, 2023 March 31, 2024:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
July 1, 2023 - July 31, 2023	—	\$ —	—	\$ 174,999,995
August 1, 2023 - August 31, 2023	1,833,677	34.35	1,833,677	112,015,417
September 1, 2023 - September 30, 2023	1,079,843	34.28	1,079,843	75,000,067
	2,913,520	\$ 34.32	2,913,520	\$ 75,000,067

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
January 1, 2024 - January 31, 2024	756,893	\$ 31.82	756,893	\$ 225,913,205
February 1, 2024 - February 29, 2024	494,846	32.16	494,846	210,000,136
March 1, 2024 - March 31, 2024	—	—	—	210,000,136
	1,251,739	\$ 31.96	1,251,739	\$ 210,000,136

#### Item 5. Other Information

##### Adoption, Modification and Termination of Rule 10b5-1 Plans and Certain Other Trading Arrangements

No director or officer of the Company has adopted, modified or terminated a Rule 10b5-1 plan or non-Rule 10b5-1 trading arrangement during the three months ended September 30, 2023 March 31, 2024.

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#### Item 6.Exhibits

(a) Exhibits.

Exhibit Number	Description
10.1	<a href="#">Form of Option Care Health, Inc. Non-Qualified Stock Option Certificate (Executive) (filed herewith).</a>
10.2	<a href="#">Form of Option Care Health, Inc. Restricted Stock Unit Certificate (Executive) (filed herewith).</a>
10.3	<a href="#">Form of Option Care Health, Inc. Performance Stock Unit Certificate (Executive) (filed herewith).</a>
10.4	<a href="#">Form of Option Care Health, Inc. Restricted Stock Unit Certificate (Directors) (filed herewith).</a>
31.1	<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2	<a href="#">Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1	<a href="#">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.</a>
32.2	<a href="#">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.</a>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	XBRL Formatted Cover Page

#### SIGNATURES

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

OPTION CARE HEALTH, INC.

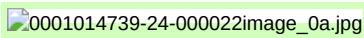
Date: **October 25, 2023** April 23, 2024

/s/ Michael Shapiro

Michael Shapiro

Chief Financial Officer and Executive Vice President (Principal Financial Officer and Duly Authorized Officer)

**3430**



#### OPTION CARE HEALTH, INC. NON-QUALIFIED STOCK OPTION CERTIFICATE

THIS NON-QUALIFIED STOCK OPTION CERTIFICATE (this "Option Certificate") is made as of [ ] (the "Grant Date") between Option Care Health, Inc., a Delaware corporation (the "Company"), and [ ] (the "Awardee").

WHEREAS, the Company has established the Option Care Health, Inc. Amended and Restated 2018 Equity Incentive Plan (as amended and restated from time to time, the "Plan"), a copy of which has been provided to Awardee;

WHEREAS, the Plan provides for the making of stock and other equity based Awards, including grants of Options to purchase shares of Company common stock, \$0.0001 par value per share, of the Company ("Stock");

WHEREAS the Company desires to afford the Awardee an opportunity to purchase Stock as provided in accordance with this Certificate and the provisions of the Plan;

NOW THEREFORE, the following terms and conditions apply to this grant of Options in accordance with the terms and conditions of the Plan and subject to the provisions of this Certificate:

1. **Grant of Option.** The Company hereby grants to the Awardee the right and option (the "Option") to purchase all or any part of [ ] shares of Stock (the "Shares"). The Option is in all respects limited and conditioned as provided in this Certificate, and is subject to the terms and conditions of the Plan now in effect and as they may be amended from time to time, in accordance with the Plan (which terms and conditions are and automatically shall be incorporated by reference and shall control in the event of any conflict with any other terms of this Option Certificate). It is intended that this Option be a non-

qualified stock option ("NQSO") and not an incentive stock option ("ISO") as such term is defined in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. **Exercise Price.** The exercise price per share of the Shares under the Option shall be [ ].

3. **Term.** Unless earlier terminated pursuant to any provision of the Plan or of this Option Certificate, the Option shall expire on the ten (10) year anniversary of the Grant Date (the "Expiration Date"). The Option shall not be exercisable on or after the Expiration Date. Notwithstanding anything in this Option Certificate to the contrary, in the event the Awardee will not be permitted to exercise the Option on the date immediately prior to the Expiration Date because exercising the Option and selling the Stock acquired upon exercise of the Option would contravene applicable federal or state insider trading laws or regulations or other applicable federal or state securities laws or regulations (collectively, the "Securities Laws") or would contravene the Company's blackout or insider trading policies, then the term of the Option shall be extended for a period of thirty (30) days beginning on the first date that the Awardee is again permitted to exercise the Option under the Securities Laws and the Company's blackout and insider trading policies.



4. **Vesting and Exercise of Option.**

(a) The Option will vest and may be exercised as to [INSERT VESTING SCHEDULE], in each case rounded to the nearest whole share. The portion of the Option that vests and becomes exercisable in accordance with the foregoing shall remain exercisable, subject to the provisions contained in the Plan and in this Option Certificate until the expiration of the term of the Option as set forth in Section 3.

