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

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FORM 10-Q

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

For the quarterly period ended June 30, 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 1-9810

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**Owens & Minor, Inc.**

(Exact name of Registrant as specified in its charter)

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

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

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

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

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

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

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

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

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

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

The number of shares of Owens & Minor, Inc.'s common stock outstanding as of July 26, 2024 was 77,096,148 shares.

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

**Item 1. Financial Statements**

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

<i>(in thousands, except per share data)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net revenue	<b>\$ 2,671,006</b>	\$ 2,563,226	<b>\$ 5,283,686</b>	\$ 5,086,075
Cost of goods sold	<b>2,126,853</b>	2,043,794	<b>4,204,003</b>	4,069,336
Gross profit	<b>544,153</b>	519,432	<b>1,079,683</b>	1,016,739
Distribution, selling and administrative expenses	<b>469,313</b>	455,030	<b>946,926</b>	903,752
Acquisition-related charges and intangible amortization	<b>19,985</b>	22,203	<b>40,298</b>	44,392
Exit and realignment charges, net	<b>29,293</b>	28,963	<b>56,649</b>	44,637
Other operating expense, net	<b>5,263</b>	2,397	<b>5,815</b>	3,312
Operating income	<b>20,299</b>	10,839	<b>29,995</b>	20,646
Interest expense, net	<b>35,899</b>	40,728	<b>71,554</b>	82,926
Other expense, net	<b>1,205</b>	1,072	<b>2,358</b>	2,458
Loss before income taxes	<b>(16,805)</b>	(30,961)	<b>(43,917)</b>	(64,738)
Income tax provision (benefit)	<b>15,108</b>	(2,720)	<b>9,882</b>	(12,079)
Net loss	<b>\$ (31,913)</b>	\$ (28,241)	<b>\$ (53,799)</b>	\$ (52,659)
Net loss per common share:				
Basic	\$ (0.42)	\$ (0.37)	\$ (0.70)	\$ (0.70)
Diluted	\$ (0.42)	\$ (0.37)	\$ (0.70)	\$ (0.70)

See accompanying notes to consolidated financial statements.

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

<i>(in thousands)</i>	Three Months Ended		Six Months Ended	
	June 30, 2024	2023	June 30, 2024	2023
Net loss	\$ (31,913)	\$ (28,241)	\$ (53,799)	\$ (52,659)
Other comprehensive (loss) income, net of tax:				
Currency translation adjustments	(5,302)	(5,167)	(18,568)	(49)
Change in unrecognized net periodic pension costs	199	136	434	(11)
Change in gains and losses on derivative instruments	(204)	3,299	1,208	(78)
Total other comprehensive loss, net of tax	<u>(5,307)</u>	<u>(1,732)</u>	<u>(16,926)</u>	<u>(138)</u>
Comprehensive loss	<u><u>\$ (37,220)</u></u>	<u><u>\$ (29,973)</u></u>	<u><u>\$ (70,725)</u></u>	<u><u>\$ (52,797)</u></u>

See accompanying notes to consolidated financial statements.

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

<i>(in thousands, except per share data)</i>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 243,671	\$ 243,037
Accounts receivable, net of allowances of \$ 7,658 and \$ 7,861	662,444	598,257
Merchandise inventories	1,231,413	1,110,606
Other current assets	189,542	150,890
<b>Total current assets</b>	<b>2,327,070</b>	<b>2,102,790</b>
Property and equipment, net of accumulated depreciation and amortization of \$561,238 and \$546,397	493,075	543,972
Operating lease assets	368,471	296,533
Goodwill	1,634,723	1,638,846
Intangible assets, net	326,173	361,835
Other assets, net	154,492	149,346
<b>Total assets</b>	<b>\$ 5,304,004</b>	<b>\$ 5,093,322</b>
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 1,381,871	\$ 1,171,882
Accrued payroll and related liabilities	108,103	116,398
Current portion of long-term debt	210,913	206,904
Other current liabilities	430,298	396,701
<b>Total current liabilities</b>	<b>2,131,185</b>	<b>1,891,885</b>
Long-term debt, excluding current portion	1,871,800	1,890,598
Operating lease liabilities, excluding current portion	297,728	222,429
Deferred income taxes, net	28,900	41,652
Other liabilities	113,689	122,592
<b>Total liabilities</b>	<b>4,443,302</b>	<b>4,169,156</b>
<b>Commitments and contingencies</b>		
<b>Equity</b>		
Common stock, par value \$ 2 per share; authorized - 200,000 shares; issued and outstanding - 77,048 shares and 76,546 shares as of June 30, 2024 and December 31, 2023	154,096	153,092
Paid-in capital	440,442	434,185
Retained earnings	314,908	368,707
Accumulated other comprehensive loss	(48,744)	(31,818)
<b>Total equity</b>	<b>860,702</b>	<b>924,166</b>
<b>Total liabilities and equity</b>	<b>\$ 5,304,004</b>	<b>\$ 5,093,322</b>

See accompanying notes to consolidated financial statements.

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

<i>(in thousands)</i>	<b>Six Months Ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>Operating activities:</b>		
Net loss	\$ (53,799)	\$ (52,659)
Adjustments to reconcile net loss to cash provided by operating activities:		
Depreciation and amortization	137,974	142,988
Share-based compensation expense	13,601	11,675
Provision (benefit) for losses on accounts receivable	324	(900)
Loss on extinguishment of debt	—	843
Deferred income tax benefit	(9,029)	(6,758)
Changes in operating lease right-of-use assets and lease liabilities	3,766	(3,077)
Gain on sale and dispositions of property and equipment	(27,876)	(18,563)
Changes in operating assets and liabilities:		
Accounts receivable	(68,442)	90,203
Merchandise inventories	(123,077)	165,651
Accounts payable	203,371	52,159
Net change in other assets and liabilities	(19,517)	82,954
Other, net	<u>5,891</u>	<u>6,994</u>
<b>Cash provided by operating activities</b>	<b><u>63,187</u></b>	<b><u>471,510</u></b>
<b>Investing activities:</b>		
Additions to property and equipment	(90,379)	(92,750)
Additions to computer software	(4,829)	(8,229)
Proceeds from sale of property and equipment	67,026	35,729
Other, net	<u>(8,858)</u>	<u>(418)</u>
<b>Cash used for investing activities</b>	<b><u>(37,040)</u></b>	<b><u>(65,668)</u></b>
<b>Financing activities:</b>		
Borrowings under amended Receivables Financing Agreement	667,300	348,200
Repayments under amended Receivables Financing Agreement	(667,300)	(444,200)
Repayments of term loans	(12,375)	(78,301)
Other, net	<u>(12,545)</u>	<u>(8,819)</u>
<b>Cash used for financing activities</b>	<b><u>(24,920)</u></b>	<b><u>(183,120)</u></b>
<b>Effect of exchange rate changes on cash, cash equivalents and restricted cash</b>	<b><u>(682)</u></b>	<b><u>196</u></b>
<b>Net increase in cash, cash equivalents and restricted cash</b>	<b><u>545</u></b>	<b><u>222,918</u></b>
<b>Cash, cash equivalents and restricted cash at beginning of period</b>	<b><u>272,924</u></b>	<b><u>86,185</u></b>
<b>Cash, cash equivalents and restricted cash at end of period</b>	<b><u>\$ 273,469</u></b>	<b><u>\$ 309,103</u></b>
<b>Supplemental disclosure of cash flow information:</b>		
Income taxes paid (received), net	\$ 5,240	\$ (10,506)
Interest paid	<u>\$ 70,819</u>	<u>\$ 78,625</u>
<b>Noncash investing activity:</b>		
Unpaid purchases of property and equipment and computer software at end of period	<u>\$ 76,373</u>	<u>\$ 65,808</u>

See accompanying notes to consolidated financial statements.

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

<i>(in thousands, except per share data)</i>	<b>Common Shares Outstanding</b>	<b>Common Stock (\$2 par value )</b>	<b>Paid-In Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Total Equity</b>
Balance, December 31, 2023	76,546	\$ 153,092	\$ 434,185	\$ 368,707	\$ (31,818)	\$ 924,166
Net loss	—	—	—	(21,886)	—	(21,886)
Other comprehensive loss	—	—	—	—	(11,619)	(11,619)
Share-based compensation expense, exercises and other	(97)	(195)	4,402	—	—	4,207
Balance, March 31, 2024	76,449	152,897	438,587	346,821	(43,437)	894,868
Net loss	—	—	—	(31,913)	—	(31,913)
Other comprehensive loss	—	—	—	—	(5,307)	(5,307)
Share-based compensation expense, exercises and other	599	1,199	1,855	—	—	3,054
<b>Balance, June 30, 2024</b>	<b>77,048</b>	<b>\$ 154,096</b>	<b>\$ 440,442</b>	<b>\$ 314,908</b>	<b>\$ (48,744)</b>	<b>\$ 860,702</b>
Balance, December 31, 2022	76,279	\$ 152,557	\$ 418,894	\$ 410,008	\$ (35,855)	\$ 945,604
Net loss	—	—	—	(24,418)	—	(24,418)
Other comprehensive income	—	—	—	—	1,594	1,594
Share-based compensation expense, exercises and other	(83)	(166)	1,786	—	—	1,620
Balance, March 31, 2023	76,196	152,391	420,680	385,590	(34,261)	924,400
Net loss	—	—	—	(28,241)	—	(28,241)
Other comprehensive loss	—	—	—	—	(1,732)	(1,732)
Share-based compensation expense, exercises and other	244	489	1,313	—	—	1,802
<b>Balance, June 30, 2023</b>	<b>76,440</b>	<b>\$ 152,880</b>	<b>\$ 421,993</b>	<b>\$ 357,349</b>	<b>\$ (35,993)</b>	<b>\$ 896,229</b>

See accompanying notes to consolidated financial statements.

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

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

*Basis of Presentation*

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

We report our business under two distinct segments: Products & Healthcare Services and Patient Direct. The Products & Healthcare Services segment includes our Medical Distribution division, which includes our U.S. distribution business, along with our outsourced logistics and value-added services businesses, and our Global Products division which manufactures and sources medical surgical products through our production and kitting operations. The Patient Direct segment includes our home healthcare divisions (Byram and Apria).

*Reclassifications*

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

*Use of Estimates*

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

*Cash, Cash Equivalents and Restricted Cash*

Cash, cash equivalents and restricted cash includes cash and marketable securities with an original maturity or maturity at acquisition of three months or less. Cash, cash equivalents and restricted cash are stated at cost. Nearly all of our cash, cash equivalents and restricted cash are held in cash depository accounts in major banks in North America, Europe, and Asia. Cash that is held by a major bank and has restrictions on its availability to us is classified as restricted cash. Restricted cash as of June 30, 2024 and December 31, 2023 includes cash held in an escrow account as required by the Centers for Medicare & Medicaid Services in conjunction with the Bundled Payments for Care Improvement initiatives related to wind-down costs of Fusion5, as well as \$13.4 million and \$13.5 million of cash deposits received subject to limitations on use until remitted to a third-party financial institution (the Purchaser), pursuant to the Master Receivables Purchase Agreement (RPA).

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

	June 30, 2024	December 31, 2023
Cash and cash equivalents	\$ 243,671	\$ 243,037
Restricted cash included in Other current assets	13,402	29,887
Restricted cash included in Other assets, net	16,396	—
<b>Total cash, cash equivalents, and restricted cash</b>	<b><u>\$ 273,469</u></b>	<b><u>\$ 272,924</u></b>

#### *Rental Revenue*

Within our Patient Direct segment, revenues are recognized under fee-for-service arrangements for equipment we rent to patients and sales of equipment, supplies and other items we sell to patients. Revenue that is generated from equipment that we rent to patients is primarily recognized over the noncancelable rental period, typically one month, and commences on delivery of the equipment to the patients. Revenues are recorded at amounts estimated to be received under reimbursement arrangements with third-party payors, including private insurers, prepaid health plans, Medicare, Medicaid and patients. Rental revenue, less estimated adjustments, is recognized as earned on a straight-line basis over the noncancelable lease term. We recorded \$148 million and \$153 million for the three months ended June 30, 2024 and 2023 and \$294 million and \$300 million for the six months ended June 30, 2024 and 2023 in net revenue related to equipment we rent to patients.

#### *Sales of Accounts Receivable*

On March 14, 2023, we entered into the RPA, pursuant to which accounts receivable with an aggregate outstanding amount not to exceed \$200 million are sold, on a limited-recourse basis, to the Purchaser in exchange for cash. As of June 30, 2024 and December 31, 2023, there were a total of \$129 million and \$124 million of uncollected accounts receivable, that were accounted for as sales and removed from our consolidated balance sheets. Under the RPA, we provide certain servicing and collection actions on behalf of the Purchaser; however, we do not maintain any beneficial interest in the accounts receivable sold.

Proceeds from the sale of accounts receivable are recorded as an increase to cash and cash equivalents and a reduction to accounts receivable, net of allowances, in the consolidated balance sheets. Cash received from the sale of accounts receivable, net of payments made to the Purchaser, is reflected as cash provided by operating activities in the consolidated statements of cash flows. Total accounts receivable sold under the RPA were \$573 million and \$1.1 billion for the three and six months ended June 30, 2024. During the three and six months ended June 30, 2024, we received net cash proceeds of \$569 million and \$1.1 billion from the sale of accounts receivable under the RPA and collected \$ 547 million and \$1.1 billion of the sold accounts receivable. Total accounts receivable sold under the RPA were \$ 412 million for the three and six months ended June 30, 2023. During the three and six months ended June 30, 2023, we received net cash proceeds of \$409 million from the sale of accounts receivable under the RPA and collected \$ 297 million of the sold accounts receivable. The losses on sale of accounts receivable, inclusive of professional fees incurred to establish the agreement, recorded in other operating expense, net in the consolidated statements of operations were \$3.9 million and \$2.9 million for the three months ended June 30, 2024 and 2023 and \$ 7.2 million and \$3.6 million for the six months ended June 30, 2024 and 2023. The RPA is separate and distinct from the accounts receivable securitization program (the Receivables Financing Agreement).

