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

FORM 10-Q

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

For the quarterly period ended June 30, 2022
OR

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

For the transition period from __________ to __________
Commission file number 1-9810

Owens & Minor, Inc.
(Exact name of Registrant as specified in its charter)

Virginia **(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:

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

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

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

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

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

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

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

The number of shares of Owens & Minor, Inc.'s common stock outstanding as of July 28, 2022 was 76,247,585 shares.

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

Item 1. Financial Statements

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

(in thousands, except per share data)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Net revenue	**$ 2,500,015**	$ 2,489,460	**$ 4,906,967**	$ 4,815,994
Cost of goods sold	**1,967,510**	2,089,392	**4,001,014**	3,973,175
Gross margin	**532,505**	400,068	**905,953**	842,819
Distribution, selling and administrative expenses	**452,813**	294,096	**732,553**	586,796
Acquisition-related and exit and realignment charges	**7,602**	8,624	**41,150**	14,587
Other operating (income) expense, net	**(2,995)**	464	**(3,894)**	(2,141)
Operating income	**75,085**	96,884	**136,144**	243,577
Interest expense, net	**35,839**	11,540	**47,858**	25,212
Loss on extinguishment of debt	**—**	—	**—**	40,433
Other expense, net	**783**	1,028	**1,565**	1,598
Income before income taxes	**38,463**	84,316	**86,721**	176,334
Income tax provision	**9,859**	18,420	**18,837**	40,848
Net income	**$ 28,604**	$ 65,896	**$ 67,884**	$ 135,486
Net income per common share:				
Basic	**$ 0.38**	$ 0.90	**$ 0.92**	$ 1.87
Diluted	**$ 0.37**	$ 0.87	**$ 0.89**	$ 1.80

See accompanying notes to consolidated financial statements.

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

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	**2022**	2021
Net income	**$ 28,604**	$ 65,896	**$ 67,884**	$ 135,486
Other comprehensive income (loss), net of tax:				
Currency translation adjustments	**(18,831)**	(2,448)	**(19,618)**	(14,710)
Change in unrecognized net periodic pension costs	**297**	36	**486**	157
Change in gains and losses on derivative instruments	**2,764**	—	**2,764**	20,044
Total other comprehensive income (loss), net of tax	**(15,770)**	(2,412)	**(16,368)**	5,491
Comprehensive income	**$ 12,834**	$ 63,484	**$ 51,516**	$ 140,977

See accompanying notes to consolidated financial statements.

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

(in thousands, except per share data)	June 30, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	**$ 56,406**	$ 55,712
Accounts receivable, net of allowances of $14,922 and $18,003	**743,853**	681,564
Merchandise inventories	**1,525,331**	1,495,972
Other current assets	**108,612**	88,564
Total current assets	**2,434,202**	2,321,812
Property and equipment, net of accumulated depreciation of $373,954 and $334,500	**595,888**	317,235
Operating lease assets	**278,291**	194,006
Goodwill	**1,656,308**	390,185
Intangible assets, net	**462,444**	209,745
Other assets, net	**128,145**	103,568
Total assets	**$ 5,555,278**	$ 3,536,551
Liabilities and equity		
Current liabilities		
Accounts payable	**$ 1,137,337**	$ 1,001,959
Accrued payroll and related liabilities	**97,829**	115,858
Other current liabilities	**334,198**	226,204
Total current liabilities	**1,569,364**	1,344,021
Long-term debt, excluding current portion	**2,565,613**	947,540
Operating lease liabilities, excluding current portion	**220,504**	162,241
Deferred income taxes	**107,181**	35,310
Other liabilities	**133,957**	108,938
Total liabilities	**4,596,619**	2,598,050
Commitments and contingencies		
Equity		
Common stock, par value $2 per share; authorized - 200,000 shares; issued and outstanding - 76,171 shares and 75,433 shares	**152,343**	150,865
Paid-in capital	**407,773**	440,608
Retained earnings	**455,502**	387,619
Accumulated other comprehensive loss	**(56,959)**	(40,591)
Total equity	**958,659**	938,501
Total liabilities and equity	**$ 5,555,278**	$ 3,536,551

See accompanying notes to consolidated financial statements.