(b) Notwithstanding any provision of the Plan to the contrary, in the event the Option is assumed or substituted by a successor in connection with a Change in Control, upon a Qualifying Termination the unvested portion of the Option will fully vest. For this purpose, a "Qualifying Termination" will mean an involuntary termination of Awardee's employment without Cause during the 12-month period following a Change in Control. For this purpose, "Cause" will have the meaning given to such term in an employment or other similar agreement entered into by Awardee with the Company, or, in the absence of such an agreement, with respect to Awardee, will mean the occurrence of any one or more of the following reasons: (i) the commission of a felony or other crime involving moral turpitude; (ii) the commission of any act or omission involving dishonesty, disloyalty or fraud with respect to the Company; (iii) reporting to work under the influence of alcohol or illegal drugs, the use of illegal drugs (whether or not at the workplace) or other repeated conduct causing the Company substantial public disgrace or substantial economic harm; (iv) unsatisfactory performance of Awardee's duties for the Company, as determined by the Board in its good-faith discretion; (v) any intentional act or omission aiding or abetting a competitor, supplier or customer of the Company to the material disadvantage of the Company; (vi) breach of fiduciary duty or willful misconduct with respect to the Company; (vii) any other material breach of this Certificate or (viii) Awardee engaging in illegal business practices or other practices contrary to the written policies of the Company, including, without limitation, sexual misconduct, harassment or discrimination.

(c) All vesting of Awardee's Option under this Section 4 is further conditioned upon Awardee having remained in the continuous employment of the Company through the applicable vesting date. If Awardee does not remain in the continuous employment of the Company, with the exception of Sections 4(b) and 4(d), then Awardee will immediately forfeit any unvested portion of the Option in their entirety for no consideration, without any further action of the Company.

(d) Notwithstanding any provisions of this Certificate to the contrary, if Participant's employment with the Company terminates due to Awardee's Retirement, then the unvested portion of the Option shall continue to vest in accordance with the vesting schedule set forth in this Section 4. For purpose of this Award, "Retirement" or "Retire" means that the Awardee voluntarily resigns employment and (i) has reached fifty-eight (58) years of age; (ii) has provided ten (10) years of continuous employment with the Company; (iii) has provided to the Company at least six (6) months advance written notice of intent to Retire, (iv) been continuously employed by the Company for at least twelve (12) months following the Date of Grant and is in good standing with the Company on the date of termination of employment, (v) complies with all applicable post-employment covenants, and (vi) if requested by the Company, provides the Company with a release of claims in such form as required by the Company in its discretion.

5. **Method of Exercising Option.** Subject to the terms and conditions of this Option Certificate and the Plan, the Option may be exercised upon written notice to the Company or the



securities broker then designated by the Company, and the form of such notice shall be provided by the Company upon request. Such notice shall state the election to exercise the Option and the number of shares of Stock with respect to which it is being exercised; shall be signed by the person or persons so

exercising the Option; shall, if the Company so requests, be accompanied by the investment certificate referred to in Section 6 of this Certificate and shall be accompanied by payment of the full Option price of such Shares.

The Option price shall be paid to the Company:

(a) In cash, or in its equivalent;

(b) In Stock previously acquired by the Awardee, provided that if such shares of Stock were acquired through exercise of a stock option, such shares have been held by the Awardee for a period of more than 12 months on the date of exercise;

(c) In Stock newly acquired by the Awardee upon exercise of the Option; or

(d) In any combination of (a), (b) and (c) above.

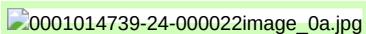
In addition, the Option price may also be paid (i) through any cashless exercise procedure then available to any other Director or Key Employee (as defined in the Plan); or (ii) by withholding Stock otherwise issuable in connection with the exercise of the Option.

In the event such Option price is paid, in whole or in part, in Stock, the portion of the Option price so paid with Stock shall be equal to the "fair market value" of such shares of Stock on the date of exercise of the Option, as such "fair market value" is determined as set forth in the Plan.

Upon receipt of such notice and payment, the Company, as promptly as practicable, shall deliver or cause to be delivered a certificate or certificates representing the shares with respect to which the Option is so exercised. The certificate or certificates for the shares as to which the Option shall have been so exercised shall be registered in the name of the person or persons so exercising the Option (or, if the Option shall be exercised by the Awardee and if the Awardee shall so request in the notice exercising the Option, shall be registered in the name of the Awardee and the Awardee's spouse, jointly, with right of survivorship) and shall be delivered as provided above to or upon the written order of the person or persons exercising the Option. All shares that shall be purchased upon the exercise of this Option shall be fully paid and non-assessable by the Company.

**6. Shares to be Purchased for Investment.** Unless the Company has notified the Awardee that a registration statement covering the shares to be acquired upon the exercise of the Option has become effective under the Securities Act of 1933 and the Company has not thereafter notified the Awardee that such registration is no longer effective, or unless counsel to the Company shall be otherwise satisfied that the Awardee would be permitted under applicable law to immediately resell shares acquired upon the exercise of the Option, it shall be a condition to any exercise of the Option that the shares acquired upon such exercise be acquired for investment and not with a view to distribution, and the person effecting such exercise shall submit to the Company a certificate of such investment intent, together with such other evidence supporting the same as the Company may request. The Company shall be entitled to restrict the transferability of the shares issued upon any such exercise to the extent necessary to avoid a risk of violation of the Securities Act

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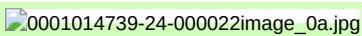
of 1933 (or of any rules or regulations promulgated thereunder) or of any state laws or regulations. Such restrictions may, at the option of the Company, be noted or set forth in full on the share certificates.

**7. Non-Transferability of Option.** The Option is not assignable or transferable, in whole or in part, by the Awardee otherwise than by the laws of descent and distribution or in accordance with the procedures set forth in Section 13 of the Plan. During the lifetime of the Awardee the Option shall be exercisable only by the Awardee or by Awardee's guardian or legal representative or Awardee's permitted assignee or transferee.

**8. Termination of Employment.** If the Awardee's employment with the Company and all Affiliates (as defined in the Plan) is terminated for any reason other than death, disability or Retirement, the Option may be exercised, to the extent of the number of shares which were vested on the date of such termination of employment, by the Awardee at any time on or prior to ninety (90) days following the termination date (the "Post-Termination Period"). The Post-Termination Period shall be twelve (12) months if the Awardee's employment with the Company and all Affiliates is terminated due to disability or death. In the event of Awardee's Retirement, the Post-Termination Period shall be [ ] years. Notwithstanding this Section 8, the Post-Termination Period may be extended if such an extension is set forth in any severance agreement or other agreement then in effect between the Company and the Awardee. However, no Post-Termination Period may extend the Expiration Date of the Option set forth in Section 3.