#### **Note 2—Fair Value**

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

The carrying amounts of cash and cash equivalents, restricted cash, accounts receivable, accounts payable, and accrued payroll and related liabilities reported in the consolidated balance sheets approximate fair value due to the short-term nature of these instruments. The fair value of debt is estimated based on quoted market prices or dealer quotes for the identical liability when traded as an asset in an active market (Level 1) or, if quoted market prices or dealer quotes are not available, on the borrowing rates currently available for loans with similar terms, credit ratings, and average remaining maturities (Level 2). See Note 5 for the fair value of debt. The fair value of our derivative contracts is determined based on the present value of expected future cash flows considering the risks involved, including non-performance risk, and using discount rates appropriate for the respective maturities. Observable Level 2 inputs are used to determine the present value of expected future cash flows. See Note 7 for the fair value of derivatives.

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

**Note 3—Goodwill and Intangible Assets**

The following table summarizes the goodwill balances by segment and the changes in the carrying amount of goodwill at June 30, 2024:

	Patient Direct	Products & Healthcare Services	Consolidated
Carrying amount of goodwill, December 31, 2023	\$ 1,535,252	\$ 103,594	\$ 1,638,846
Currency translation adjustments	—	(4,123)	(4,123)
<b>Carrying amount of goodwill, June 30, 2024</b>	<b>\$ 1,535,252</b>	<b>\$ 99,471</b>	<b>\$ 1,634,723</b>

Intangible assets subject to amortization, which exclude indefinite-lived intangible assets at June 30, 2024 and December 31, 2023 were as follows:

	June 30, 2024			December 31, 2023		
	Customer Relationships	Tradenames	Other Intangibles	Customer Relationships	Tradenames	Other Intangibles
Gross intangible assets	\$ 396,763	\$ 202,000	\$ 73,055	\$ 433,750	\$ 202,000	\$ 73,958
Accumulated amortization	(222,098)	(79,434)	(46,113)	(236,791)	(69,655)	(41,427)
Net intangible assets	<b>\$ 174,665</b>	<b>\$ 122,566</b>	<b>\$ 26,942</b>	<b>\$ 196,959</b>	<b>\$ 132,345</b>	<b>\$ 32,531</b>
Weighted average useful life	<b>14 years</b>	<b>10 years</b>	<b>6 years</b>	<b>13 years</b>	<b>10 years</b>	<b>6 years</b>

At June 30, 2024 and December 31, 2023, \$226 million and \$250 million in net intangible assets were held in the Patient Direct segment and \$100 million and \$112 million were held in the Products & Healthcare Services segment. Amortization expense for intangible assets was \$16.3 million and \$20.9 million for the three months ended June 30, 2024 and 2023 and \$36.5 million and \$41.8 million for the six months ended June 30, 2024 and 2023.

As of June 30, 2024, based on the current carrying value of intangible assets subject to amortization, estimated amortization expense were as follows:

Year		
2024 (remainder)		\$ 32,831
2025		54,296
2026		48,849
2027		41,594
2028		29,439
Thereafter		117,164
Total future amortization		<b>\$ 324,173</b>

**Note 4—Exit and Realignment Costs**

We periodically incur exit and realignment and other charges associated with optimizing our operations which includes the consolidation of certain facilities, information technology (IT) strategic initiatives and other strategic actions. These charges also include costs associated with our Operating Model Realignment Program, which include professional fees, severance and other costs to streamline functions and processes. These amounts are excluded from our segments' operating income.

During the three months ended June 30, 2024 and 2023, exit and realignment charges, net of \$ 29.3 million and \$29.0 million included \$28.3 million and \$27.6 million in charges under our Operating Model Realignment Program and IT strategic initiatives. During the six months ended June 30, 2024 and 2023, exit and realignment charges, net of \$56.6 million and \$44.6 million included \$63.1 million and \$42.8 million in charges under our Operating Model Realignment Program and IT strategic initiatives. Exit and realignment charges, net for the six months ended June 30, 2024 also included a gain of \$7.4 million associated with the sale of our corporate headquarters. We expect to incur material future costs relating to our Operating Model Realignment Program and IT strategic initiatives, which we are not able to reasonably estimate.

The following table summarizes the activity related to exit and realignment cost accruals, which are classified as other current liabilities in our consolidated balance sheets, through June 30, 2024 and 2023:

	<b>Total</b>
Accrued exit and realignment costs, December 31, 2023	\$ 20,047
Provision for exit and realignment activities:	
Severance	184
Professional fees	25,625
IT strategic initiatives - related costs	1,241
Other	1,252
Cash payments	<u>(11,728)</u>
Accrued exit and realignment costs, March 31, 2024	36,621
Provision for exit and realignment activities:	
Severance	(205)
Professional fees	19,182
IT strategic initiatives - related costs	4,809
Other	3,606
Cash payments	<u>(33,908)</u>
<b>Accrued exit and realignment costs, June 30, 2024</b>	<b>\$ 30,105</b>
Accrued exit and realignment costs, December 31, 2022	\$ 969
Provision for exit and realignment activities:	
Severance	4,127
Professional fees	9,012
IT strategic initiatives - related costs	123
Other	2,412
Cash payments	<u>(5,546)</u>
Accrued exit and realignment costs, March 31, 2023	11,097
Provision for exit and realignment activities:	
Severance	505
Professional fees	22,953
IT strategic initiatives - related costs	3,374
Other	2,131
Cash payments	<u>(20,196)</u>
Accrued exit and realignment costs, June 30, 2023	\$ 19,864

In addition to the exit and realignment accruals in the preceding table and the \$ 7.4 million gain associated with the sale of our corporate headquarters, we also incurred \$1.9 million and \$8.4 million of costs that were expensed as incurred for the three and six months ended June 30, 2024, which primarily related to accelerated depreciation of certain assets held in our Products & Healthcare Services segment.

**Note 5—Debt**

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

	June 30, 2024		December 31, 2023	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
4.375% Senior Notes, due December 2024	\$ 171,352	\$ 169,861	\$ 171,232	\$ 168,754
Term Loan A	379,102	385,189	387,591	390,668
4.500% Senior Notes, due March 2029	473,426	411,609	472,869	422,647
Term Loan B	501,561	514,000	503,212	518,293
6.625% Senior Notes, due April 2030	541,385	501,327	540,445	529,472
Finance leases and other	15,887	15,887	22,153	22,153
<b>Total debt</b>	<b>2,082,713</b>	<b>1,997,873</b>	<b>2,097,502</b>	<b>2,051,987</b>
Less current maturities	(210,913)	(210,913)	(206,904)	(206,904)
<b>Long-term debt</b>	<b>\$ 1,871,800</b>	<b>\$ 1,786,960</b>	<b>\$ 1,890,598</b>	<b>\$ 1,845,083</b>

We have \$171 million of 4.375% senior notes due in December 2024 (the 2024 Notes), with interest payable semi-annually. The 2024 Notes were sold at 99.6% of the principal amount with an effective yield of 4.422%. Prior to September 15, 2024, we have the option to redeem the 2024 Notes in part or in whole prior to maturity at a redemption price equal to the greater of 100% of the principal amount or the present value of the remaining scheduled payments discounted at the applicable Benchmark Treasury Rate (as defined in the Indenture which governs the 2024 Notes) plus 30 basis points. On and after September 15, 2024, we have the option to redeem the 2024 Notes in part or in whole prior to maturity at a redemption price equal to 100% of the principal amount of the 2024 Notes to be redeemed, plus accrued and unpaid interest thereon to, but excluding, the applicable redemption date. On July 31, 2024, we provided notice that we intend to redeem the 2024 Notes, see Note 14 in Notes to Consolidated Financial Statements.

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

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

We had no borrowings at June 30, 2024 and December 31, 2023 under our Receivables Financing Agreement. At June 30, 2024 and December 31, 2023, we had maximum revolving borrowing capacity of \$450 million under our Receivables Financing Agreement.

On March 29, 2022, we entered into a term loan credit agreement with an administrative agent and collateral agent and a syndicate of financial institutions, as lenders (the Credit Agreement) that provides for two credit facilities (i) a \$500 million Term Loan A facility (the Term Loan A), and (ii) a \$ 600 million Term Loan B facility (the Term Loan

B). The interest rate on the Term Loan A is based on the sum of either Term SOFR or the Base Rate and an Applicable Rate which varies depending on the current Debt Ratings or Total Leverage Ratio, determined as to whichever shall result in more favorable pricing to the Borrowers (each as defined in the Credit Agreement). The interest rate on the Term Loan B is based on either the Term SOFR or the Base Rate plus an Applicable Rate. The Term Loan A will mature in March 2027 and the Term Loan B will mature in March 2029.

On March 10, 2021, we issued \$500 million of 4.500% senior unsecured notes due in March 2029 (the 2029 Unsecured Notes), with interest payable semi-annually. The 2029 Unsecured Notes were sold at 100% of the principal amount with an effective yield of 4.500%. We may redeem all or part of the 2029 Unsecured Notes at the applicable redemption prices described in the Indenture dated March 10, 2021 (the Indenture), plus accrued and unpaid interest, if any, to, but not including, the redemption date.

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

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

We have a revolving credit agreement with an administrative agent and collateral agent and a syndicate of financial institutions, as lenders (Revolving Credit Agreement) with a maximum borrowing capacity of \$450 million. The interest rate under our Revolving Credit Agreement is based on the Adjusted Term SOFR Rate (as defined in the Revolving Credit Agreement). The Revolving Credit Agreement matures in March 2027.

At June 30, 2024 and December 31, 2023, our Revolving Credit Agreement was undrawn, and we had letters of credit, which reduce Revolving Credit Agreement availability, totaling \$31.5 million and \$27.4 million, leaving \$419 million and \$423 million available for borrowing at the end of each period. We also had letters of credit and bank guarantees which support certain leased facilities as well as other normal business activities in the U.S. and Europe that were issued outside of the Revolving Credit Agreement for \$2.9 million and \$3.0 million as of June 30, 2024 and December 31, 2023.

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

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As of June 30, 2024, scheduled future principal payments of debt, excluding finance leases and other, were as follows:

Year	
2024 (remainder)	\$ 186,822
2025	40,375
2026	43,500
2027	305,375
2028	6,000
2029	965,654
2030	552,189

Of the \$187 million due in 2024, \$179 million is due in December 2024. Current maturities at June 30, 2024 include \$171 million in principal payments on our 2024 Notes, \$ 28.1 million in principal payments on our Term Loan A, \$6.0 million in principal payments on our Term Loan B, and \$ 5.5 million in current portion of finance leases and other.

**Note 6—Retirement Plans**

We have a frozen noncontributory, unfunded retirement plan for certain retirees in the U.S. (U.S. Retirement Plan). As of June 30, 2024 and December 31, 2023, the accumulated benefit obligation of the U.S. Retirement Plan was \$33.3 million and \$34.1 million. Certain of our foreign subsidiaries also have defined benefit pension plans covering substantially all of their respective teammates.

The components of net periodic benefit cost for the three and six months ended June 30, 2024 and 2023 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Service cost	\$ 458	\$ 446	\$ 916	\$ 887
Interest cost	645	714	1,290	1,423
Recognized net actuarial loss	82	123	163	246
Net periodic benefit cost	<u>\$ 1,185</u>	<u>\$ 1,283</u>	<u>\$ 2,369</u>	<u>\$ 2,556</u>

**Note 7—Derivatives**

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

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

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

We determine the fair value of our foreign currency derivatives and interest rate swaps based on observable market-based inputs or unobservable inputs that are corroborated by market data. We do not view the fair value of our

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derivatives in isolation, but rather in relation to the fair values or cash flows of the underlying exposure. All derivatives are carried at fair value in our consolidated balance sheets. We consider the risk of counterparty default to be minimal. We report cash flows from our hedging instruments in the same cash flow statement category as the hedged items.

The following table summarizes the terms and fair value of our outstanding derivative financial instruments as of June 30, 2024:

	Notional Amount	Maturity Date	Derivative Assets		Derivative Liabilities	
			Classification	Fair Value	Classification	Fair Value
<b>Cash flow hedges</b>						
Interest rate swaps	\$ 300,000	March 2027	Other assets, net	\$ 10,080	Other liabilities	\$ —
<b>Economic (non-designated) hedges</b>						
Foreign currency contracts	\$ 77,238	July 2024	Other current assets	\$ 221	Other current liabilities	\$ 7

The following table summarizes the terms and fair value of our outstanding derivative financial instruments as of December 31, 2023:

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

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

The following table summarizes the effect of cash flow hedge accounting on our consolidated statements of operations for the three and six months ended June 30, 2024:

	Amount of Gain Recognized in Other Comprehensive Income (Loss)		Location of Gain Reclassified from Accumulated Other Comprehensive Loss into Income	Total Amount of Expense Line Items Presented in the Consolidated Statement of Operations in Which the Effects are Recorded		Amount of Gain Reclassified from Accumulated Other Comprehensive Loss into Net Loss	
	Three months ended June 30, 2024	Six months ended June 30, 2024		Three months ended June 30, 2024	Six months ended June 30, 2024	Three months ended June 30, 2024	Six months ended June 30, 2024
			Interest expense, net	\$ 35,899	\$ 71,554	\$ 1,875	\$ 4,523
Interest rate swaps	\$ 1,599	\$ 6,156					

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

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

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

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

For the three and six months ended June 30, 2024, we recognized losses of \$ 1.0 million and \$5.1 million associated with our economic (non-designated) foreign currency contracts. For the three and six months ended June 30, 2023, we recognized a loss of \$0.9 million associated with our economic (non-designated) foreign currency contracts.

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

**Note 8—Income Taxes**

The effective tax rate was (89.9)% and (22.5)% for the three and six months ended June 30, 2024, compared to 8.8% and 18.7% in the same periods of 2023. The change in these rates resulted primarily from remeasurement of our uncertain tax positions, as described below.

On August 26, 2020, we received a Notice of Proposed Adjustment (NOPA) from the IRS regarding our 2015 and 2016 consolidated income tax returns. On June 30, 2021, we received a NOPA from the IRS regarding our 2017 and 2018 consolidated income tax returns. Within the NOPAs, the IRS has asserted that our taxable income for the aforementioned years should be higher based on their assessment of the appropriate amount of taxable income that we should report in the United States in connection with our sourcing of products by our foreign subsidiaries for sale in the United States by our domestic subsidiaries. The transfer pricing methodology was consistently applied for all years subject to the NOPAs and 2019 into 2022, but is no longer employed.