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

(in thousands)	Six Months Ended June 30, 2022	2021
Operating activities:		
Net income	**$ 67,884**	$ 135,486
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	**97,286**	45,501
Share-based compensation expense	**11,210**	13,040
Loss on extinguishment of debt	**—**	40,433
Provision for losses on accounts receivable	**4,512**	15,777
Deferred income tax expense (benefit)	**1,601**	(11,293)
Changes in operating lease right-of-use assets and lease liabilities	**606**	826
Loss on sale and dispositions of property and equipment	**226**	—
Changes in operating assets and liabilities:		
Accounts receivable	**16,275**	(57,256)
Merchandise inventories	**(24,438)**	(298,294)
Accounts payable	**12,349**	127,473
Net change in other assets and liabilities	**(23,945)**	(3,363)
Other, net	**5,958**	4,076
Cash provided by operating activities	**169,524**	12,406
Investing activities:		
Acquisition, net of cash acquired	**(1,684,607)**	—
Additions to property and equipment	**(62,236)**	(14,630)
Additions to computer software	**(3,463)**	(4,051)
Proceeds from sale of property and equipment	**5,846**	22
Other, net	**(839)**	—
Cash used for investing activities	**(1,745,299)**	(18,659)
Financing activities:		
Proceeds from issuance of debt	**1,691,000**	500,000
Borrowings under revolving credit facility, net and accounts receivable securitization program	**30,000**	5,000
Repayments of debt	**(1,500)**	(523,140)
Borrowings under amended accounts receivable securitization program	**347,800**	—
Repayments under amended accounts receivable securitization program	**(402,800)**	—
Financing costs paid	**(41,479)**	(12,868)
Cash dividends paid	**—**	(364)
Payment for termination of interest rate swaps	**—**	(15,434)
Other, net	**(42,388)**	(17,982)
Cash provided by (used for) financing activities	**1,580,633**	(64,788)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	**(3,864)**	(1,718)
Net increase (decrease) in cash, cash equivalents and restricted cash	**994**	(72,759)
Cash, cash equivalents and restricted cash at beginning of period	**72,035**	134,506
Cash, cash equivalents and restricted cash at end of period	**$ 73,029**	$ 61,747
Supplemental disclosure of cash flow information:		
Income taxes paid, net of refunds	**$ 25,782**	$ 68,030
Interest paid	**$ 32,417**	$ 17,768
Noncash investing activity:		
Unpaid purchases of property and equipment at end of period	**$ 56,429**	$ —

See accompanying notes to consolidated financial statements.

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

(in thousands, except per share data)	Common Shares Outstanding	Common Stock ($2 par value)	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
Balance, December 31, 2021	75,433	$ 150,865	$ 440,608	$ 387,619	$ (40,591)	$ 938,501
Net income				39,279		39,279
Other comprehensive loss					(598)	(598)
Share-based compensation expense, exercises and other	653	1,307	(30,867)			(29,560)
Balance, March 31, 2022	76,086	152,172	409,741	426,898	(41,189)	947,622
Net income				28,604		28,604
Other comprehensive loss					(15,770)	(15,770)
Share-based compensation expense, exercises and other	85	171	(1,968)			(1,797)
Balance, June 30, 2022	**76,171**	**$ 152,343**	**$ 407,773**	**$ 455,502**	**$ (56,959)**	**$ 958,659**
Balance, December 31, 2020	73,472	$ 146,944	$ 436,597	$ 167,022	$ (38,509)	$ 712,054
Net income				69,589		69,589
Other comprehensive income					7,903	7,903
Dividends declared ($0.0025 per share)				(434)		(434)
Share-based compensation expense, exercises and other	1,628	3,256	(6,107)			(2,851)
Balance, March 31, 2021	75,100	150,200	430,490	236,177	(30,606)	786,261
Net income				65,896		65,896
Other comprehensive loss					(2,412)	(2,412)
Dividends declared ($0.0025 per share)				(187)		(187)
Share-based compensation expense, exercises and other	295	591	(2,130)			(1,539)
Balance, June 30, 2021	75,395	$ 150,791	$ 428,360	$ 301,886	$ (33,018)	$ 848,019