**9. Withholding of Taxes.** The obligation of the Company to deliver shares of Stock upon the exercise of the Option shall be subject to applicable federal, state and local tax withholding requirements.

No Stock will be delivered to an Awardee upon exercise of the Option unless Awardee has made arrangements acceptable to the Company for payment of any federal, state, local or foreign withholding taxes that may be due as a result of the delivery of the Stock. Awardee hereby authorizes the Company to withhold from payroll or other amounts payable to Awardee any sums required to satisfy such withholding tax obligations, and otherwise agrees to satisfy such obligations in accordance with the provisions of Section 19.3 of the Plan. If the exercise of the Option is subject to the withholding requirements of applicable federal tax laws, the Committee may permit the Awardee, subject to the provisions of the Plan and such additional withholding rules (the "Withholding Rules") as shall be adopted by the Committee, to satisfy the minimum federal, state and local withholding tax, in whole or in part, by electing to have the Company withhold (or by returning to the Company) shares of Stock, which shares shall be valued, for this purpose, at their fair market value on the date of exercise of the Option (or, if later, the date on which the Awardee recognizes ordinary income with respect to such exercise) (the "Determination Date"). An election to use shares of Stock to satisfy tax withholding requirements must be made in compliance with and subject to the Withholding Rules, and the Committee may not withhold shares in excess of the number necessary to satisfy the maximum federal, state and local income tax withholding requirements. In the event shares of Stock previously acquired under the exercise of an ISO are used to satisfy such withholding requirement, such shares of Stock must have been held by the Awardee for a period of not less than the holding period described in Section 422(a)(1) of the Code on the Determination Date, or if such shares of Stock were previously acquired through exercise of a stock option, such option was granted to the Awardee at least six months prior to the Determination Date.



## 10. Miscellaneous.

(a) The Company and Awardee shall execute such further instruments and take such action as may reasonably be necessary to carry out the intent of this Option Certificate, as may be determined by the Committee.

(b) Neither the Plan nor this Option Certificate nor any provisions under either shall be construed so as to grant Awardee any right to remain in the employ of the Company.

(c) This Option Certificate shall be construed in accordance with, and its interpretation shall be governed by applicable federal law, and otherwise by the laws of the State of Delaware.

(d) The headings contained in this Option Certificate are for reference purposes only and shall not affect in any way the meaning or interpretation of this Option Certificate.

(e) Notwithstanding anything in this Certificate or in the Plan to the contrary, the Option granted to Awardee pursuant to this Certificate and Stock obtained upon exercise of the Option shall be subject to mandatory forfeiture, recovery by the Company or other action pursuant to any compensation recovery policy adopted by the Company or any Affiliate at any time, including, but not limited to, any policy adopted to comply with the requirements of Section 10D of the Exchange Act, the SEC's final rules thereunder (Listing Standards for Recovery of Erroneously Awarded Compensation, 87 Fed. Reg. 73076-73142) and any applicable listing rules or other rules and regulations implementing the foregoing, or any other applicable laws which impose mandatory recoupment or forfeiture of incentive compensation. This Certificate will be automatically amended by the Committee to comply with any such compensation recovery policy.

(f) The Company may deliver any documents related to this Option Award by electronic means and request your acceptance of this Certificate by electronic means. You hereby consent to receive all applicable documentation by electronic delivery and to participate in the Plan through an on-line (and/or voice activated) system established and maintained by the Company or the Company's third-party stock plan administrator.

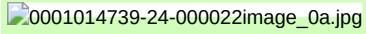
IN WITNESS WHEREOF, the Company has caused this Non-Qualified Stock Option Certificate to be duly executed by its officers on the day and year first above written.

OPTION CARE HEALTH, INC.

By:

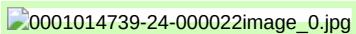
Its:

**By signing this Certificate or otherwise accepting this Certificate in a manner approved by the Company, you agree to all the terms and conditions described above and in the Plan document.**



Accepted and agreed:

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**OPTION CARE HEALTH, INC.  
RESTRICTED STOCK UNIT CERTIFICATE**

THIS RESTRICTED STOCK UNIT CERTIFICATE (this "Certificate") evidences the grant by Option Care Health, Inc., a Delaware corporation (the "Company") of Restricted Stock Units of the Company to [ ] ("Awardee") on [ ] (the "Grant Date") as follows:

WHEREAS, the Company has established the Option Care Health, Inc. Amended and Restated 2018 Equity Incentive Plan (as amended and restated from time to time, the "Plan"), a copy of which has been provided to Awardee;

WHEREAS, the Plan provides for the making of stock and other equity based Awards; WHEREAS, the Plan and the Award contemplated hereby has been approved by the Company's Compensation Committee (the "Committee"); and

WHEREAS, the Company desires to grant to Awardee Restricted Stock Units in accordance with the terms and conditions of the Plan and subject to the provisions of this Certificate.

NOW, THEREFORE, the following terms and conditions apply to this grant of Restricted Stock Units:

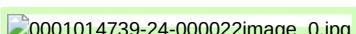
1. **Grant of Restricted Stock Units.** Subject to the terms and conditions of this Certificate and of the Plan, Awardee is hereby granted an Award of [ ] Restricted Stock Units (the "Restricted Stock Units"), which include the right to be issued the number of shares of Stock equal to the Restricted Stock Units, subject to the restrictions and vesting conditions set forth in this Certificate.