During the three months ended June 30, 2024, the IRS and the relevant foreign taxing authority mutually agreed to proposed adjustments to our 2015 through 2018 consolidated tax returns. This was communicated to us in late June 2024. As a result, we remeasured the uncertain tax position for the 2015 through 2018 tax years, as well as the affected 2019 through 2022 tax years, to the amount expected to be paid upon a final agreement with the IRS. This matter does not impact our 2023, 2024 or future tax years. The total change in estimate, net of an income tax benefit from the foreign taxing authority, is \$17.2 million, or \$(0.22) impact per basic and diluted common share, including \$4.0 million of interest, for the three and six months ended June 30, 2024 and is reflected within the income tax provision on our consolidated statements of operations. The total change in estimate reflects an increase in the liability for unrecognized tax benefits of \$19.1 million recorded within other current liabilities, partially offset by a \$ 1.9 million increase in the receivable from the foreign taxing authority recorded within other current assets, on our consolidated balance sheet at June 30, 2024. The balance sheet classification and amount owed may be subject to change depending on the timing of a final agreement with the IRS.

The liability for unrecognized tax benefits was \$37.9 million at June 30, 2024 and \$ 22.7 million at December 31, 2023. Included in the liability at June 30, 2024 and December 31, 2023 were \$2.7 million of tax positions for which ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility.

We regularly assess the likelihood of adverse outcomes resulting from examinations such as this to determine the adequacy of our tax reserves. We believe that we have adequately reserved for this matter and that the final

adjudication of this matter will not have a material impact on our consolidated financial position, results of operations or cash flows beyond the amounts described herein.

**Note 9—Net Loss per Common Share**

The following summarizes the calculation of net loss per common share attributable to common shareholders for the three and six months ended June 30, 2024 and 2023:

(in thousands, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net loss	\$ (31,913)	\$ (28,241)	\$ (53,799)	\$ (52,659)
Weighted average shares outstanding - basic	<b>76,727</b>	75,801	<b>76,526</b>	75,559
Dilutive shares	—	—	—	—
Weighted average shares outstanding - diluted	<b>76,727</b>	75,801	<b>76,526</b>	75,559
Net loss per common share:				
Basic	\$ (0.42)	\$ (0.37)	\$ (0.70)	\$ (0.70)
Diluted	\$ (0.42)	\$ (0.37)	\$ (0.70)	\$ (0.70)

Share-based awards of approximately 1.6 million shares for the three and six months ended June 30, 2024 and approximately 1.8 million and 1.7 million shares for the three and six months ended June 30, 2023 were excluded from the calculation of net loss per diluted common share as the effect would be anti-dilutive.

**Note 10—Accumulated Other Comprehensive (Loss) Income**

The following table shows the changes in accumulated other comprehensive (loss) income by component for the three and six months ended June 30, 2024 and 2023:

	Retirement Plans	Currency Translation Adjustments	Derivatives	Total
Accumulated other comprehensive (loss) income, March 31, 2024	\$ (4,880)	\$ (46,220)	\$ 7,663	\$ (43,437)
Other comprehensive income (loss) before reclassifications	184	(5,302)	1,599	(3,519)
Income tax	(46)	—	(416)	(462)
Other comprehensive income (loss) before reclassifications, net of tax	138	(5,302)	1,183	(3,981)
Amounts reclassified from accumulated other comprehensive income (loss)	82	—	(1,875)	(1,793)
Income tax	(21)	—	488	467
Amounts reclassified from accumulated other comprehensive income (loss), net of tax	61	—	(1,387)	(1,326)
Other comprehensive income (loss)	199	(5,302)	(204)	(5,307)
<b>Accumulated other comprehensive (loss) income, June 30, 2024</b>	<b>\$ (4,681)</b>	<b>\$ (51,522)</b>	<b>\$ 7,459</b>	<b>\$ (48,744)</b>

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

	Retirement Plans	Currency Translation Adjustments	Derivatives	Total
Accumulated other comprehensive (loss) income, December 31, 2023	\$ (5,115)	\$ (32,954)	\$ 6,251	\$ (31,818)
Other comprehensive income (loss) before reclassifications	418	(18,568)	6,156	(11,994)
Income tax	(105)	—	(1,601)	(1,706)
Other comprehensive income (loss) before reclassifications, net of tax	313	(18,568)	4,555	(13,700)
Amounts reclassified from accumulated other comprehensive income (loss)	163	—	(4,523)	(4,360)
Income tax	(42)	—	1,176	1,134
Amounts reclassified from accumulated other comprehensive income (loss), net of tax	121	—	(3,347)	(3,226)
Other comprehensive income (loss)	434	(18,568)	1,208	(16,926)
<b>Accumulated other comprehensive (loss) income, June 30, 2024</b>	<b>\$ (4,681)</b>	<b>\$ (51,522)</b>	<b>\$ 7,459</b>	<b>\$ (48,744)</b>

	Retirement Plans	Currency Translation Adjustments	Derivatives	Total
Accumulated other comprehensive (loss) income, December 31, 2022	\$ (7,201)	\$ (40,095)	\$ 11,441	\$ (35,855)
Other comprehensive (loss) income before reclassifications	—	(49)	4,405	4,356
Income tax	—	—	(1,145)	(1,145)
Other comprehensive (loss) income before reclassifications, net of tax	—	(49)	3,260	3,211
Amounts reclassified from accumulated other comprehensive income (loss)	246	—	(4,511)	(4,265)
Income tax	(257)	—	1,173	916
Amounts reclassified from accumulated other comprehensive income (loss), net of tax	(11)	—	(3,338)	(3,349)
Other comprehensive loss	(11)	(49)	(78)	(138)
Accumulated other comprehensive (loss) income, June 30, 2023	\$ (7,212)	\$ (40,144)	\$ 11,363	\$ (35,993)

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

**Note 11—Segment Information**

We periodically evaluate our application of accounting guidance for reportable segments and disclose information about reportable segments based on the way management organizes the enterprise for making operating

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decisions and assessing performance. We report our business under two segments: Products & Healthcare Services and Patient Direct. The Products & Healthcare Services segment includes our Medical Distribution division, which includes our U.S. distribution business, along with our outsourced logistics and value-added services businesses, and our Global Products division which manufactures and sources medical surgical products through our production and kitting operations. The Patient Direct segment includes our home healthcare divisions (Byram and Apria).

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

The following tables present financial information by segment:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<b>Net revenue:</b>				
Products & Healthcare Services	\$ 2,010,605	\$ 1,930,723	\$ 3,985,442	\$ 3,846,212
Patient Direct	660,401	632,503	1,298,244	1,239,863
Consolidated net revenue	<u>\$ 2,671,006</u>	<u>\$ 2,563,226</u>	<u>\$ 5,283,686</u>	<u>\$ 5,086,075</u>
<b>Operating income:</b>				
Products & Healthcare Services	\$ 11,468	\$ 2,940	\$ 22,954	\$ 4,761
Patient Direct	64,787	59,065	110,666	104,914
Acquisition-related charges and intangible amortization	(19,985)	(22,203)	(40,298)	(44,392)
Exit and realignment charges, net	(29,293)	(28,963)	(56,649)	(44,637)
Litigation and related charges <sup>(1)</sup>	(6,678)	—	(6,678)	—
Consolidated operating income	<u>\$ 20,299</u>	<u>\$ 10,839</u>	<u>\$ 29,995</u>	<u>\$ 20,646</u>
<b>Depreciation and amortization:</b>				
Products & Healthcare Services	\$ 19,084	\$ 18,772	\$ 42,450	\$ 37,338
Patient Direct	44,795	53,290	95,524	105,650
Consolidated depreciation and amortization	<u>\$ 63,879</u>	<u>\$ 72,062</u>	<u>\$ 137,974</u>	<u>\$ 142,988</u>
<b>Share-based compensation:</b>				
Products & Healthcare Services	\$ 4,786	\$ 3,234	\$ 9,555	\$ 7,732
Patient Direct	1,526	1,562	2,933	3,414
Other <sup>(2)</sup>	423	416	1,113	529
Consolidated share-based compensation	<u>\$ 6,735</u>	<u>\$ 5,212</u>	<u>\$ 13,601</u>	<u>\$ 11,675</u>
<b>Capital expenditures:</b>				
Products & Healthcare Services	\$ 3,117	\$ 6,602	\$ 11,367	\$ 12,934
Patient Direct	42,683	42,887	83,841	88,045
Consolidated capital expenditures	<u>\$ 45,800</u>	<u>\$ 49,489</u>	<u>\$ 95,208</u>	<u>\$ 100,979</u>

<sup>(1)</sup> *Litigation and related charges includes settlement costs and related fees of legal matters within our Apria division, which do not occur in the ordinary course of our business, are non-recurring/infrequent and are inherently unpredictable in timing and amount. These charges are reported within Other operating expense, net in our Statements of Operations for the three and six months ended June 30, 2024.*

<sup>(2)</sup> *Other share-based compensation expense is captured within Exit and realignment charges, net or Acquisition-related charges for the three and six months ended June 30, 2024 and 2023.*

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	June 30, 2024	December 31, 2023
<b>Total assets:</b>		
Products & Healthcare Services	\$ 2,524,240	\$ 2,359,825
Patient Direct	<u>2,536,093</u>	<u>2,490,460</u>
Segment assets	5,060,333	4,850,285
Cash and cash equivalents	243,671	243,037
Consolidated total assets	<u>\$ 5,304,004</u>	<u>\$ 5,093,322</u>

Non-cash charges (credits) to merchandise inventories valued at the lower of cost or market, with the approximate cost determined by the last-in, first-out (LIFO) method for distribution inventories in the U.S. within our Products & Healthcare Services segment were \$(1.1) million and \$(4.5) million for the three months ended June 30, 2024 and 2023, and \$4.3 million and \$0.4 million for the six months ended June 30, 2024 and 2023. The net book value of patient service equipment dispositions within the Patient Direct segment were \$5.2 million and \$8.1 million for the three months ended June 30, 2024 and 2023 and \$14.8 million and \$17.2 million for the six months ended June 30, 2024 and 2023.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<b>Net revenue:</b>				
United States	\$ 2,609,010	\$ 2,498,536	\$ 5,159,620	\$ 4,951,472
International	<u>61,996</u>	<u>64,690</u>	<u>124,066</u>	<u>134,603</u>
Consolidated net revenue	<u><u>\$ 2,671,006</u></u>	<u><u>\$ 2,563,226</u></u>	<u><u>\$ 5,283,686</u></u>	<u><u>\$ 5,086,075</u></u>

**Note 12—Recent Accounting Pronouncements**

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which will require disclosure of additional detailed information about a reportable segment's expenses, including significant segment expenses regularly provided to the Chief Operating Decision Maker (CODM), the title and position of the CODM, and how the CODM uses the reported measure(s) of a segment's profit or loss. This ASU is effective for us in annual periods beginning after December 15, 2023 and interim periods within annual years beginning after December 15, 2024. The amendments in this ASU must be applied on a retrospective basis to all prior periods presented in the financial statements and early adoption is permitted. We expect this ASU to only impact our disclosures with no impacts to our results of operations, financial condition and cash flows.

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

**Note 13—Commitments, Contingent Liabilities, and Legal Proceedings**

Commitments include \$48.4 million of legally binding lease payments for the Morgantown, West Virginia center of excellence for medical supplies and logistics lease signed, but not yet commenced. Refer to our Annual Report on Form 10-K for the year ended December 31, 2023 for disclosure of other material contractual obligations.

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

Based on current knowledge and the advice of counsel, we believe that the accrual as of June 30, 2024 for currently pending matters considered probable of loss, which is not material, is sufficient. In addition, we believe that other currently pending matters are not reasonably possible to result in a material loss, as payment of the amounts claimed is remote, the claims are immaterial, individually and in the aggregate, or the claims are expected to be adequately covered by insurance, subject to policy limits, applicable deductibles, exclusions and insurer solvency.

#### **Note 14—Subsequent Events**

On July 22, 2024, we entered into an Agreement and Plan of Merger to acquire Rotech Healthcare Holdings Inc. (Rotech) for \$1.36 billion in cash. Given anticipated tax benefits of approximately \$40 million from the transaction, the net purchase price is approximately \$1.32 billion. Rotech is a national leader in providing home medical equipment in the US. The definitive agreement contains certain termination rights for the Company and Rotech. In the event that we terminate the contract, we will be required to pay Rotech a termination fee of \$70.0 million. The transaction is subject to customary closing conditions, including expiration or termination of the applicable waiting period under the Hart Scott Rodino Act, and is expected to close by the end of 2024. We have fully committed financing in place and expect to use a combination of cash and incremental borrowings to fund the purchase price.

On July 31, 2024, we provided notice that we intend to exercise the redemption option on our 2024 Notes effective September 16, 2024. As disclosed in Note 5 in Notes to Consolidated Financial Statements, for redemptions on and after September 15, 2024, we have the option to redeem the 2024 Notes in part or in whole prior to maturity at a redemption price equal to 100% of the principal amount of the 2024 Notes to be redeemed, plus accrued and unpaid interest thereon to, but excluding, the applicable redemption date.

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

The following discussion and analysis describes results of operations and material changes in the financial condition of Owens & Minor, Inc. and its subsidiaries since December 31, 2023. Trends of a material nature are discussed to the extent known and considered relevant. This discussion should be read in conjunction with the consolidated financial statements, related notes thereto, and management's discussion and analysis of financial condition and results of operations included in our Annual Report on Form 10-K for the year ended December 31, 2023.

##### **Overview**

Owens & Minor, Inc., along with its subsidiaries, (we, us, or our) is a global healthcare solutions company. Our business has two distinct segments: Products & Healthcare Services and Patient Direct. Products & Healthcare Services provides distribution, outsourced logistics and value-added services, and manufactures and sources medical surgical products through our production and kitting operations. The Patient Direct segment includes our home healthcare divisions (Byram and Apria).

On July 22, 2024, we entered into an Agreement and Plan of Merger to acquire Rotech Healthcare Holdings Inc. (Rotech) for \$1.36 billion in cash. Given anticipated tax benefits of approximately \$40 million from the transaction, the net purchase price is approximately \$1.32 billion. Rotech is a national leader in providing home medical equipment in the US. The definitive agreement contains certain termination rights for the Company and Rotech. In the event that we terminate the contract, we will be required to pay Rotech a termination fee of \$70.0 million. The transaction is subject to customary closing conditions, including expiration or termination of the applicable waiting period under the Hart Scott Rodino Act, and is expected to close by the end of 2024. We have fully committed financing in place and expect to use a combination of cash and incremental borrowings to fund the purchase price.