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, our or the Company) and contain all adjustments (which are comprised only of normal recurring accruals and use of estimates) necessary to conform with U.S. generally accepted accounting principles (GAAP). All significant intercompany accounts and transactions have been eliminated. The results of operations for interim periods are not necessarily indicative of the results expected for the full year.

To better reflect how we go to market as well as certain changes to the leadership team, organizational structure, budgeting and financial reporting processes which drive changes to segment reporting, we have organized our business into two distinct segments: Products & Healthcare Services and Patient Direct. Products & Healthcare Services provides distribution, outsourced logistics and value-added services, and manufactures and sources medical surgical products through our production and kitting operations. Patient Direct expands our business along the continuum of care through delivery of disposable medical supplies sold directly to patients and home health agencies and is a leading provider of integrated home healthcare equipment and related services in the United States. Beginning with the quarter ended March 31, 2022, we now report financial results using this two segment structure and have recast prior year segment results on the same basis.

On March 29, 2022, we completed the acquisition of 100% of Apria, Inc. pursuant to the Agreement and Plan of Merger dated January 7, 2022, in exchange for approximately $1.7 billion, net of cash acquired. Refer to Note 3 for additional details.

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 the United States, Europe, and Asia. Cash that is held by a major bank and has restrictions on its availability to us is classified as restricted cash. Restricted cash included in Other assets, net as of June 30, 2022 and December 31, 2021 primarily represents cash held in an escrow account as required by the Centers for Medicare & Medicaid Services (CMS) in conjunction with the Bundled Payments for Care Improvement (BPCI) initiatives related to wind-down costs of Fusion5.

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, 2022	December 31, 2021
Cash and cash equivalents	**$ 56,406**	$ 55,712
Restricted cash included in Other assets, net	**16,623**	16,323
Total cash, cash equivalents, and restricted cash	**$ 73,029**	$ 72,035

Property and Equipment, net

Property and equipment are stated at cost less accumulated depreciation. Depreciation and amortization expense for financial reporting purposes is computed on a straight-line method over the estimated useful lives of the assets or, for capital leases and leasehold improvements, over the term of the lease, if shorter. In general, the estimated useful lives for computing depreciation and amortization are three to 15 years for machinery and equipment, five to 40 years for buildings, one to 10 years for patient equipment, and up to 15 years for leasehold and land improvements. Straight-line and accelerated methods of depreciation are used for income tax purposes. Normal maintenance and repairs are expensed as incurred, and renovations and betterments are capitalized. We suspend depreciation and amortization on assets that are held for sale. In addition, we record capital-related government grants earned as reductions to the cost of property and equipment; and associated unpaid liabilities and grant proceeds receivable are considered non-cash changes in such balances for purposes of preparation of our consolidated statements of cash flows. Patient equipment consists of medical equipment rented to patients on a month-to-month basis. Patient equipment depreciation is classified in our consolidated statements of operations within cost of goods sold as the equipment is rented to patients as part of our primary operations within the Patient Direct segment.

Revenue Recognition

Our revenue is primarily generated from sales contracts with customers. Under most of our distribution and product sales arrangements, our performance obligations are limited to delivery of products to a customer upon receipt of a purchase order. For these arrangements, we recognize revenue at the point in time when shipment is completed, as control passes to the customer upon product receipt.

Revenue for activity-based fees and other services is recognized over time as activities are performed. Depending on the specific contractual provisions and nature of the performance obligation, revenue from services may be recognized on a straight-line basis over the term of the service, on a proportional performance model, based on level of effort, or when final deliverables have been provided.