2. **Delivery and Settlement.** As soon as reasonably practicable following the vesting of the Restricted Stock Units as set forth in Section 3 of this Certificate but in any event by no later than sixty days following the date on which such vesting occurs, the Company will issue in the name of Awardee shares of Stock in settlement of such vested Restricted Stock Units. Upon settlement of a vested Restricted Stock Unit in Stock, such vested Restricted Stock Unit will be deemed cancelled and Awardee shall have no further rights to payment of any kind in respect of such Restricted Stock Unit.

3. **Issuance and Vesting Schedule.**

(a) As of the Grant Date, all of the Restricted Stock Units are considered unvested Restricted Stock Units and are subject to forfeiture in their entirety for no consideration. Unvested Restricted Stock Units will vest and be settled [INSERT VESTING SCHEDULE], in each case rounded to the nearest whole share.

(b) Notwithstanding any provision of the Plan to the contrary, in the event the Restricted Stock Units are assumed or substituted by a successor in connection with a Change in Control, upon a Qualifying Termination all unvested Restricted Stock Units will vest and be settled in accordance with Section 2. For this purpose, a "Qualifying Termination" will mean an



involuntary termination of Awardee's service without Cause during the 12-month period following a Change in Control. For this purpose, "Cause" will have the meaning given to such term in an employment or other similar agreement entered into by Awardee with the Company, or, in the absence of such an agreement, with respect to Awardee, will mean the occurrence of any one or more of the following reasons: (i) the commission of a felony or other crime involving moral turpitude; (ii) the commission of any act or omission involving dishonesty, disloyalty or fraud with respect to the Company; (iii) reporting to work under the influence of alcohol or illegal drugs, the use of illegal drugs (whether or not at the workplace) or other repeated conduct causing the Company substantial public disgrace or substantial economic harm; (iv) unsatisfactory performance of Awardee's duties for the Company, as determined by the Board in its good-faith discretion; (v) any intentional act or omission aiding or abetting a competitor, supplier or customer of the Company to the material disadvantage of the Company; (vi) breach of fiduciary duty or willful misconduct with respect to the Company; (vii) any other material breach of this Certificate or (viii) Awardee engaging in illegal business practices or other practices contrary to the written policies of the Company, including, without limitation, sexual misconduct, harassment or discrimination.

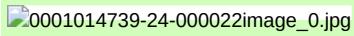
(c) All vesting of Awardee's Restricted Stock Units under Section 3(a) and Section 3(c) is further conditioned upon Awardee having remained in the continuous employment of the Company through the Vesting Date or the consummation of a Change in Control, as applicable. If Awardee does not remain in the continuous employment of the Company, with the exception of 3(d), through such applicable date, then Awardee will immediately forfeit any unvested Restricted Stock Units in their entirety for no consideration, without any further action of the Company.

(d) Notwithstanding any provisions of this Certificate to the contrary, if Participant's service with the Company terminates due to Participant's Retirement, then the Participant's unvested portion of the Award shall continue to vest in accordance with the vesting schedule defined herein, and the Restricted Stock Units shall settle after each vesting date in accordance with Section 2. For purpose of this Award, "Retirement" or "Retire" means that the Awardee voluntarily resigns employment and (i) has reached fifty-eight (58) years of age; (ii) has provided ten (10) years of continuous employment with the Company; (iii) has provided to the Company at least six (6) months advance written notice of intent to Retire and continues to provide services to the Company through such notice period, (iv) continuously provided services to the Company for at least twelve (12) months following the Date of Grant and is in good standing with the Company on the date of termination of service, (v) complies with all applicable post-employment covenants, and (vi) if requested by the Company, provides the Company with a release of claims in such form as required by the Company in its discretion.

#### **4. Restrictions.**

(a) The Restricted Stock Units and any rights granted with respect to them may not be sold, pledged or otherwise transferred.

(b) Except as may be otherwise provided for in Section 3 above or in any agreement between the Company and Awardee, if Awardee's service as an employee of the Company terminates, any unvested Restricted Stock Units will be forfeited in their entirety for no consideration by Awardee.



**5. Rights as Shareholder.** Subject to the terms and conditions of this Certificate, Awardee will be issued the number of shares of Stock equal to the number of Restricted Stock Units that are deemed to have vested as provided in Section 2. Awardee will have all of the rights of a holder of Stock with respect to such shares of Stock from and after, but not before, the date that Awardee delivers any other documents required by the Company and such shares of Stock are issued to Awardee as set forth in this Certificate. No cash dividends or dividend equivalents will accrue on the Restricted Stock Units.

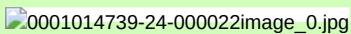
**6. Taxes.** Awardee acknowledges and agrees that he or she is solely responsible for any and all taxes that may be assessed by any taxing authority arising in any way from the award, the grant of the Restricted Stock Units and the issuance of shares of Stock and that the Company shall not be liable for any such assessments. The grant of the award, the vesting of the Restricted Stock Units, and the settlement of the Restricted Stock Units in Stock may give rise to taxable income subject to withholding. No Stock will be delivered to an Awardee in settlement of vested Restricted Stock Units unless Awardee has made arrangements acceptable to the Company for payment of any federal, state, local or foreign withholding taxes that may be due as a result of the delivery of the Stock. Awardee hereby authorizes the Company to withhold from payroll or other amounts payable to Awardee any sums required to satisfy such withholding tax obligations, and otherwise agrees to satisfy such obligations in accordance with the provisions of Section 19.3 of the Plan. Awardee may elect to satisfy such withholding tax obligation by having the Company retain shares of Stock having a fair market value equal to the Company's minimum withholding obligation. Awardee represents that he or she has consulted any tax adviser(s) that he or she deems advisable in connection with his or her grant of the Restricted Stock Units and acquisition of the Stock.