Net (loss) per share was \$(0.42) and \$(0.70) for the three and six months ended June 30, 2024 as compared to net (loss) per share of \$(0.37) and \$(0.70) for the three and six months ended June 30, 2023. Our financial results for the three and six months ended June 30, 2024 as compared to the prior year periods were impacted by the following: (1) the remeasurement of an uncertain tax position, which resulted in a \$17.2 million, or \$(0.22) income tax charge per share for the three and six months ended June 30, 2024 (see Note 8 in Notes to Consolidated Financial Statements); (2) increased exit and realignment charges; partially offset by (3) improvements in the operating results by both of our segments as described below; (4) lower interest expense; and (5) lower intangible amortization. Net (loss) per share was not impacted as compared to the prior year by foreign currency translation for the three months ended June 30, 2024 and was unfavorably impacted as compared to the prior year by foreign currency translation in the amount of \$(0.01) for the six months ended June 30, 2024.

Products & Healthcare Services segment operating income was \$11.5 million and \$23.0 million for the three and six months ended June 30, 2024, compared to \$2.9 million and \$4.8 million for the three and six months ended June 30, 2023. The increases were primarily from revenue growth of 4.1% and 3.6% and savings derived by our Operating Model Realignment Program of approximately \$18 million and \$42 million, partially offset by changes in product sales mix, increased costs to support future revenue growth, and approximately \$3 million and \$8 million of increased teammate benefit costs for the three and six months ended June 30, 2024. Patient Direct segment operating income was \$64.8 million and \$111 million for the three and six months ended June 30, 2024, compared to \$59.1 million and \$105 million for the three and six months ended June 30, 2023. This segment's results reflect revenue growth of 4.4% and 4.7%, savings derived by our Operating Model Realignment Program of approximately \$3 million and \$5 million, a \$4.2 million gain related to an agreement with Philips Respiration (Philips) for previously recalled equipment, and cost savings from information technology (IT) strategic initiatives and other operating efficiencies, which were partially offset by unfavorable changes in revenue mix and approximately \$8 million and \$14 million of increased teammate benefit costs for the three and six months ended June 30, 2024.

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

#### **Philips Respiration Recall**

In June 2021, one of Apria's suppliers, Philips, announced a voluntary recall of its continuous and non-continuous ventilators (certain continuous positive airway pressure (CPAP), bilevel positive airway pressure and ventilator devices) related to polyurethane foam used in those devices, which the U.S. Food and Drug Administration (FDA) identified as a Class I recall, the most serious category of recall. In December 2022, Philips issued a subsequent voluntary recall related to deficiencies in repairs made to certain of the ventilators that had originally been recalled in June 2021 (together with the June 2021 recall, the Recall). In April 2024, Philips entered into a consent decree enjoining Philips from making and distributing non-medically necessary CPAP, bilevel positive airway pressure and ventilator devices at any of its Sleep and Respiratory Care Business facilities until the FDA determines that Philips has complied with the remediation and compliance activities set forth in the consent decree.

We continue to closely monitor the impact of the Recall and subsequent consent decree on our business. To date, we have incurred significant costs coordinating Recall-related activities, and we may continue to incur additional significant costs (including costs in completing the replacement of devices subject to the Recall). Some or all of these costs may not be recoverable from the product manufacturer. During the second quarter, we reached an agreement with Philips which requires Philips to pay us approximately \$14 million for recalled equipment which we will return to Philips. Refer to the 'Overview' section for details of the impacts to our statements of operations for the three and six months ended June 30, 2024. The amount owed from Philips was accrued within other current assets on our consolidated balance sheet as of June 30, 2024. While we believe we have access to a sufficient supply of CPAP, bilevel positive airway pressure and ventilator devices to service our home healthcare patients' needs, other supply chain disruptions may have a future material adverse effect on our financial condition or results of operations, cash flows and liquidity.

## Results of Operations

### **Net revenue.**

(Dollars in thousands)	Three Months Ended June 30,		Change	
	2024	2023	\$	%
Products & Healthcare Services	\$ 2,010,605	\$ 1,930,723	\$ 79,882	4.1 %
Patient Direct	660,401	632,503	27,898	4.4 %
<b>Net revenue</b>	<b>\$ 2,671,006</b>	<b>\$ 2,563,226</b>	<b>\$ 107,780</b>	<b>4.2 %</b>

(Dollars in thousands)	Six Months Ended June 30,		Change	
	2024	2023	\$	%
Products & Healthcare Services	\$ 3,985,442	\$ 3,846,212	\$ 139,230	3.6 %
Patient Direct	1,298,244	1,239,863	58,381	4.7 %
<b>Net revenue</b>	<b>\$ 5,283,686</b>	<b>\$ 5,086,075</b>	<b>\$ 197,611</b>	<b>3.9 %</b>

The Products & Healthcare Services net revenue increase of \$79.9 million for the three months ended June 30, 2024 was driven primarily from net revenue growth in the Medical Distribution division of 4.9%. The Patient Direct segment net revenue growth for the three months ended June 30, 2024 of \$28 million was driven by growth across certain product categories, including diabetes and sleep supplies, as a result of new patient starts and high retention of customers.

The Products & Healthcare Services net revenue increase of \$139 million for the six months ended June 30, 2024 was driven primarily from net revenue growth in the Medical Distribution division of 4.8% which was partially offset by a slight decline in our Global Products division, primarily driven by a decline in international net revenue. The Patient Direct segment net revenue growth for the six months ended June 30, 2024 of \$58 million was driven by virtually the same factors impacting the second quarter of 2024.

Foreign currency translation had an unfavorable impact on net revenue of \$1.9 million and \$3.2 million for the three and six months ended June 30, 2024 as compared to the prior year periods.

### **Cost of goods sold.**

(Dollars in thousands)	Three Months Ended June 30,		Change	
	2024	2023	\$	%
Cost of goods sold	\$ 2,126,853	\$ 2,043,794	\$ 83,059	4.1 %
(Dollars in thousands)	Six Months Ended June 30,		Change	
Cost of goods sold	2024	2023	\$	%
Cost of goods sold	\$ 4,204,003	\$ 4,069,336	\$ 134,667	3.3 %

The increase in cost of goods sold for the three months ended June 30, 2024 reflects the increased cost associated with net revenue growth of 4.2%, partially offset by cost reductions in our Global Products division, including approximately \$9.5 million of savings associated with sourcing initiatives.

The increase in cost of goods sold for the six months ended June 30, 2024 reflects the increased cost associated with net revenue growth of 3.9%, partially offset by cost reductions in our Global Products division, including approximately \$15.0 million of savings associated with sourcing initiatives.

Foreign currency translation had a favorable impact on cost of goods sold of \$1.9 million and \$0.9 million for the three and six months ended June 30, 2024 as compared to the prior year periods.

**Gross profit.**

(Dollars in thousands)	Three Months Ended June 30,		Change	
	2024	2023	\$	%
Gross profit	\$ 544,153	\$ 519,432	\$ 24,721	4.8 %
As a % of net revenue	20.37 %	20.26 %		
(Dollars in thousands)	Six Months Ended June 30,		Change	
	2024	2023	\$	%
Gross profit	\$ 1,079,683	\$ 1,016,739	\$ 62,944	6.2 %
As a % of net revenue	20.43 %	19.99 %		

The changes in gross profit for the three and six months ended June 30, 2024 was driven by net revenue growth and other factors impacting net revenue and cost of goods sold described above. Foreign currency translation had an unfavorable impact on gross profit of \$0.1 million and \$2.3 million for the three and six months ended June 30, 2024 as compared to the prior year periods.

**Operating expenses.**

(Dollars in thousands)	Three Months Ended June 30,		Change	
	2024	2023	\$	%
Distribution, selling and administrative expenses	\$ 469,313	\$ 455,030	\$ 14,283	3.1 %
As a % of net revenue	17.57 %	17.75 %		
Acquisition-related charges and intangible amortization	\$ 19,985	\$ 22,203	\$ (2,218)	(10.0) %
Exit and realignment charges, net	\$ 29,293	\$ 28,963	\$ 330	1.1 %
Other operating expense, net	\$ 5,263	\$ 2,397	\$ 2,866	119.6 %
(Dollars in thousands)	Six Months Ended June 30,		Change	
	2024	2023	\$	%
Distribution, selling and administrative expenses	\$ 946,926	\$ 903,752	\$ 43,174	4.8 %
As a % of net revenue	17.92 %	17.77 %		
Acquisition-related charges and intangible amortization	\$ 40,298	\$ 44,392	\$ (4,094)	(9.2) %
Exit and realignment charges, net	\$ 56,649	\$ 44,637	\$ 12,012	26.9 %
Other operating expense, net	\$ 5,815	\$ 3,312	\$ 2,503	75.6 %

The increase in Distribution, selling and administrative (DS&A) expenses for the three months ended June 30, 2024 was driven primarily by incremental costs to support the \$108 million, or 4.2%, net revenue growth, along with future revenue growth and an increase of approximately \$11 million in teammate benefit costs, partially offset by approximately \$4 million in expense savings from our IT strategic initiatives, approximately \$2 million of personnel cost savings related to 2023 organizational changes, and other productivity gains derived from operating efficiencies.

The increase in DS&A expenses for the six months ended June 30, 2024 was driven primarily by incremental costs to support the \$198 million, or 3.9%, net revenue growth, along with future revenue growth and an increase of approximately \$22 million in teammate benefit costs, partially offset by approximately \$13 million in expense savings from our IT strategic initiatives, approximately \$7 million of personnel cost savings related to 2023 organizational changes, and other productivity gains derived from operating efficiencies.

Foreign currency translation had a favorable impact on DS&A expenses of \$0.5 million and \$0.8 million for the three and six months ended June 30, 2024 as compared to the prior year periods.

Intangible amortization was \$16.3 million and \$36.5 million for the three and six months ended June 30, 2024 and \$20.9 million and \$41.8 million for the three and six months ended June 30, 2023 related primarily to intangible assets acquired in the Apria, Halyard and Byram acquisitions. Acquisition-related charges were \$3.7 million for the three and six months ended June 30, 2024 consisting of costs related to the pending Rotech transaction. Acquisition-related charges were \$1.3 million and \$2.5 million for the three and six months ended June 30, 2023 consisting primarily of costs related to the acquisition of Apria, Inc. The decline from the three and six month prior year periods reflect the incurrence of most of these costs closer to the March 29, 2022 acquisition date, and intangible amortization expense reduction of \$4.7 million and \$5.3 million, as certain intangible assets are fully amortized.

Exit and realignment charges, net were \$29.3 million and \$56.6 million for the three and six months ended June 30, 2024. These charges were primarily related to our (1) Operating Model Realignment Program of \$22.9 million and \$56.4 million, including professional fees, severance, and other costs to streamline functions and processes, (2) costs related to IT strategic initiatives such as converting certain divisions to common IT systems of \$5.4 million and \$6.7 million and, (3) other costs associated with strategic initiatives of \$1.0 million and \$1.1 million for the three and six months ended June 30, 2024. Exit and realignment charges, net also included a \$7.4 million gain on the sale of our corporate headquarters for the six months ended June 30, 2024. Exit and realignment charges, net were \$29.0 million and \$44.6 million for the three and six months ended June 30, 2023. These charges primarily related to our (1) Operating Model Realignment Program of \$24.3 million and \$39.3 million, including professional fees, severance, and other costs to streamline functions and processes, (2) IT restructuring charges such as converting certain divisions to a common information technology system of \$3.4 million and \$3.5 million and, (3) other costs associated with strategic initiatives of \$1.3 million and \$1.8 million for the three and six months ended June 30, 2023. We expect to incur material future costs relating to our Operating Model Realignment Program and IT strategic initiatives, which we are not able to reasonably estimate.

The change in other operating expense, net for the three and six months ended June 30, 2024 reflects \$3.9 million and \$7.2 million of losses on sales of accounts receivable under the Master Receivables Purchase Agreement (RPA) as compared to \$2.9 million and \$3.6 million of losses for the three and six months ended June 30, 2023. Other operating expense, net for the three and six months ended June 30, 2024 reflects \$6.7 million related to the settlement of a wage and hour dispute in the state of California within our Apria division and a \$4.2 million gain related to an agreement with Philips for previously recalled equipment.

During the three and six months ended June 30, 2024, we incurred a favorable change of \$0.8 million and \$3.3 million in foreign currency transaction gains and losses, net of derivative adjustments, as compared to the prior year.

***Interest expense, net.***

(Dollars in thousands)	Three Months Ended		Change	
	June 30, 2024	2023	\$	%
Interest expense, net	\$ 35,899	\$ 40,728	\$ (4,829)	(11.9)%
Effective interest rate	7.09 %	6.93 %		
Six Months Ended				
(Dollars in thousands)	June 30,		Change	
	2024	2023	\$	%
Interest expense, net	\$ 71,554	\$ 82,926	\$ (11,372)	(13.7)%
Effective interest rate	7.15 %	6.86 %		

Interest expense, net for the three and six months ended June 30, 2024 decreased due to lower average outstanding borrowings of \$267 million and \$325 million, partially offset by an increase in the effective interest rate of 16 basis points and 29 basis points as compared to the three and six months ended June 30, 2023. See Note 5 in Notes to Consolidated Financial Statements.

**Other expense, net.**

(Dollars in thousands)	Three Months Ended June 30,		Change	
	2024	2023	\$	%
Other expense, net	\$ 1,205	\$ 1,072	\$ 133	12.4 %

(Dollars in thousands)	Six Months Ended June 30,		Change	
	2024	2023	\$	%
Other expense, net	\$ 2,358	\$ 2,458	\$ (100)	(4.1)%

Other expense, net for the three and six months ended June 30, 2024 and 2023 includes interest cost and net actuarial losses related to our retirement plans. In addition, other expense, net for the three and six months ended June 30, 2023 includes the loss on extinguishment of debt, of \$0.3 million and \$0.8 million associated with the early retirement of indebtedness of \$48.0 million and \$73.0 million.

**Income taxes.**

(Dollars in thousands)	Three Months Ended June 30,		Change	
	2024	2023	\$	%
Income tax provision (benefit)	\$ 15,108	\$ (2,720)	\$ 17,828	655.4 %
Effective tax rate	(89.9)%	8.8 %		

(Dollars in thousands)	Six Months Ended June 30,		Change	
	2024	2023	\$	%
Income tax provision (benefit)	\$ 9,882	\$ (12,079)	\$ 21,961	181.8 %
Effective tax rate	(22.5)%	18.7 %		

The change in the effective tax rate for the three and six months ended June 30, 2024 compared to the same periods in 2023 resulted primarily from a one-time income tax charge of \$17.2 million, or \$(0.22) per share, related to a recent decision associated with Notices of Proposed Adjustments that we received in 2020 and 2021, for the three and six months ended June 30, 2024. This was communicated to us in late June 2024. The matter at hand is related to past transfer pricing methodology, which is no longer employed. See Note 8 in Notes to Consolidated Financial Statements.