Our contracts sometimes allow for forms of variable consideration including rebates, discounts, performance guarantees, and implicit price concessions. In these cases, we estimate the amount of consideration to which we will be entitled in exchange for transferring the product or service to the customer. Rebates and customer discounts are estimated based on contractual terms or historical experience and we maintain an accrual for rebates or discounts that have been earned but are unpaid. When we have implicit price concessions, we determine the variable consideration under the expected value method as part of determining the sales transaction price using historical reimbursement experience, historical sales returns, and other operating trends.

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

Within our Patient Direct segment, revenues are recognized under fee-for-service arrangements for equipment we rent to patients and sales of equipment, supplies and other items we sell to patients. Revenue that is generated from equipment that we rent to patients is primarily recognized over the noncancelable rental period, typically one month, and commences on delivery of the equipment to the patients. Revenues are recorded at amounts estimated to be received under reimbursement arrangements with 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 noncancellable lease term. We recorded $144 million and $151 million in revenue related to equipment we rent to patients for the three and six months ended June 30, 2022. Equipment rental revenue was not material in the prior year.

Note 2—Fair Value

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

Note 3—Acquisition

On March 29, 2022 (the Acquisition Date), we completed the acquisition of 100% of Apria, Inc. (Apria) pursuant to the Agreement and Plan of Merger (Apria Acquisition) dated January 7, 2022, in exchange for approximately $1.7 billion, net of $144 million of cash acquired. The purchase was funded with a combination of debt and cash on hand. At the time of the Apria Acquisition, each share of Apria's common stock was converted into the right to receive $37.50 in cash. Apria is a leading provider of integrated home healthcare equipment and related services in the United States. This business is reported as part of the Patient Direct segment.

The following table presents the preliminary estimated fair value of the assets acquired and liabilities assumed recognized as of the Acquisition Date. The fair value and useful lives of tangible and intangible assets acquired have been estimated based on a review of publicly available data for transactions involving companies deemed comparable to the Company. The allocation of purchase price to assets and liabilities acquired is not yet complete, as valuations of tangible and intangible assets and liabilities are still in process.

	Preliminary Fair Value Originally Estimated as of Acquisition Date[(1)]	Differences Between Prior and the Current Periods Preliminary Fair Value Estimate	Preliminary Fair Value Currently Estimated as of Acquisition Date
Assets acquired:			
Current assets	$ 142,136	$ (2,209)	$ 139,927
Goodwill	1,267,079	2,808	1,269,887
Intangible assets	295,466	—	295,466
Other non-current assets	371,320	1,468	372,788
Total assets	2,076,001	2,067	2,078,068
Liabilities assumed:			
Current liabilities	241,266	2,741	244,007
Noncurrent liabilities	150,128	(674)	149,454
Total liabilities	391,394	2,067	393,461
Fair value of net assets acquired, net of cash	$ 1,684,607	$ —	$ 1,684,607

(1) *As previously reported in our first quarter 2022 Form 10-Q.*

Current assets acquired includes $89.3 million in fair value of receivables, which reflects the approximate amount contractually owed. We are amortizing the preliminary fair value of acquired intangible assets, primarily customer contracts, trade names and payor and capitated relationships, over their estimated weighted average useful lives of two to 15 years.

Goodwill of $1.3 billion, which we assigned to our Patient Direct segment, consists largely of expected opportunities to expand into new markets and further develop a presence in the home healthcare business. None of the goodwill recognized is expected to be deductible for income tax purposes.