(b) The provisions of this Certificate and the Plan are intended to be exempt from or comply with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder ("Section 409A"), and accordingly, to the maximum extent permitted, this Certificate and the Plan shall be interpreted and administered to be in compliance therewith. Notwithstanding anything contained in this Certificate to

the contrary, Awardee shall not be considered to have terminated service with the Company for purposes of any payments under this Certificate which are subject to Section 409A until Awardee would be considered to have incurred a Separation from Service from the Company within the meaning of Section 409A. Each amount to be paid or benefit to be provided under this Certificate shall be construed as a separate and distinct payment for purposes of Section 409A. If payment under this Award is to be made within a designated period which does not begin and end within one calendar year, the Awardee does not have a right to designate the taxable year of the payment.

**7. Miscellaneous.**

(a) The Company and Awardee shall execute such further instruments and take such action as may reasonably be necessary to carry out the intent of this Certificate, as may be determined by the Committee.



(b) Any notice required or permitted under this Certificate by the Company shall be given in writing and shall be deemed effectively given upon delivery to Awardee at his or her address then on file with the Company.

(c) Neither the Plan nor this Certificate nor any provisions under either shall be construed so as to grant Awardee any right to remain in the employ of the Company.

(d) This Certificate and the terms and conditions of the Plan (as amended from time to time in accordance with the terms of the Plan), which are hereby incorporated by reference, constitute the terms and conditions with respect to the Restricted Stock Units and are binding upon the Company, its subsidiaries, affiliates and successors, and Awardee and Awardee's heirs, executors, administrators and successors.

(e) Notwithstanding anything in this Certificate or in the Plan to the contrary, the award granted to Awardee pursuant to this Certificate and stock obtained upon settlement shall be subject to mandatory forfeiture, recovery by the Company or other action pursuant to any compensation recovery policy adopted by the Company or any Affiliate at any time, including, but not limited to, any policy adopted to comply with the requirements of Section 10D of the Exchange Act, the SEC's final rules thereunder (Listing Standards for Recovery of Erroneously Awarded Compensation, 87 Fed. Reg. 73076-73142) and any applicable listing rules or other rules and regulations implementing the foregoing, or any other applicable laws which impose mandatory recoupment or forfeiture of incentive compensation. This Certificate will be automatically amended by the Committee to comply with any such compensation recovery policy.

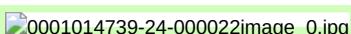
(f) This Certificate shall be construed in accordance with, and its interpretation shall be governed by applicable federal law, and otherwise by the laws of the State of Delaware.

(g) The headings contained in this Certificate are for reference purposes only and shall not affect in any way the meaning or interpretation of this Certificate. Any references to sections in this Certificate shall be to sections of this Certificate unless otherwise expressly stated as part of such reference.

(h) The Company may deliver any documents related to this Restricted Stock Unit Award by electronic means and request your acceptance of this Certificate by electronic means. You hereby consent to receive all applicable documentation by electronic delivery and to participate in the Plan through an on-line (and/or voice activated) system established and maintained by the Company or the Company's third-party stock plan administrator.

**8. Capitalized Terms.** Each capitalized term used but not defined in this Certificate has the meaning assigned to such term in the Plan.

**9. Restrictive Covenants.** I understand and agree that this Certificate will not take effect unless and until I sign an Option Care Non-Competition and/or Non-Solicitation and/or Confidentiality Agreement with the Company ("Restrictive Covenant Agreement"). If I do not sign the Restrictive Covenant Agreement, this Certificate shall not be effective and I shall not be entitled to the benefits provided for in this Certificate. I further understand and agree that, to the extent required by applicable law, a certain amount of the equity award is provided as



consideration in exchange for signing the Restrictive Covenant Agreement. If I do not sign the Restrictive Covenant Agreement I will not be entitled to this equity payment.

IN WITNESS WHEREOF, the Company has caused this Restricted Stock Certificate to be duly executed by its officers thereunto on the day and year first above written.

OPTION CARE HEALTH, INC.

By:  
Its:

*By signing this Certificate or otherwise accepting this Certificate in a manner approved by the Company, you agree to all the terms and conditions described above and in the Plan document.*

Accepted and agreed:

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OPTION CARE HEALTH, INC.  
PERFORMANCE STOCK UNIT CERTIFICATE

THIS PERFORMANCE STOCK UNIT CERTIFICATE (this "Certificate") evidences the grant by Option Care Health, Inc., a Delaware corporation (the "Company") of Performance Stock Units of the Company to [ ] ("Awardee") on [ ] (the "Grant Date") as follows:

WHEREAS, the Company has established the Option Care Health, Inc. Amended and Restated 2018 Equity Incentive Plan (as amended and restated from time to time, the "Plan"), a copy of which has been provided to Awardee;

WHEREAS, the Plan provides for the making of stock and other equity based Awards; WHEREAS, the Plan and the Award contemplated hereby has been approved by the Company's Compensation Committee (the "Committee"); and

WHEREAS, the Company desires to grant to Awardee Performance Stock Units in accordance with the terms and conditions of the Plan and subject to the provisions of this Certificate.

NOW, THEREFORE, the following terms and conditions apply to this grant of Performance Stock Units:

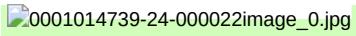
1. **Grant of Performance Stock Units.** Subject to the terms and conditions of this Certificate and of the Plan, Awardee is hereby granted an Award with a number of [ ] **Performance Stock Units** (the "Target Number"), which include the right to be issued the number of shares of Stock equal to the Earned Performance Stock Units, subject to the restrictions and vesting conditions set forth in this Certificate. The number of Performance Stock Units that become Earned Performance Stock Units (as defined below) (up to a maximum of two times the Target Number of Performance Stock Units) will be determined by the level of achievement of the Performance Goals in accordance with Annex I attached hereto.