**Financial Condition, Liquidity and Capital Resources**

**Financial condition.** We monitor operating working capital through days sales outstanding (DSO) and merchandise inventory days. We estimate a hypothetical increase (decrease) in DSO of one day would result in a decrease (increase) in our cash balances, an increase (decrease) in borrowings against our Revolving Credit Agreement or Receivables Financing Agreement, or a combination thereof of approximately \$29 million.

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

(Dollars in thousands)	June 30, 2024	December 31, 2023	Change	
	\$	\$	\$	%
Cash and cash equivalents	\$ 243,671	\$ 243,037	\$ 634	0.3 %
Accounts receivable, net	\$ 662,444	\$ 598,257	\$ 64,187	10.7 %
DSO <sup>(1)</sup>	22.1	20.5		
Merchandise inventories	\$ 1,231,413	\$ 1,110,606	\$ 120,807	10.9 %
Inventory days <sup>(2)</sup>	52.7	49.0		
Accounts payable	\$ 1,381,871	\$ 1,171,882	\$ 209,989	17.9 %

(1) Based on period ended accounts receivable and net revenue for the quarters ended June 30, 2024 and December 31, 2023. Consolidated DSO reflected the impact of the reduction in accounts receivable, net of allowances, due to sales of accounts receivable under the RPA. Excluding the impact of the RPA, Consolidated DSO would have been 26.5 as of June 30, 2024 and 24.8 as of December 31, 2023.

(2) Based on period ended merchandise inventories and cost of goods sold for the quarters ended June 30, 2024 and December 31, 2023.

**Liquidity and capital expenditures.** The following table summarizes our consolidated statements of cash flows for the six months ended June 30, 2024 and 2023:

(Dollars in thousands)	Six Months Ended June 30,	
	2024	2023
Net cash provided by (used for):		
Operating activities	\$ 63,187	\$ 471,510
Investing activities	(37,040)	(65,668)
Financing activities	(24,920)	(183,120)
Effect of exchange rate changes	(682)	196
Net increase in cash, cash equivalents and restricted cash	\$ 545	\$ 222,918

Cash provided by operating activities in the first six months of 2024 reflected a net loss and favorable changes in working capital. Cash provided by operating activities in the first six months of 2023 reflected a net loss and favorable changes in working capital. The change in cash provided by operating activities is primarily driven by the reduction in accounts receivable, net from the initial favorability of uncollected accounts receivable sold through the RPA and the significant reduction in inventory levels during the six months ended June 30, 2023, as these items did not recur during the six months ended June 30, 2024.

Cash used for investing activities in the first six months of 2024 included capital expenditures of \$95.2 million for patient service equipment and our strategic and operational efficiency initiatives associated with property and equipment and capitalized software, offset by \$67.0 million in proceeds from sale of property and equipment, which included sales of patient service equipment and \$33.5 million in gross proceeds related to the sale of our corporate headquarters. Cash used for investing activities in the first six months of 2023 included capital expenditures of \$101 million for patient service equipment and our strategic and operational efficiency initiatives associated with property and equipment and capitalized software, partially offset by \$35.7 million in proceeds related primarily to the sale of patient service equipment.

Cash used for financing activities in the first six months of 2024 included repayments of term loans of \$12.4 million. We had no borrowings under our revolving credit facility for the first six months of 2024 and the activity under our amended Receivables Financing Agreement netted to no impact to our outstanding borrowings. Payments for taxes related to the vesting of restricted stock awards, which are included in Other, net, were \$8.0 million for the first six months of 2024. Cash used for financing activities in the first six months of 2023 included repayments of term loans of \$78.3 million, including \$65.0 million of unscheduled principal payments on the Term Loan A and the Term Loan B.

We had no borrowings under our revolving credit facility on a net basis for the first six months of 2023 and made net repayments of \$96.0 million under our amended Receivables Financing Agreement. Payments for taxes related to the vesting of restricted stock awards, which are included in Other, net, were \$10.2 million for the first six months of 2023.

**Capital resources.** Our primary sources of liquidity include cash and cash equivalents, our Receivables Financing Agreement, and our Revolving Credit Agreement. The Receivables Financing Agreement provides a maximum revolving borrowing capacity of \$450 million. The interest rate under the Receivables Financing Agreement is based on a spread over a benchmark SOFR rate (as described in the Fourth Amendment to the Receivables Financing Agreement, as further amended by the Fifth Amendment to the Receivables Financing Agreement). Under the Receivables Financing Agreement, certain of our accounts receivable balances are sold to our wholly owned special purpose entity, O&M Funding LLC. The Receivables Financing Agreement matures in March 2025. We had no borrowings at June 30, 2024 and December 31, 2023 under our Receivables Financing Agreement. At June 30, 2024 and December 31, 2023, we had maximum revolving borrowing capacity of \$450 million under our Receivable Financing Agreement.

The Revolving Credit Agreement provides a revolving borrowing capacity of \$450 million. We have \$898 million in outstanding term loans under a term loan credit agreement (the Credit Agreement). The interest rate on our Revolving Credit Agreement is based on a spread over a benchmark rate (as described in the Revolving Credit Agreement). The Revolving Credit Agreement matures in March 2027. The interest rate on the Term Loan A is based on either the Term SOFR or the Base Rate plus an Applicable Rate which varies depending on the current Debt Ratings or Total Leverage Ratio, determined as to whichever shall result in more favorable pricing to the Borrowers (each as defined in the Credit Agreement). The interest rate on the Term Loan B is based on either the Term SOFR or the Base Rate plus an Applicable Rate. The Term Loan A matures in March 2027 and the Term Loan B matures in March 2029.

At June 30, 2024 and December 31, 2023, our Revolving Credit Agreement was undrawn, and we had letters of credit, which reduce Revolver availability, totaling \$31.5 million and \$27.4 million, leaving \$419 million and \$423 million available for borrowing at the end of each period. We also had letters of credit and bank guarantees which support certain leased facilities as well as other normal business activities in the United States and Europe that were issued outside of the Revolving Credit Agreement for \$2.9 million and \$3.0 million as of June 30, 2024 and December 31, 2023.

On March 29, 2022, we entered into a Security Agreement Supplement pursuant to which the Security and Pledge Agreement (the Security Agreement), dated March 10, 2021 was supplemented to grant collateral on behalf of the holders of the 4.375% senior notes due in December 2024 (the 2024 Notes), and the parties secured under the credit agreements including first priority liens and security interests in (a) all present and future shares of capital stock owned by the Grantors (as defined in the Security Agreement) in the Grantors' present and future subsidiaries, subject to certain customary exceptions, and (b) all present and future personal property and assets of the Grantors, subject to certain exceptions. On July 31, 2024, we provided notice that we intend to redeem the 2024 Notes, see Note 14 in Notes to Consolidated Financial Statements.

The Revolving Credit Agreement, the Credit Agreement, the Receivables Financing Agreement, the 2024 Notes, the 4.500% senior unsecured notes due in March 2029, and the 6.625% senior unsecured notes due in April 2030 contain cross-default provisions which could result in the acceleration of payments due in the event of default of any of the related agreements. The terms of the applicable credit agreements also require us to maintain ratios for leverage and interest coverage, including on a pro forma basis in the event of an acquisition or divestiture. We were in compliance with our debt covenants at June 30, 2024.

On March 14, 2023, we entered into the RPA, pursuant to which accounts receivable with an aggregate outstanding amount not to exceed \$200 million are sold, on a limited-recourse basis, to a third-party financial institution (the Purchaser) in exchange for cash. Cash received from the sales of accounts receivable, net of payments made to the Purchaser, is reflected in the change in accounts receivable within cash provided by operating activities in the consolidated statements of cash flows. Total accounts receivable sold under the RPA were \$573 million and \$1.1 billion for the three and six months ended June 30, 2024. During the three and six months ended June 30, 2024, we received net cash proceeds of \$569 million and \$1.1 billion from the sale of accounts receivable under the RPA and collected \$547

million and \$1.1 billion of the sold accounts receivable. Total accounts receivable sold under the RPA were \$412 million for the three and six months ended June 30, 2023. During the three and six months ended June 30, 2023, we received net cash proceeds of \$409 million from the sale of accounts receivable under the RPA and collected \$297 million of the sold accounts receivable. No accounts receivables were sold under the RPA for the three months ended March 31, 2023. The losses on sale of accounts receivable, inclusive of professional fees incurred to establish the agreement, recorded in other operating expense, net in the consolidated statements of operations were \$3.9 million and \$2.9 million for the three months ended June 30, 2024 and 2023 and \$7.2 million and \$3.6 million for the six months ended June 30, 2024 and 2023. The RPA is separate and distinct from the accounts receivable securitization program (the Receivables Financing Agreement).

We regularly evaluate market conditions, our liquidity profile and various financing alternatives to enhance our capital structure. We have from time to time, entered into, and from time to time in the future, we may enter into transactions to repay, repurchase or redeem our outstanding indebtedness (including by means of open market purchases, privately negotiated repurchases, tender or exchange offers and/or repayments or redemptions pursuant to the debt's terms). Our ability to consummate any such transaction will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. We cannot provide any assurance as to if or when we will consummate any such transactions or the terms of any such transaction.

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

We earn a portion of our operating income in foreign jurisdictions outside the U.S. Our cash and cash equivalents held by our foreign subsidiaries subject to repatriation totaled \$21.8 million and \$22.0 million at June 30, 2024 and December 31, 2023. As of June 30, 2024, we are permanently reinvested in our foreign subsidiaries.

#### **Contractual obligations**

Commitments include \$48.4 million of legally binding lease payments for the Morgantown, West Virginia center of excellence for medical supplies and logistics lease signed, but not yet commenced. Refer to our Annual Report on Form 10-K for the year ended December 31, 2023 for disclosure of other material contractual obligations.

#### **Guarantor and Collateral Group Summarized Financial Information**

We are providing the following information in compliance with Rule 13-01, "Financial Disclosures about Guarantors and Issuers of Guaranteed Securities" and Rule 13-02 of Regulation S-X, of with respect to our 2024 Notes. See Note 5 of the accompanying consolidated financial statements for additional information regarding the terms of the 2024 Notes.

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

Summarized financial information of the Guarantor Group is as follows:

**Summarized Consolidated Statement of Operations - Guarantor Group**

(Dollars in thousands)	Six Months Ended June 30, 2024
Net revenue <sup>(1)</sup>	\$ 5,201,722
Gross profit	1,038,640
Operating income	14,708
Net loss	(58,636)

<sup>(1)</sup> Includes \$59.1 million in sales to non-guarantor subsidiaries for the six months ended June 30, 2024.

**Summarized Consolidated Balance Sheets - Guarantor Group**

(Dollars in thousands)	June 30, 2024	December 31, 2023
Total current assets	\$ 1,656,446	\$ 1,472,999
Total assets	4,797,778	4,601,026
Total current liabilities	2,241,249	2,002,468
Total liabilities	4,521,706	4,243,230

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

Summarized financial information of the Collateral Group is as follows:

**Summarized Consolidated Balance Sheets - Collateral Group**

(Dollars in thousands)	June 30, 2024	December 31, 2023
Total current assets	\$ 1,495,870	\$ 1,280,045
Total assets	4,425,775	4,220,357
Total current liabilities	2,064,898	1,821,030
Total liabilities	4,077,513	3,801,549

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

**Recent Accounting Pronouncements**

For a discussion of recent accounting pronouncements, see our Annual Report on Form 10-K for the year ended December 31, 2023 and Note 12 in the Notes to Consolidated Financial Statements, included in this Quarterly Report on Form 10-Q for the period ended on June 30, 2024.

**Forward-looking Statements**

Certain statements in this discussion constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Although we believe our expectations with respect to the forward-looking statements are based upon reasonable assumptions within the bounds of our knowledge of our business and operations, all forward-looking statements involve risks and uncertainties and, as a result, actual results could differ materially from

those projected, anticipated or implied by these statements. Such forward-looking statements involve known and unknown risks, including, but not limited to:

- increasing competitive and pricing pressures in the marketplace;
- our ability to retain existing and attract new customers and our dependence on sales to certain customers;
- our dependence on certain vendors, suppliers and third-parties for key components, raw materials, finished goods, equipment and services;
- our ability to successfully identify, close, manage or integrate acquisitions, including Rotech;
- our ability to successfully implement our Operating Model Realignment Program and our strategic initiatives;
- our ability to successfully manage our international operations, including risks associated with changes in international trade regulations, foreign currency volatility, adverse tax consequences, and other risks of operating in international markets;
- uncertainties related to, and our ability to adapt to and comply with, changes in government regulations, including healthcare, tax and product licensing laws and regulations;
- risks arising from possible violations of legal, regulatory or licensing requirements of the markets in which we operate;
- uncertainties related to general economic, regulatory and business conditions and our ability to adapt to changes in product pricing and other terms of purchase by suppliers of product;
- our ability to meet the terms to qualify for supplier funding programs;
- the ability of customers and suppliers to meet financial commitments due to us;
- changes in manufacturer preferences between direct sales and wholesale distribution;
- changing trends in customer profiles and ordering patterns;
- our ability to manage operating expenses and improve operational efficiencies;
- availability of, and our ability to access, special inventory buying opportunities;
- our ability to continue to obtain financing at reasonable rates and to manage financing costs and interest rate risk, and our ability to refinance, extend or repay our substantial indebtedness;
- our ability to attract and retain talented and qualified teammates;
- recalls of any of our products, or safety risks or the discovery of serious safety issues with our products;
- changes, delays and uncertainties in the reimbursement process;
- our ability to adequately establish, maintain, protect and enforce our intellectual property and proprietary rights as well as avoid infringement, misappropriation or other violations of the intellectual property and proprietary rights of third parties;

- our ability to engage in transactions that may be limited by the restrictive covenants in our credit facilities and existing notes;
- the risk that information systems are interrupted or damaged or fail for any extended period of time, that new information systems are not successfully implemented or integrated, or that there is a data security breach in our information systems or a third party's information systems that impacts our business;
- risks related to public health crises or future outbreaks of health crises or other adverse public health developments such as the novel coronavirus (COVID-19) global pandemic;
- the risk of an impairment to goodwill or other long-lived assets;
- our ability to timely or adequately respond to technological advances;
- our failure to adequately insure against losses, including from substantial claims and litigation;
- our ability to meet performance targets specified by customer contracts under contractual commitments;
- our capitation arrangements may prove unprofitable if actual utilization rates exceed our assumptions;
- the outcome of outstanding and any future litigation, including product and professional liability claims;
- volatility in the price of our common stock and securities; and
- other factors detailed from time to time in the reports we file with the SEC, including those described in "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2023.

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

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

Certain quantitative and qualitative market risk disclosures are described in our Annual Report on Form 10-K for the year ended December 31, 2023. Through June 30, 2024, there have been no material changes in the quantitative and qualitative market risk disclosures described in such Annual Report.

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

We carried out an evaluation, with the participation of management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (pursuant to Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based upon that evaluation, the principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of June 30, 2024. There was no change in our internal control over financial reporting that occurred during the period of this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **Part II. Other Information**

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

Certain legal proceedings pending against us are described in our Annual Report on Form 10-K for the year ended December 31, 2023. Through June 30, 2024, there have been no material developments in any legal proceedings reported in such Annual Report.

#### **Item 1A. Risk Factors**

The following description of risk factors updates and supplements risk factors associated with our business previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023. These risk factors are in addition to those mentioned in other parts of this report and are not all of the risks that we face. We could also be affected by risks that we currently are not aware of or that we currently do not consider material to our business.

##### ***We cannot assure you that the proposed acquisition of Rotech (Rotech Acquisition) will be completed.***

There are a number of risks and uncertainties relating to the Rotech Acquisition. For example, the Rotech Acquisition may not be completed, or may not be completed in the timeframe, on the terms or in the manner currently anticipated, as a result of a number of factors, including, among other things, the failure of one or more of the conditions to closing in the Agreement and Plan of Merger. There can be no assurance that the conditions to closing of the Rotech Acquisition will be satisfied or waived or that other events will not intervene to delay or result in the failure to close the Rotech Acquisition. The Agreement and Plan of Merger may be terminated by the parties thereto under certain circumstances, including, without limitation, if the Rotech Acquisition has not been completed by July 22, 2025. Any delay in closing the Rotech Acquisition or a failure to close the Rotech Acquisition could have a negative impact on our business and the trading prices of our common stock and debt.

##### ***We may fail to realize the anticipated benefits of the Rotech Acquisition or those benefits may take longer to realize than expected. We may also encounter significant difficulties in integrating the Rotech business into our operations.***

Our ability to realize the anticipated benefits of the Rotech Acquisition will depend, to a large extent, on our ability to integrate the Rotech business into ours. We may devote significant management attention and resources preparing for and then integrating the business practices and operations of the Rotech business with ours. This integration process may be disruptive to our and the Rotech businesses, and, if implemented ineffectively, could restrict realization of the expected benefits. In addition, we may fail to realize some of the anticipated benefits of the Rotech Acquisition if the integration process takes longer than expected or is more costly than expected. Potential difficulties we may encounter in the integration process include:

- The inability to successfully combine operations in a manner that would result in the anticipated benefits of the Rotech Acquisition in the time frame currently anticipated or at all;
- Complexities associated with managing the expanded operations;
- Integrating personnel;
- Creation of uniform standards, internal controls, procedures, policies and information systems;
- Unforeseen increased expenses, delays or regulatory issues associated with integrating the operations; and
- Performance shortfalls as a result of the diversion of management attention caused by completing the integration of the operations.

Even if we are able to integrate the Rotech business successfully, this integration may not result in the realization of the full benefits that we currently expect, nor can we give assurances that these benefits will be achieved when expected or at all. Moreover, the integration of the Rotech business may result in unanticipated problems, expenses, liabilities, regulatory risks and competitive responses that could have material adverse consequences.

##### ***We and the Rotech business will be subject to business uncertainties while the Rotech Acquisition is pending that could adversely affect our business and the Rotech business.***

Uncertainty about the effect of the Rotech Acquisition on teammates, customers and suppliers may have an adverse effect on us and the Rotech business. Although we and Rotech intend to take actions to reduce any adverse effects, these uncertainties could cause customers, suppliers and others that deal with us and/or the Rotech business to seek to change existing business relationships. In addition, teammate retention could be negatively impacted during the pendency of the Rotech Acquisition. If key teammates depart because of concerns relating to the uncertainty and difficulty of the integration process, our business could be harmed.

***The pendency of the Rotech Acquisition could adversely affect our business, financial results, and operations.***

The announcement and pendency of the Rotech Acquisition could cause disruptions and create uncertainty surrounding our business and affect our relationships with our customers, suppliers and teammates. In addition, we have diverted, and will continue to divert, significant management resources to complete the Rotech Acquisition, which could have a negative impact on our ability to manage existing operations or pursue alternative strategic transactions, which could adversely affect our business, financial condition and results of operations. Investor perceptions about the terms or benefits of the Rotech Acquisition could have a negative impact on our business and the trading prices of our common stock and debt.

***Despite current indebtedness levels, we will incur substantially more debt to complete the acquisition of Rotech.***

We and our subsidiaries will incur substantial additional indebtedness in the future in order to complete the Rotech Acquisition, which could significantly increase our leverage. If new debt is added to our current debt levels, the related risks that we and our subsidiaries now face to service debt levels and the risks associated with failure to adequately service our debt could intensify.

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

None.

**Item 5. Other Information.**

During the three months ended June 30, 2024, none of our directors or officers informed us of the adoption or termination of a trading plan intended to satisfy Rule 10b5-1(c).

**Item 6. Exhibits**

(a) Exhibits	
2.1	<a href="#">Agreement and Plan of Merger, dated as of July 22, 2024, by and among the Company, Rotech, Merger Sub and Representative (incorporated herein by reference to the Company's Current Report on Form 8-K, Exhibit 2.1, dated July 23, 2024).</a>
10.1	Executive Separation Agreement and General Release, dated June 21, 2024, by and between Alexander J. Bruni and Owens & Minor, Inc. **
22.1	List of Guarantor Subsidiaries
22.2	List of Subsidiaries Pledged as Collateral
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as iXBRL and contained in Exhibit 101)

\*\* Management contract or compensatory plan or arrangement

#### **SIGNATURES**

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

Owens & Minor, Inc.  
(Registrant)

Date: August 2, 2024

/s/ Edward A. Pesicka

Edward A. Pesicka  
President, Chief Executive Officer & Director

Date: August 2, 2024

/s/ Jonathan A. Leon

Jonathan A. Leon  
Senior Vice President, Corporate Treasurer & Interim Chief  
Financial Officer

## EXECUTION VERSION

**EXECUTIVE TRANSITION & GENERAL RELEASE AGREEMENT**

This Executive Transition & General Release Agreement (this "Agreement") is entered into by and between Alexander J. Bruni ("Executive") and Owens & Minor, Inc. (together with all Related Entities (as defined herein), "O&M" or the "Company"). Executive and O&M are each referred to herein as a "Party" and, collectively, as the "Parties."

**WHEREAS**, Executive is employed by the Company as its Executive Vice President and Chief Financial Officer;

**WHEREAS**, effective as of June 21, 2024 (the "Transition Date"), Executive will cease to serve as an officer or director of the Company and all Related Entities (as defined below);

**WHEREAS**, the Company seeks to retain Executive for a period of time, as set forth below, for the purpose of transitioning his duties prior to the termination of Executive's employment; and

**WHEREAS**, Executive's execution and non-revocation of this Agreement is a condition precedent to Executive's receipt of severance benefits under the Owens & Minor, Inc. Officer Severance Policy (the "Policy").

**NOW, THEREFORE**, in consideration of the Parties' promises and obligations hereunder, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Separation Date and Transition Period.**

a. Executive's last day of employment with the Company shall be the Separation Date (as defined below), and Executive acknowledges and agrees that his employment relationship with the Company will end on the Separation Date. Executive further acknowledges and agrees that Executive's resignation as an Executive Vice President and Chief Financial Officer of the Company and from all other officer, director and other positions with the Company, all Related Entities and all other entities in which the Company or any Related Entity holds an equity interest and with respect to which Executive serves as the Company's or such Related Entity's designee or other representative (other than as an employee) shall be effective as of the Transition Date. Executive agrees to take any further actions that the Company or any Related Entity reasonably requests to effectuate or document the foregoing. For purposes of this Agreement, "Related Entities" means the Company's subsidiaries and affiliated entities and each of their respective predecessors.

b. Executive shall remain employed by the Company from the Transition Date through September 5, 2024 or such earlier date on which Executive resigns or Executive's employment is terminated for Cause (as defined in the Policy) to facilitate the transition of Executive's duties to others within the Company as may be requested by the Company from time to time. The period during which Executive remains employed in accordance with the immediately preceding sentence is referred to herein as the "Transition Period." Executive's separation from employment will be by resignation at the request of the Company within the meaning of the Policy, and the actual date on which Executive's employment terminates is referred to herein as the "Separation Date." During the Transition Period, Executive agrees to comply with all directives reasonably requested by the Company and to make himself available to Company personnel to respond to inquiries, provide information and complete such tasks as the Company may reasonably request from time to time.

c. On or within five (5) days after the Separation Date, Executive agrees to execute the Release of Claims attached hereto and incorporated herein as Exhibit A (the "Subsequent Release").

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d. Executive understands and acknowledges that some matters that fall under Executive's responsibility in his positions with the Company may be ongoing after the Separation Date. Accordingly, Executive agrees that, during the Severance Period, Executive will cooperate and make himself reasonably available to Company representatives to respond to questions regarding Executive's experience with and knowledge about the Company. Additionally, Executive agrees that he will assist the Company, as reasonably requested by the Company, in the case of any litigation, regulatory inquiry, audits, or other such matters. For purposes of this Agreement, "*Severance Period*" shall mean the eighteen (18)-month period immediately following the Separation Date. For any such cooperation or assistance provided following the Separation Date in accordance with this Section 1(d), the Company will pay Executive a fee equal to \$250 per hour and will reimburse Executive for all reasonable and documented expenses in complying with this Section 1(d) in accordance with the Company's expense reimbursement policy.

**2. Transition Period.**

a. The Company shall continue to pay Executive his normal base salary earned through the Separation Date in accordance with its usual payroll practices. Executive acknowledges and agrees that he will not be eligible to receive, and the Company shall have no obligation to pay to Executive, any payment under the Company's 2024 Annual Incentive Plan.

b. The Company shall reimburse Executive for any expenses incurred by Executive prior to the Separation Date related to his employment with the Company, subject to the requirements of the Company's expense reimbursement policy and preapproval of any travel related to Company business by the Company's Chief Executive Officer. All such reimbursement will be made in accordance with the Company's expense reimbursement policy.

c. During the Transition Period, Executive will remain eligible to participate in the same benefit plans and programs made available to Company employees, subject to the terms and conditions of the applicable plans and programs in effect from time to time. Executive acknowledges and agrees that as of the Separation Date, except as otherwise set forth in this Agreement (including Section 3(c)), the Company shall have no obligation to continue Executive's coverage under the Company's medical, dental, life insurance, or other employee insurance or benefit plans; provided, however, that Executive will be eligible for COBRA (as defined below) coverage to the extent required by applicable law. Executive understands and acknowledges that COBRA coverage will be at Executive's sole expense and will be offered at 102% of the full cost of coverage. Executive will receive applicable COBRA election forms under separate cover following the Separation Date.

d. Executive acknowledges and agrees that, subject to the Company's compliance with the terms of this Agreement, the Company has paid or will have paid Executive in full all accrued salary, expenses, reimbursements, vacation, sick leave, and other payments to which Executive may have been entitled, and that there are no sums or other benefits, other than as described in this Agreement, due or owing to Executive by the Company.

**3. Severance Benefits.**

a. So long as Executive does not resign and his employment is not terminated by the Company for Cause such that the Separation Date occurs on September 5, 2024 (or any earlier date on which Executive's employment is terminated by the Company without Cause), then in consideration of Executive's promises, covenants and agreements set forth in this Agreement (including, but not limited to, the release and Subsequent Release, and the covenants regarding confidentiality, non-competition and non-solicitation), and in accordance with section 5 of the Policy, the Company shall provide Executive with the payments and benefits set forth in this Section 3 (collectively, the "*Severance Benefits*").

Executive acknowledges and agrees that Executive would not be entitled to receive the Severance Benefits in the absence of Executive's acceptance of this Agreement and adherence with its terms.

b. The Company shall pay Executive a lump-sum in the gross amount of ONE MILLION, TWO HUNDRED TWENTY-FIVE THOUSAND, SIX HUNDRED SEVENTY-THREE DOLLARS AND NO CENTS (\$1,225,673.00), less all applicable withholdings and deductions. The Company shall make this payment on the first regularly scheduled Company pay date following the Subsequent Release Effective Date (as that term is defined in the Subsequent Release).

c. The Company shall pay Executive a lump-sum cash Welfare Benefit Payment (as defined in the Policy) equal to TWENTY-FIVE THOUSAND DOLLARS AND NO CENTS (\$25,000.00). The Company shall make this payment on the first regularly scheduled Company pay date following the Subsequent Release Effective Date.

d. Executive currently holds 49,950 unvested restricted stock units ("RSUs") and 56,735 unvested performance stock units ("PSUs"), in each case, under O&M's 2018 Stock Incentive Plan (as amended) (the "2018 Plan") and O&M's 2023 Omnibus Incentive Plan (the "2023 Plan"). With respect to Executive's unvested RSUs, Executive acknowledges and agrees that 25,599 of such RSUs were granted under the 2018 Plan (the "2018 Plan RSUs") and 24,351 of such RSUs were granted under the 2023 Plan. Executive hereby acknowledges and agrees that, so long as Executive does not resign and his employment is not terminated by the Company for Cause such that the Separation Date occurs on September 5, 2024 (or any earlier date on which Executive's employment is terminated by the Company without Cause), subject to the terms of the 2018 Plan and the applicable award agreements, (i) 954 of the 2018 Plan RSUs shall become vested on August 15, 2024 and (ii) Executive's separation, for purposes of this Agreement, will be treated by the Company as a termination without "cause" such that a pro-rated portion of the 2018 Plan RSUs (5,080 RSUs, payable in the form of the equal number of shares in the Company) will become vested (the "Accelerated 2018 Plan RSUs") and the remaining unvested RSUs awarded under the 2018 Plan (19,565 RSUs) shall be forfeited without consideration. Executive further acknowledges and agrees that (A) all of Executive's unvested RSUs awarded under the 2023 Plan (24,351 RSUs) shall be forfeited without consideration and (B) all of Executive's unvested PSUs (56,735 PSUs) shall be forfeited without consideration. As soon as reasonably practicable following the Separation Date, but in no event later than thirty (30) days after the Subsequent Release Effective Date, the Company shall deliver to Executive a number of shares of common stock of the Company equal to the number of Accelerated 2018 Plan RSUs. Executive acknowledges that he remains a restricted person (as defined in the Company's insider trading policy) through the Separation Date. In the event of a conflict or inconsistency between the applicable equity award agreement and this Agreement, this Agreement shall control.

e. Provided that this Agreement and the Subsequent Release are binding and effective, the Company shall reimburse Executive for (i) expenses incurred during the Transition Period and the six (6)-month period following the Separation Date in procuring outplacement services in an amount not to exceed TEN THOUSAND DOLLARS AND NO CENTS (\$10,000.00) and (ii) expenses incurred during the Transition Period and the Severance Period prior to the commencement of alternate employment for tax preparation and financial counseling services (including, but not limited to, the services of a tax attorney) in an amount not to exceed FIVE THOUSAND, TWO HUNDRED FIFTY DOLLARS AND NO CENTS (\$5,250.00), in each case, conditioned upon Executive providing the Company with proper and timely documentation of such expenses. The Company shall make all such reimbursements, if at all, no later than the last day of the calendar year immediately following the calendar year in which Executive incurred the reimbursable expense.

f. Any amount described in Sections 3(b), (c) and (d), to the extent earned, shall be paid to Executive in no event later than the fifteenth (15th) day of the third (3rd) month following the end of the

year in which such amount was no longer subject to a substantial risk of forfeiture, within the meaning of Code Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), except as may be permitted pursuant to Treasury Regulation Section 1.409A-1(b)(4)(ii).