2. **Delivery and Settlement.** As soon as reasonably practicable following the vesting of the Performance Stock Units as set forth in Section 3 of this Certificate but in any event by no later than sixty days following the date on which such vesting occurs, the Company will issue in the name of Awardee shares of Stock in settlement of the Earned Performance Stock Units. Upon settlement of an Earned Performance Stock Unit in Stock, such Performance Stock Unit will be deemed cancelled and Awardee shall have no further rights to payment of any kind in respect of such Performance Stock Unit.

3. **Issuance and Vesting Schedule.**

(a) As of the Grant Date, all of the Performance Stock Units are considered unvested and unearned Performance Stock Units and are subject to forfeiture in their entirety for no consideration. Unless otherwise set forth in Section 3(c), (i) Performance Stock Units that are earned in accordance with Annex I (such earned Performance Stock Units, the "Earned Performance Stock Units") will vest on the [ ] anniversary of the Grant Date (the "Vesting Date"), and (ii) any Performance Stock Units that do not become Earned Performance Stock Units

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in accordance with Annex I will be forfeited in their entirety for no consideration on the date the Committee certifies the achievement of the Performance Goals. The Committee will certify the achievement of the Performance Goals no later than [DATE].

(b) All vesting of Awardee's Performance Stock Units under this Section 3 is further conditioned upon Awardee having remained in the continuous employment of the Company through the Vesting Date. Unless otherwise set forth in Section 3(c) or 3(d), if Awardee does not remain in the continuous employment of the Company through the Vesting Date, then Awardee will immediately forfeit any Performance Stock Units (whether or not such Performance Stock Units are Earned Performance Stock Units) in their entirety for no consideration, without any further action of the Company.

(c) Notwithstanding any provision of the Plan to the contrary, (i) in the event of a Change in Control that occurs during the Performance Period, then the Target Number of the Performance Stock Units will be deemed Earned Performance Stock Units and vest as of such Change in Control and be settled in accordance with Section 2; and (ii) in the event of a Change in Control that occurs after the Performance Period, but before the Vesting Date, then the Earned Performance Stock Units will vest as of such Change in Control and be settled in accordance with Section 2. The balance of the Performance Stock Units that are not earned or do not vest upon a Change in Control shall be immediately forfeited and cancelled for no consideration.

(d) Notwithstanding any provisions of this Certificate to the contrary, if Participant's service with the Company terminates due to Participant's Retirement, then Participant shall receive a pro-rated portion of Earned Performance Units, with such amount determined by dividing the number of actively employed days after the Grant Date by one thousand and ninety-five (1,095), and multiplying the quotient by the number of any Earned Performance Stock Units following the end of the Performance Period, which shall vest on the Vesting Date unless earlier vested in accordance with Section 3(c) and be settled pursuant to Section 2. For purpose of this Award, "Retirement" or "Retire" means that the Awardee voluntarily resigns employment and (i) has reached fifty-eight (58) years of age; (ii) has provided ten (10) years of continuous employment with the Company; (iii) has provided to the Company at least six (6) months advance written notice of intent to Retire and continues to provide services to the Company through such notice period, (iv) continuously provided services to the Company for at least twelve (12) months following the Grant Date and is in good standing with the Company on the date of termination of service, (v) complies with all applicable post-employment covenants, and (vi) if requested by the Company, provides the Company with a release of claims in such form as required by the Company in its discretion.

#### 4. Restrictions.

(a) The Performance Stock Units and any rights granted with respect to them may not be sold, pledged or otherwise transferred.

(b) Except as may be otherwise provided for in Section 3 above or in any agreement between the Company and Awardee, if Awardee's service as an employee of the Company

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terminates, any unvested Performance Stock Units will be forfeited in their entirety for no consideration by Awardee.

5. **Rights as Shareholder.** Subject to the terms and conditions of this Certificate, Awardee will be issued the number of shares of Stock equal to the Earned Performance Stock Units as provided in Section 2. Awardee will have all of the rights of a holder of Stock with respect to such shares of Stock from and after, but not before, the date that Awardee delivers any other documents required by the Company and such shares of Stock are issued to Awardee as set forth in this Certificate. No cash dividends or dividend equivalents will accrue on the Performance Stock Units.

#### 6. Taxes.

(a) Awardee acknowledges and agrees that he or she is solely responsible for any and all taxes that may be assessed by any taxing authority arising in any way from the award, the grant of the Performance Stock Units and the issuance of shares of Stock and that the Company shall not be liable for any such assessments. The grant of the award, the vesting of the Performance Stock Units, and the settlement of the Earned Performance Stock Units in Stock may give rise to taxable income subject to withholding. No Stock will be delivered to an Awardee in settlement of vested Restricted Stock Units unless Awardee has made arrangements acceptable to the Company for payment of any federal, state, local or foreign withholding taxes that may be due as a result of the delivery of the Stock. Awardee hereby authorizes the Company to withhold from payroll or other amounts payable to Awardee any sums

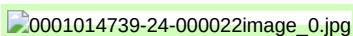
required to satisfy such withholding tax obligations, and otherwise agrees to satisfy such obligations in accordance with the provisions of Section 19.3 of the Plan. Awardee may elect to satisfy such withholding tax obligation by having the Company retain shares of Stock having a fair market value equal to the Company's minimum withholding obligation. Awardee represents that he or she has consulted any tax adviser(s) that he or she deems advisable in connection with his or her grant of the Performance Stock Units and acquisition of the shares.