4. **Covenant to Maintain Confidentiality.** During his employment with the Company, Executive has been and, during the Transition Period, Executive will be, exposed to certain Confidential Information of the Company. For purposes of this Agreement "*Confidential Information*" means information, in any form, related to the Company's business (a) that is not generally known or available to others in the Company's industry, (b) in which the Company has an interest, (c) from which the Company derives value by virtue of – in whole or in part – its confidentiality, and (d) with respect to which the Company takes reasonable measures to maintain as confidential. Such Confidential Information includes but is not limited to: information technology and computer systems; trade secrets; financial or investor relations information; sales activity information; accounting information; revenue recognition information; cash-flow information; lists of and other information about current and prospective customers, vendors or suppliers; prices or pricing strategy or information; sales and account records; reports, pricing, sales manuals and training manuals regarding selling, strategic planning and business development information; purchasing, and pricing procedures and financing methods of the Company, together with any specific and proprietary techniques utilized by the Company in designing, developing, testing or marketing its products, product mix and supplier information or in performing services for clients, customers and accounts of the Company; information concerning existing or contemplated software, products, services, technology, designs, processes and research or product developments of the Company; and, any other information of a similar nature made available to Executive and not known to the public, which, if misused or disclosed, could adversely affect the business or interests of the Company. Confidential Information includes any such information that Executive may have prepared or created during his employment with the Company, including during the Transition Period, as well as such information that has been or may be created or prepared by others. Confidential Information shall not include any information that has been voluntarily disclosed to the public by the Company, has been independently developed and disclosed to the public by others without violating any legal obligation, or otherwise enters the public domain through lawful means. Subject to the limited exclusions and limitations set forth in this Agreement, Executive agrees that for as long as such information remains confidential to the Company, including during the Transition Period and after the Severance Period, or is a trade secret under applicable law, Executive will not disclose any Confidential Information to any person, agency, institution, company, or other entity, and Executive will not use any Confidential Information in any way, except as required by Executive's duties to the Company or by law, or as permitted under Section 9 of this Agreement. In the event that Executive is unsure whether or not certain information is Confidential Information, Executive will send the Company a written inquiry about whether such information is covered under this Agreement. Notwithstanding anything to the contrary contained herein, this Agreement does not prohibit Executive from complying with a lawful subpoena or other legal compulsion. If Executive becomes legally compelled (by interrogatories, requests for information or documents, subpoenas, civil investigative demands, applicable regulations, or similar processes) to disclose any Confidential Information, Executive shall, if permitted by applicable law, provide Company with prompt notice so that Company may seek an appropriate protective order or other appropriate remedy or waive Executive's compliance with this Section 4, which waiver must be in writing to be effective. If that protective order or other remedy is not obtained by the date that Executive must comply with the request, or if Company waives compliance with this Section 4 in writing, Executive shall furnish only that portion of the Confidential Information that is legally required to be provided in the reasonable opinion of Executive's counsel (after consultation with Company's counsel), and Executive shall exercise commercially reasonable efforts to obtain a protective order or other reliable assurance that confidential treatment will be accorded to that portion of the

Confidential Information of Company which is being furnished or disclosed. Notwithstanding the foregoing, the covenants made in this Section 4 shall apply to trade secret information for as long as such information remains qualified as a trade secret.

5. **Covenant Not to Compete.** In connection with Executive's separation from employment with the Company, Executive agrees to be bound by the terms of Section 4 (Non-Competition) of the Owens & Minor Leadership Teammate Agreement that Executive entered into with the Company effective March 1, 2024. Executive acknowledges and agrees that, pursuant to Section 13 below, Executive has been given seven (7) business days to rescind acceptance of this Agreement, including this Section 5.

6. **Non-Solicitation of Customers & Suppliers.** During the Transition Period and Severance Period, Executive agrees that he will not, personally or through another: conduct or offer to conduct any Competitive Business with any Covered Customer; or encourage or induce any Covered Customer or Covered Supplier to cease doing business with the Company or change the terms of an existing business relationship with the Company to the detriment of the Company. Notwithstanding the foregoing, this Section 6 does not prohibit general advertising or solicitation that is not specifically directed to a Covered Customer(s) or Covered Supplier(s). For purposes of this Agreement, "*Covered Customer*" means any individual or entity with which O&M, at any time during the Recent Period, has conducted, or made a written or in-person proposal to conduct, business or to which the Company has provided or offered to provide goods or services, and with whom or which Executive had business-related contact or dealings on behalf of O&M or about which Executive received Confidential Information, in each case, at any time during the Recent Period. "*Covered Supplier*" means any manufacturer or supplier of medical or surgical products or devices with which O&M, at any time during the Recent Period, has conducted or made a written or in-person proposal to conduct, business, and with which Executive had business-related contact or dealings on behalf of O&M or about which Executive received Confidential Information, in each case, at any time during the Recent Period.

7. **Non-Solicitation of Workers.** During the Transition Period and Severance Period, Executive agrees that he will not, personally or through another, solicit for employment or hire a Covered Worker for employment or engagement by any person or entity other than O&M or encourage a Covered Worker to leave employment with the Company. Notwithstanding the foregoing, the restrictions contained in this Section 7 shall not apply to any individual that has been separated from employment with the Company for six (6) months or more as of the time of recruitment, solicitation or hiring by Executive. This Section 7 also does not prohibit general advertising or solicitation not specifically directed to a Covered Worker or Covered Workers so long as no Covered Worker directly or indirectly through another person or entity is hired as a result thereof. For purposes of this Agreement, "*Covered Worker*" means any person who at any time during the Recent Period (a) was employed or engaged by the Company; and (b) had business-related contact with or reported to Executive.

8. **Non-Disparagement.** Subject to the limited exclusions and limitations set forth in Section 9 of this Agreement, Executive agrees that he shall not make any statement or take any action that reasonably could be construed as criticizing or disparaging the reputation of any Releasee (as defined below). This provision is in addition to, and not in lieu of, the substantive protections under applicable law relating to defamation, libel, slander, interference with contractual or business relationships, or other statutory, contractual or tort theories. Similarly, the Company agrees to use reasonable efforts to direct the executive leadership team of the Company to not make any statement or take any action that reasonably could be construed as criticizing or disparaging the reputation of the Executive; provided, however, that the foregoing shall not be violated by truthful statements in response to legal process, required governmental testimony or filings, or administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings), or statements, disclosures or announcements relating

to the earnings or financial results of the business, or statements that such individuals in good faith believe are necessary or appropriate to make in connection with performing their duties and obligations to the Company. Notwithstanding the foregoing, Executive understands and agrees that Executive's obligations under this Section 8 are expressly limited by the provisions of Section 9 of this Agreement. Further, nothing herein shall be construed to require Executive, the Company or any other person to engage in any unlawful act.

9. **Limitations on Obligations**. Nothing in this Agreement shall prohibit or impede Executive from (a) communicating, cooperating or filing a complaint with any U.S. federal, state or local governmental or law enforcement branch, agency or entity (each, a "*Governmental Entity*") with respect to possible violations of any U.S. federal, state or local law or regulation, or otherwise making disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation, provided that in each case such communications and disclosures are consistent with applicable law or (b) making truthful statements in response to legal process, required governmental testimony or filings, or administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings). Executive does not need the prior authorization of (or to give notice to) the Company regarding any such communication or disclosure. This Agreement also does not limit Executive's right to receive an award for information provided to any federal, state or local government agency or self-regulatory organization, or to engage in any future activities protected under whistleblower statutes. Additionally, Executive hereby confirms that he understands and acknowledges that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Executive understands and acknowledges further that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal; and does not disclose the trade secret, except pursuant to court order. Notwithstanding the foregoing, under no circumstance will Executive be authorized to disclose any information covered by the Company's attorney-client privilege or the Company's attorney work product without prior written consent of the Company's General Counsel or other officer designated by the Company, or unless such disclosure of that information would otherwise be permitted pursuant to 17 CFR 205.3(d)(2), applicable state attorney conduct rules, or otherwise under applicable law or court order.

10. **Reasonableness & Remedies**.

a. The covenants contained in Sections 4, 5, 6, 7 and 8 of this Agreement (the "*Protective Covenants*") are, in light of the nature of Executive's employment by the Company, reasonable and necessary for the protection of the Company's legitimate business interests, specifically including the Company's interest in the Confidential Information and the Company's significant investment to develop and maintain its business relationships and goodwill.

b. The Company will suffer irreparable harm if Executive breaches any provision of the Protective Covenants, and the Company shall be entitled to, in addition to any other available remedies, temporary and/or permanent injunctive relief against Executive barring any conduct in violation of any provision of the Protective Covenants. Additionally, the duration of the restrictions in the Protective Covenants shall be extended by the length of time Executive is in breach of any such restriction. No claim or cause of action Executive may have or assert against the Company, whether predicated on this Agreement or otherwise, shall serve as or constitute a defense to the enforcement of any provision of the

Protective Covenants. With respect to any claim, dispute or action arising from or relating to this Agreement (a "Covered Claim"), if such Covered Claim is directly or indirectly initiated by Executive or the Company, the prevailing party shall be entitled to recover from the other party all costs, including attorneys' fees, incurred by the prevailing party in connection with such Covered Claim.

c. As set forth in the Policy, violation of any one of the above Protective Covenants will cause immediate cessation of further Severance Benefits and require Executive to immediately reimburse the Company for all Severance Benefits and other amounts paid or benefits provided by the Company.

**11. General Release.**

a. For purposes of this Agreement, "Releasee" and "Releasees" means the Company and any and all O&M past and present directors, trustees, officers, shareholders, members, partners, managers, supervisors, employees, attorneys, agents, representatives, insurers and consultants, as well as the predecessors, successors and assigns of any of them, and all persons or entities acting by, with, through, under or in contract with any of them. Except as specifically provided below, for purposes of this Agreement the term "Claims" means: each and every claim, complaint, cause of action, grievance, demand, controversy, allegation, or accusation, whether known or unknown; each and every promise, assurance, contract, representation, obligation, guarantee, warranty, liability, right, agreement and commitment of any kind, whether known or unknown; and all forms of relief, including, but not limited to, all remedies, costs, expenses, losses, damages, debts and attorneys' and other professionals' fees and related disbursements, whether known or unknown. Notwithstanding the foregoing, Claims do not include a charge of discrimination with the Equal Employment Opportunity Commission or any other government agency ("EEOC"). Thus, this Agreement does not preclude Executive from filing an EEOC charge or participating in an EEOC investigation; provided that, subject to Section 9 and to the fullest extent permitted by law, Executive shall not be entitled to any relief, recovery, or monies in connection with any such charge or proceeding.

b. In consideration of the Severance Benefits paid or to be paid pursuant to Section 3 and subject to the limited exclusions and limitations set forth below and in Section 9, Executive hereby irrevocably releases and forever discharges all Releasees from any and all Claims that Executive, or anyone on his behalf ever had or now has against any and all of the Releasees, or which Executive, or any of his executors, administrators, representatives, attorneys or assigns, hereafter can, shall or may have against any and all of the Releasees for or by reason of any cause, matter, thing, occurrence, or event whatsoever from the date of Executive's birth to the date that Executive signs this Agreement. Executive acknowledges and agrees that the Claims released in this paragraph include, but are not limited to, (i) any and all Claims based on any law, statute, or constitution or based on contract or in tort or in common law, and any and all Claims based on or arising under any civil rights laws, such as the civil rights laws of any state or jurisdiction, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act ("ADEA"), the Equal Pay Act, the Americans with Disabilities Act of 1990, the Civil Rights Act of 1991, the Family Medical Leave Act, or the Virginia Human Rights Act; (ii) any and all Claims under any grievance or complaint procedure of any kind; and (iii) any and all Claims based on or arising out of or related to Executive's recruitment by, employment with, the termination of Executive employment with, of Executive's performance of any service in any capacity for, or any business transaction with, each or any of the Releasees. Executive also hereby waives any and all right to personal recovery of money damages or other relief for any of the Claims released by this Section 11. Executive hereby represents and warrants that Executive has not assigned any claim to any third party.