(b) The provisions of this Award and the Plan are intended to be exempt from Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder ("Section 409A"), and accordingly, to the maximum extent permitted, this Certificate and the Plan shall be interpreted and administered to be in compliance therewith. Notwithstanding anything contained in this Certificate to the contrary, Awardee shall not be considered to have terminated service with the Company for purposes of any payments under this Certificate which are subject to Section 409A until Awardee would be considered to have incurred a Separation from Service from the Company within the meaning of Section 409A. Each amount to be paid or benefit to be provided under this Certificate shall be construed as a separate and distinct payment for purposes of Section 409A. If payment under this Award is to be made within a designated period which does not begin and end within one calendar year, the Awardee does not have a right to designate the taxable year of the payment.

7. **Miscellaneous.**

(a) The Company and Awardee shall execute such further instruments and take such action as may reasonably be necessary to carry out the intent of this Certificate, as may be determined by the Committee.

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(b) Any notice required or permitted under this Certificate by the Company shall be given in writing and shall be deemed effectively given upon delivery to Awardee at his or her address then on file with the Company.

(c) Neither the Plan nor this Certificate nor any provisions under either shall be construed so as to grant Awardee any right to remain in the employ of the Company.

(d) This Certificate and the terms and conditions of the Plan (as amended from time to time in accordance with the terms of the Plan), which are hereby incorporated by reference, constitute the terms and conditions with respect to the Performance Stock Units and are binding upon the Company, its subsidiaries, affiliates and successors, and Awardee and Awardee's heirs, executors, administrators and successors.

(e) Notwithstanding anything in this Certificate or in the Plan to the contrary, the award granted to Awardee pursuant to this Certificate and stock obtained upon settlement shall be subject to mandatory forfeiture, recovery by the Company or other action pursuant to any compensation recovery policy adopted by the Company or any Affiliate at any time, including, but not limited to, any policy adopted to comply with the requirements of Section 10D of the Exchange Act, the SEC's final rules thereunder (Listing Standards for Recovery of Erroneously Awarded Compensation, 87 Fed. Reg. 73076-73142) and any applicable listing rules or other rules and regulations implementing the foregoing, or any other applicable laws which impose mandatory recoupment or forfeiture of incentive compensation. This Certificate will be automatically amended by the Committee to comply with any such compensation recovery policy.

(f) This Certificate shall be construed in accordance with, and its interpretation shall be governed by applicable federal law, and otherwise by the laws of the State of Delaware.

(g) The headings contained in this Certificate are for reference purposes only and shall not affect in any way the meaning or interpretation of this Certificate. Any references to sections in this Certificate shall be to sections of this Certificate unless otherwise expressly stated as part of such reference.

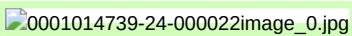
(h) The Company may deliver any documents related to this Restricted Stock Unit Award by electronic means and request your acceptance of this Certificate by electronic means. You hereby consent to receive all applicable documentation by electronic delivery and to participate in the Plan through an on-line (and/or voice activated) system established and maintained by the Company or the Company's third-party stock plan administrator.

8. **Capitalized Terms.** Each capitalized term used but not defined in this Certificate has the meaning assigned to such term in the Plan.

9. **Restrictive Covenants.** I understand and agree that this Certificate will not take effect unless and until I sign an Option Care Non-Competition and/or Non-Solicitation and/or Confidentiality Agreement with the Company ("Restrictive Covenant Agreement"). If I do not sign the Restrictive

Covenant Agreement, this Certificate shall not be effective and I shall not be entitled to the benefits provided for in this Certificate. I further understand and agree that, to the

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extent required by applicable law, a certain amount of the equity award is provided as consideration in exchange for signing the Restrictive Covenant Agreement. If I do not sign the Restrictive Covenant Agreement I will not be entitled to this equity payment.

IN WITNESS WHEREOF, the Company has caused this Performance Stock Unit Certificate to be duly executed by its officers thereunto on the day and year first above written.

OPTION CARE HEALTH, INC.

By:

Its:

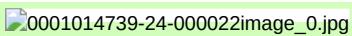
Accepted and agreed:

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**ANNEX I**  
**PERFORMANCE METRICS**

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**OPTION CARE HEALTH, INC.**  
**RESTRICTED STOCK UNIT CERTIFICATE**

THIS RESTRICTED STOCK UNIT CERTIFICATE (this "Certificate") evidences the grant by Option Care Health, Inc., a Delaware corporation (the "Company") of Restricted Stock Units of the Company to [ ] (the "Participant") on [ ] (the "Grant Date") as follows:

WHEREAS, the Company has established the Option Care Health, Inc. Amended and Restated 2018 Equity Incentive Plan (as amended from time to time, the "Plan");

WHEREAS, the Plan provides for the grant of stock and other equity based Awards; and

WHEREAS, the Company desires to grant Restricted Stock Units to the Participant in accordance with the terms and conditions of the Plan and subject to the provisions of this Certificate, as approved by the Management Development & Compensation Committee (the "Committee") of the Company's Board of Directors.

NOW, THEREFORE, the following terms and conditions apply to the grant of Restricted Stock Units:

1. **Grant of Restricted Stock Units.** Subject to the terms and conditions of this Certificate and of the Plan, the Participant is hereby granted an Award of [\_\_] **Restricted Stock Units** (the "Restricted Stock Units"), which include the right to be issued the number of shares of Stock equal to the Restricted Stock Units, subject to the restrictions and vesting conditions set forth in this Certificate.

2. **Issuance of Shares of Stock.** As soon as reasonably practicable following the vesting of the Restricted Stock Units as set forth in Section 3 of this Certificate but in any event by no later than ninety days following the date on which such vesting occurs, the Company will issue in the name of the Participant shares of Stock in settlement of such vested Restricted Stock Units. Upon settlement of a vested Restricted Stock Unit in a share of Stock, such vested Restricted Stock Unit will be deemed cancelled and the Participant shall have no further rights to payment of any kind in respect of such Restricted Stock Unit. The Participant will have all of the rights of a holder of Stock with respect to such shares of Stock from and after the issuance of the shares of Stock to the Participant and the Participant becomes a stockholder of record with respect to such shares.