c. Notwithstanding the foregoing, Executive does not waive, and Claims shall not include: (i) any rights, Claims or protections that Executive may have under this Agreement (including pursuant to Section 3); (ii) any rights, Claims, and protections based on any cause, matter, thing, or event arising or

occurring at any time after Executive signs this Agreement; (iii) Executive's rights, Claims, and protections, if any, to vested or guaranteed benefits under the Company's qualified and non-qualified benefit plans; (iv) any rights, Claims, or protections Executive may have under the applicable terms of such policy or plan to convert his existing coverage under any group life, disability, and/or accidental death and dismemberment plan offered by the Company; (v) any rights, Claims, or protections Executive may have to continuation of group health, dental, or vision insurance as provided by the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), as amended by the Health Insurance Portability and Accountability Act of 1996 and the American Recovery and Reinvestment Act of 2009; (vi) any rights, Claims, or protections Executive has, had, or may have under Article V of the *Amended and Restated Articles of Incorporation of Owens & Minor, Inc.* ("Articles of Incorporation"), including the indemnification and advancement provisions contained therein, as of the Effective Date of this Agreement; (vii) any rights, Claims, or protections Executive has, had, or may have under any policy or contract of indemnification, liability or other type of insurance, or other undertaking from and/or against any Claims asserted, liability incurred, or proceeding initiated or maintained against Executive arising from, related or pertaining to, or serving as its basis or their bases, Executive's capacity as an officer of the Company or his alleged acts, omissions, or inaction in such capacity, the foregoing being without regard to whether the Company has, had, or may have the power or obligation to indemnify Executive or provide advancements against such liability under Article V of the Articles of Incorporation; (viii) rights, Claims, or protections that Executive may have arising under the ADEA, or the Older Workers Benefit Protection Act of 1990, which amends the ADEA, after Executive signs this Agreement; or (ix) any rights, Claims or protections that Executive, by law, is prohibited from releasing under this Agreement.

d. Notwithstanding any provision of this Agreement to the contrary, O&M reaffirms and restates its obligations to Executive under Article V of its Articles of Incorporation, amended and current as of the Transition Date, including the indemnification and advancement provisions contained therein. In no way limiting the foregoing, and as an inducement to Executive's acceptance and execution of this Agreement, O&M acknowledges and agrees that as of the date that it executes this Agreement (i) the Company's officers and directors are not aware of any actions, omissions, or inaction by Executive that would negate Executive's rights to indemnification and advancements under the Articles of Incorporation of O&M; and (ii) the Company's officers and directors are not aware of any actions, omissions, or inaction by Executive that could give rise to any Claims by O&M or its Related Entities against Executive.

e. By entering into this Agreement, Executive agrees that Executive is releasing Claims against the Releasees under Mass. Gen. Laws c. 149 Section 148, et. seq. (the Massachusetts Wage Act). These Claims include, but are not limited to, Claims for failure to pay earned wages, failure to pay overtime, failure to pay earned commissions, failure to timely pay wages, failure to pay accrued vacation or holiday pay, failure to furnish appropriate pay stubs, improper wage deductions, and failure to provide proper check-cashing facilities.

**12. No Admission.** The offer of this Agreement and this Agreement itself are not an admission, and shall not be construed to be an admission, by each or any of the Releasees, that the personnel, employment, termination and any other decisions involving Executive or any conduct or actions at any time affecting or involving Executive were wrongful, discriminatory, or in any way unlawful or in violation of any right of Executive; moreover, any such liability or wrongdoing is denied by Executive. Executive shall not attempt to offer this Agreement or any of its terms as evidence of any liability or wrongdoing by each or any of the Releasees in any judicial, administrative or other proceeding now pending or hereafter instituted by any person or entity.

**13. Period for Review & Revocation.** Executive acknowledges that he has been afforded twenty-one (21) days after receiving this Agreement to consider whether or not to enter into it. Changes to this

Agreement, whether material or immaterial, will not restart this twenty-one (21) day consideration period. Executive may use as much or as little of this twenty-one (21)-day period as Executive wishes to decide whether or not to sign this Agreement. Executive may revoke this Agreement within seven (7) business days of signing it by delivering a written notice of revocation to the Company's General Counsel at 9120 Lockwood Boulevard, Mechanicsville, Virginia 23116. For a revocation to be effective, written notice must be received no later than the close of business on the seventh (7<sup>th</sup>) business day after Executive signs this Agreement. If Executive revokes this Agreement, it shall not be effective or enforceable, and the Company shall not be obligated to provide Executive any benefits hereunder. If Executive has not revoked this Agreement, the day immediately following the seventh (7<sup>th</sup>) business day after Executive signs this Agreement shall be the "Effective Date" for purposes of this Agreement.

**14. Encouragement to Consult with an Attorney.** The Company has advised Executive to consult an attorney about this Agreement before signing it. By signing this Agreement, Executive represents that he has consulted with an attorney about this Agreement or has voluntarily chosen not to do so. Executive also acknowledges and agrees that the Company is not obligated to pay any of his attorneys' fees, costs or expenses relating to this Agreement and that the release in Section 11, above, releases, among other things, all Claims for attorneys' fees, costs and expenses. Executive acknowledges that he is signing this Agreement voluntarily, with full knowledge of the nature and consequences of its terms and without duress or undue influence by the Company or any other person or entity.

**15. No Release of Future Claims.** This Agreement does not waive or release any rights or claims that Executive may have under the ADEA or otherwise which arise after the date that Executive signs this Agreement. The Parties acknowledge and agree that the decision to end Executive's employment with the Company was made prior to Executive signing this Agreement.

**16. Taxes.** The Company will withhold from any amounts due Executive under this Agreement payroll deductions as required by law and determined by the Company. Executive understands and acknowledges that he is responsible for all taxes that he may incur with respect to any of the consideration to be delivered to him under this Agreement. Notwithstanding any other provision of this Agreement, this Agreement is intended to comply with Section 409A or an exemption thereunder and it is intended that any payment or benefit provided hereto that is considered nonqualified deferred compensation subject to Section 409A of the Code, will be provided and paid in a manner, and at such time and in such form, as complies with the applicable requirements of Section 409A of the Code or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. Any payments to be made under this Agreement upon the termination of the Executive's employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A. In no event may Executive, directly or indirectly, designate the calendar year of any payment under this Agreement. Each installment payment under this Agreement is intended to be a separate payment for purposes of Section 409A. For purposes of this Agreement, all rights to payments and benefits hereunder will be treated as rights to a series of separate payments and benefits to the fullest extent allowable by Section 409A of the Code. Notwithstanding any provision in this Agreement to the contrary, if any payment or benefit provided for herein would be subject to additional taxes and interest under Section 409A if Executive's receipt of such payment or benefit is not delayed until the earlier of (a) the date of Executive's death or (b) the date that is six (6) months after Executive's Separation Date (such date, the "*Section 409A Payment Date*"), then such payment or benefit shall not be provided to such Executive (or such Executive's estate, if applicable) until the Section 409A Payment Date. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement are exempt from, or compliant with, Section 409A and none of the

Releasees shall be liable to Executive in the event any provision of this Agreement fails to comply with, or be exempt from, Section 409A of the Code.

17. **Governing Law.** The Company is a global business headquartered in the Richmond metropolitan area of Virginia, and this contract was made in whole or in part in Virginia. This Agreement shall be construed and enforced under the laws of the Commonwealth of Virginia, without regard to its conflicts of law principles.

18. **Forum Jurisdiction & Venue.** The exclusive forums and venues for any Covered Claim, shall be the federal courts located in Richmond, Virginia, and the state courts located Henrico County, Virginia (each a "Chosen Forum" and, collectively, the "Chosen Forums").

19. **Waiver of Jury Trial.** Executive knowingly and willfully waives any right he may have under applicable law to a trial by jury in any dispute or issue arising out of or in any way related to this Agreement.

20. **Severability & Reformation.**

a. The provisions of this Agreement, including the Protective Covenants, are expressly intended to be severable and separately enforceable. If any clause or provision of this Agreement is ruled invalid or limited by any regulatory agency or court of competent jurisdiction, the invalidity of such clause or provision shall not affect the validity of the other provisions, which provisions shall be enforced to the fullest extent permitted by law.

b. In the event that a court of competent jurisdiction determines that any provision of the Protective Covenants is invalid or unenforceable under applicable law by reason of its geographic, temporal or other scope, or the extent of restriction imposed on Executive's activity, the court making such determination shall reduce the applicable scope and/or the extent of restriction by such amount as is minimally necessary to render such provision, as so amended, valid and enforceable under applicable law. Notwithstanding the foregoing, should it be determined that the provisions of this Section 20(b) are impermissible under applicable law then this subsection shall be deemed null and void, and such determination shall not affect the validity of the remainder of this Agreement.

21. **Notices.** All notices permitted or required under this Agreement shall be given in writing and addressed or delivered to the persons specified in this Agreement. Any notice or communication required hereunder shall be given by hand; FedEx or UPS next-business-day delivery service; registered, certified, or express United States mail (postage prepaid). The date of receipt of any notice shall be the date the notice is deemed to have been given. Notices permitted or required hereunder shall be given to the following individuals:

To the Company:

Owens & Minor, Inc.  
Attn: General Counsel  
9120 Lockwood Boulevard  
Mechanicsville, Virginia 23116

To Executive:

At the most recent address on file with the Company.

22. **D&O Insurance.** The Company acknowledges and agrees that Executive is covered under the Company's current directors' and officers' liability insurance for actions and omissions during Executive's employment as the Company's Executive Vice President and Chief Financial Officer to the same extent as

other similarly situated former officers and directors of the Company. Executive acknowledges and agrees that the coverage referenced in the preceding sentence is not guaranteed by this Agreement and shall be subject to the terms and conditions of such policy as in effect from time to time.

**23. Entire Agreement & Modification.** This Agreement (and any restrictive covenant or similar agreement or arrangement of or binding upon Executive, including any Owens & Minor Leadership Teammate Agreement he has entered into with O&M, and any award agreements governing Executive's RSU and PSU awards) contains the entire understanding and agreement of the Parties regarding the subject matter hereof. The terms of this Agreement are contractual and, except as provided under Section 20(b) hereof, shall not be deemed to have been altered, modified or in any way changed by any statements, promises, discussions or agreements not appearing herein. Except as provided under Section 20(b) hereof, this Agreement may not be modified, amended or altered except by a writing signed by both the Parties.

**24. Assignment.** This Agreement shall be binding upon and inure to the benefit of the Company and any corporation or other entity to which the Company may transfer all or substantially all of its assets or to which the Company may assign this Agreement. Executive hereby consents to any such assignment without further notice to or consent from Executive. Executive may not assign this Agreement or any part hereof without the prior written consent of O&M's General Counsel.

**25. Return of Company Property.** Following the Separation Date, Executive will immediately return to the Company any Company property and all such records without deleting, destroying, or otherwise damaging the utility of same.

**26. Miscellaneous.** This Agreement may be executed in one or more counterparts, including by electronic mail or facsimile, each of which will constitute one and the same instrument, and all executed copies of this Agreement and facsimiles thereof shall be as legally binding and enforceable as the original. Each counterpart may consist of a copy hereof containing multiple signature pages, each signed by one Party, but together signed by both Parties hereto. Delivery of a copy of this Agreement bearing an original or electronic signature by facsimile transmission or by electronic mail in portable document format (PDF) or similar means of electronic delivery shall have the same effect as physical delivery of the paper document bearing the original signature. Executive's obligations under this Agreement shall survive the termination of Executive's employment with the Company regardless of the reason and any breach by the Company of this Agreement or any other obligation of the Company. The waiver by any Party of a breach of any condition or provision of this Agreement to be performed by the other Party shall not operate or be construed as a waiver of a similar or dissimilar provision or condition at the same or any prior or subsequent time. The captions and headings in this Agreement are included for convenience only and shall not be construed to define or limit any of the provisions contained herein.

*[Remainder of Page Intentionally Blank]*

**IN WITNESS WHEREOF**, and intending to be legally bound, each of the Parties has caused this Executive Transition & General Release Agreement to be executed either individually or in its entity name by its duly authorized representative.

**BY SIGNING BELOW, EXECUTIVE EXPRESSLY ACKNOWLEDGES THAT EXECUTIVE IS SIGNING THIS AGREEMENT VOLUNTARILY AND OF HIS OWN FREE WILL, WITH FULL KNOWLEDGE OF THE NATURE AND CONSEQUENCES OF ITS TERMS. EXECUTIVE HAS READ THIS AGREEMENT CAREFULLY AND UNDERSTANDS THAT IT CONTAINS A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.**

**EXECUTIVE**

DocuSigned by:  


Alexander J. Bruni  
Date: 6/21/2024

**OWENS & MINOR, INC.**

By: \_\_\_\_\_

Its: General Counsel

Date: \_\_\_\_\_

*[Signature Page to Executive Transition & General Release Agreement]*

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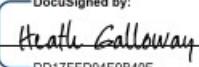
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**BY SIGNING BELOW, EXECUTIVE EXPRESSLY ACKNOWLEDGES THAT EXECUTIVE IS SIGNING THIS AGREEMENT VOLUNTARILY AND OF HIS OWN FREE WILL, WITH FULL KNOWLEDGE OF THE NATURE AND CONSEQUENCES OF ITS TERMS. EXECUTIVE HAS READ THIS AGREEMENT CAREFULLY AND UNDERSTANDS THAT IT CONTAINS A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.**

**EXECUTIVE**

\_\_\_\_\_  
Alexander J. Bruni  
Date:

**OWENS & MINOR, INC.**

\_\_\_\_\_  
DocuSigned by:  
By:   
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Its: General Counsel

Date: 6/21/2024

*[Signature Page to Executive Transition & General Release Agreement]*

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**Owens & Minor, Inc.****List of Guarantor Subsidiaries**

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

**Entity:**

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

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**Owens & Minor, Inc.****List of Subsidiaries Pledged as Collateral**

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

**Entity**

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

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Lofta  
American Contract Systems, Inc.  
Owens & Minor India Private Limited  
Owens & Minor Ventures, LLC  
Tally Surgical Investment Holdings, LLC

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

I, Edward A. Pesicka, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 of Owens & Minor, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2024

/s/ Edward A. Pesicka

Edward A. Pesicka  
President, Chief Executive Officer & Director

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

I, Jonathan A. Leon, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 of Owens & Minor, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2024

/s/ Jonathan A. Leon

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 Jonathan A. Leon  
 Senior Vice President, Corporate Treasurer & Interim Chief  
 Financial Officer

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

In connection with the Quarterly Report of Owens & Minor, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Edward A. Pesicka, President, Chief Executive Officer & Director of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

/s/ Edward A. Pesicka

Edward A. Pesicka  
President, Chief Executive Officer & Director  
Owens & Minor, Inc.  
August 2, 2024

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

In connection with the Quarterly Report of Owens & Minor, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jonathan A. Leon, Senior Vice President, Corporate Treasurer & Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

/s/ Jonathan A. Leon

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Jonathan A. Leon  
Senior Vice President, Corporate Treasurer & Interim Chief  
Financial Officer  
Owens & Minor, Inc.  
August 2, 2024

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