3. **Vesting Schedule.** As of the Grant Date, all of the Restricted Stock Units are considered unvested Restricted Stock Units, unless one of the vesting conditions set forth in this Section 3 is satisfied.

(a) Unvested Restricted Stock Units will vest and become non-forfeitable to [\_\_] of the shares of Stock (rounded to the nearest whole share) on [\_\_] so that the Restricted Stock Units shall vest and become non-forfeitable as to all shares of Stock on the [\_\_] such anniversary of the date hereof, subject to the Participant's continued service on the Board through such date.

(b) In the event of a Change in Control, the Restricted Stock Units will vest and become non-forfeitable as to 100% of the shares of Stock immediately prior to such Change in Control, subject to the Participant's continued service on the Board through such date; provided, that if the Change in Control is not a "change in the ownership of the Company," a "change in the effective control of the Company," or a "change in the ownership of a substantial portion of the assets of the Company" as such terms are defined in Section 1.409A-3(i)(5) of the U.S. Treasury Regulations, then the Restricted Stock Units shall vest upon such Change in Control and shall be settled at the times specified in Section 3(a) or 3(c) of this Certificate, as applicable.

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(c) In the event the Participant's service on the Board terminates for any reason other than the removal of the Participant for Cause (as defined below), the Restricted Stock Units will vest and become non-forfeitable as to 100% of the shares of Stock on the termination date. In the event the Participant's service on the Board is terminated due to a removal of the Participant for Cause (as defined below), any unvested Restricted Stock Units will be forfeited in their entirety for no consideration to the Participant. For this purpose, "Cause" (A) shall have the meaning set forth in an applicable director agreement or similar agreement between the Participant and the Company or (B) if no such agreement exists or "Cause" is not defined in such agreement, shall mean (i) the Participant's continued failure substantially to perform the Participant's duties (other than as a result of total or partial incapacity due to physical or mental illness) for a period of ten (10) days following written notice by the Company to Participant of such failure, (ii) dishonesty in the performance of the Participant's duties, (iii) an act or acts on the Participant's part constituting (x) a felony under the laws of the United States or any state thereof or (y) a misdemeanor involving moral turpitude, (iv) the Participant's willful malfeasance or willful misconduct in connection with the Participant's duties or any act or omission which is injurious to the financial condition or business reputation of the Company or any of subsidiaries, or (v) a breach of any covenant regarding confidential information, solicitation, or competitive activity, or any fiduciary duty of the Participant.

4. **Restrictions.** The Restricted Stock Units and any rights granted with respect thereto hereunder may not be sold, pledged or otherwise transferred other than in accordance with Section 13 of the Plan.

5. **Miscellaneous.**

(a) The Company and the Participant shall execute such further instruments and take such action as may reasonably be necessary to carry out the intent of this Certificate, as may be determined by the Committee.

(b) Any notice required or permitted under this Certificate by the Company shall be given in writing and shall be deemed effectively given upon delivery to Participant at his or her address then on file with the Company.

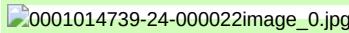
(c) This Certificate and the terms and conditions of the Plan (as amended from time to time in accordance with the terms of the Plan), which are hereby incorporated by reference, constitute the terms and conditions with respect to the Restricted Stock Units and are binding upon the Company, its subsidiaries, affiliates and successors, and the Participant and the Participant's heirs, executors, administrators and successors.

(d) This Certificate shall be construed in accordance with, and its interpretation shall be governed by applicable federal law, and otherwise by the laws of the State of Delaware.

(e) The headings contained in this Certificate are for reference purposes only and shall not affect in any way the meaning or interpretation of this Certificate. Any references to sections in this Certificate shall be to sections of this Certificate unless otherwise expressly stated as part of such reference.

(f) The Company may deliver any documents related to this Restricted Stock Unit Award by electronic means and request your acceptance of this Certificate by electronic means. You hereby consent to receive all applicable documentation by electronic delivery and to participate in the Plan

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through an on-line (and/or voice activated) system established and maintained by the Company or the Company's third-party stock plan administrator.

6. **Capitalized Terms.** Each capitalized term used but not defined in this Certificate has the meaning assigned to such term in the Plan.

OPTION CARE HEALTH, INC.

By:

Its:

*By signing this Certificate or otherwise accepting this Certificate in a manner approved by the Company, you agree to all the terms and conditions described above and in the Plan document.*

Accepted and agreed:

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EXHIBIT 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John Rademacher, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Option Care Health, 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(s) 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 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: **October 25, 2023** **April 23, 2024**

/s/ John Rademacher  
 John Rademacher  
 President, Chief Executive Officer and Principal Executive Officer

**EXHIBIT 31.2**

**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael Shapiro, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Option Care Health, 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(s) 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 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: **October 25, 2023** **April 23, 2024**

/s/ Michael Shapiro  
 Michael Shapiro  
 Chief Financial Officer and Principal Financial Officer

**EXHIBIT 32.1**

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

In connection with the Quarterly Report of Option Care Health, Inc. (the "Company") on Form 10-Q for the quarter ended **September 30, 2023** **March 31, 2024**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Rademacher, Chief Executive Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **October 25, 2023** **April 23, 2024**

/s/ John Rademacher  
John Rademacher  
President, Chief Executive Officer and Principal Executive Officer

**EXHIBIT 32.2**

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

In connection with the Quarterly Report of Option Care Health, Inc. (the "Company") on Form 10-Q for the quarter ended **September 30, 2023** **March 31, 2024**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Shapiro, Chief Financial Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **October 25, 2023** **April 23, 2024**

/s/ Michael Shapiro  
Michael Shapiro  
Chief Financial Officer and Principal Financial Officer

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