The following table provides pro forma results of net revenue and net (loss) income for the three and six months ended June 30, 2022 and 2021 as if Apria was acquired on January 1, 2021. The pro forma results below are not necessarily indicative of the results that would have been if the acquisition had occurred on the dates indicated, nor are the pro forma results indicative of results which may occur in the future.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	**2022**	2021
Net revenue	**$ 2,500,015**	$ 2,775,739	**$ 5,184,080**	$ 5,377,547
Net income (loss)	**$ 28,604**	$ 86,472	**$ (61,578)**	$ 160,606

Pro forma net loss of $61.6 million for the six months ended June 30, 2022 includes pro forma adjustments for interest expense of $20.8 million and amortization of intangible assets of $20.3 million. The pro forma net loss also includes $39.4 million in seller transaction expenses and stock compensation expense associated with $108 million owed to the holders of Apria stock awards in connection with the Apria Acquisition. Revenue and net loss of Apria since the Acquisition Date included in the consolidated statement of operations for the six months ended June 30, 2022 were $310 million and $30.3 million, respectively.

Note 4—Goodwill and Intangible Assets

In connection with our new segment structure, which began in the first quarter of 2022, goodwill is now reported as part of Products & Healthcare Services or Patient Direct. There was no change to our underlying reporting units as part of that segment change and therefore no reallocation of goodwill. The following table summarizes the goodwill balances by segment and the changes in the carrying amount of goodwill through June 30, 2022:

	Products & Healthcare Services	Patient Direct	Consolidated
Carrying amount of goodwill, December 31, 2021	$ 106,280	$ 283,905	$ 390,185
Acquisition	—	1,269,887	1,269,887
Currency translation adjustments	(3,764)	—	(3,764)
Carrying amount of goodwill, June 30, 2022	**$ 102,516**	**$ 1,553,792**	**$ 1,656,308**

Intangible assets subject to amortization at June 30, 2022 and December 31, 2021 were as follows:

	June 30, 2022			December 31, 2021		
	Customer Relationships	**Tradenames**	**Other Intangibles**	Customer Relationships	Tradenames	Other Intangibles
Gross intangible assets	**$ 273,030**	**$ 156,936**	**$ 271,518**	$ 275,526	$ 90,000	$ 43,189
Accumulated amortization	**(157,804)**	**(39,238)**	**(41,998)**	(146,168)	(33,242)	(19,560)
Net intangible assets	**$ 115,226**	**$ 117,698**	**$ 229,520**	$ 129,358	$ 56,758	$ 23,629
Weighted average useful life	**10 years**	**11 years**	**5 years**	10 years	11 years	8 years

At June 30, 2022 and December 31, 2021, $150 million and $164 million in net intangible assets were held in the Products & Healthcare Services segment and $313 million and $45.7 million were held in the Patient Direct segment. Amortization expense for intangible assets was $30.9 million and $10.0 million for the three months ended June 30, 2022 and 2021 and $41.2 million and $20.1 million for the six months ended June 30, 2022 and 2021. At June 30, 2022, other intangibles includes preliminary estimated fair values of payor relationships, customer list and other intangible assets acquired as part of the Apria Acquisition.

Based on the current carrying value of intangible assets subject to amortization, estimated amortization expense is approximately $63 million for the remainder of 2022, $126 million for 2023, $67 million for 2024, $42 million for 2025, $41 million for 2026 and $38 million for 2027.

Note 5—Exit and Realignment Costs

We periodically incur exit and realignment and other charges associated with optimizing our operations which includes the consolidation of certain distribution and outsourced logistics centers, administrative offices and warehouses, our client engagement center and IT restructuring charges. These charges also include costs associated with our strategic organizational realignment which include leadership reorganization costs, certain professional fees, costs to streamline administrative functions and processes and divestiture related costs.

Exit and realignment charges by segment for the three and six months ended June 30, 2022 and 2021 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	**2022**	2021
Products & Healthcare Services	**$ 1,214**	$ 7,879	**$ 2,413**	$ 13,842
Patient Direct	**—**	745	**483**	745
Total exit and realignment charges	**$ 1,214**	$ 8,624	**$ 2,896**	$ 14,587

The following table summarizes the activity related to exit and realignment cost accruals through June 30, 2022 and 2021:

	Total
Accrued exit and realignment costs, December 31, 2021	$ 8,306
Provision for exit and realignment activities:	
Severance	811
Other	871
Cash payments	(6,903)
Accrued exit and realignment costs, March 31, 2022	3,085
Provision for exit and realignment activities:	
Severance	246
Other	968
Cash payments	(3,477)
Accrued exit and realignment costs, June 30, 2022	**$ 822**
Accrued exit and realignment costs, December 31, 2020	$ 3,146
Provision for exit and realignment activities:	
Information system restructuring costs	1,029
Lease obligations	347
Other	781
Cash payments	(2,915)
Accrued exit and realignment costs, March 31, 2021	2,388
Provision for exit and realignment activities:	
Information system restructuring costs	1,611
Lease obligations	(126)
Other	989
Cash payments	(2,302)
Accrued exit and realignment costs, June 30, 2021	$ 2,560

In addition to the exit and realignment accruals in the preceding table, we also incurred $6.2 million and $10.0 million of costs that were expensed as incurred for the three and six months ended June 30, 2021, which primarily includes $4.9 million and $8.0 million related to an increase in reserves associated with certain retained assets of Fusion5 for the three and six months ended June 30, 2021.

Acquisition-related charges within acquisition-related and exit and realignment charges presented in our consolidated statements of operations were $6.4 million and $38.3 million for the three and six months ended June 30, 2022, which consisted primarily of costs related to the Apria acquisition. There were no acquisition-related charges included within acquisition-related and exit and realignment charges presented in our consolidated statements of operations for the three and six months ended June 30, 2021.

We do not expect material additional costs in 2022 for activities that were initiated through June 30, 2022.

Note 6—Debt

Debt consists of the following:

	June 30, 2022		December 31, 2021	
	Carrying Amount	**Estimated Fair Value**	Carrying Amount	Estimated Fair Value
Receivables Securitization Program	**$ 171,503**	**$ 175,000**	$ 197,026	$ 200,000
4.375% Senior Notes, due December 2024	**245,361**	**241,739**	245,086	263,263
Term Loan A	**489,789**	**500,000**	—	—
4.500% Senior Notes, due March 2029	**492,176**	**406,660**	491,656	515,225
Term Loan B	**577,746**	**595,508**	—	—
6.625% Senior Notes, due March 2030	**584,432**	**550,782**	—	—
Finance leases and other	**15,421**	**15,421**	15,809	15,809
Total debt	**2,576,428**	**2,485,110**	949,577	994,297
Less current maturities	**(10,815)**	**(10,815)**	(2,037)	(2,037)
Long-term debt	**$ 2,565,613**	**$ 2,474,295**	$ 947,540	$ 992,260

We have $246 million, excluding deferred financing costs and third party fees, of 4.375% senior notes due in 2024 (the 2024 Notes), with interest payable semi-annually. The 2024 Notes were sold at 99.6% of the principal amount with an effective yield of 4.422%. We have the option to redeem the 2024 Notes in part or in whole prior to maturity at a redemption price equal to the greater of 100% of the principal amount or the present value of the remaining scheduled payments discounted at the applicable Benchmark Treasury Rate (as defined) plus 30 basis points.

In March 2021, we issued $500 million, excluding deferred financing costs and third party fees, of 4.500% senior unsecured notes due in 2029 (the 2029 Unsecured Notes), with interest payable semi-annually (the Notes Offering). The 2029 Unsecured Notes were sold at 100% of the principal amount with an effective yield of 4.500%. We may redeem all or part of the 2029 Unsecured Notes prior to March 31, 2024, at a price equal to 100% of the principal amount of the 2029 Unsecured Notes redeemed, plus accrued and unpaid interest, if any, to, but not including, the redemption date, plus a “make-whole” premium, as described in the Indenture dated March 10, 2021 (the Indenture). On or after March 31, 2024, we may redeem all or part of the 2029 Unsecured Notes at the applicable redemption prices described in the Indenture, plus accrued and unpaid interest, if any, to, but not including, the redemption date. We may also redeem up to 40% of the aggregate principal amount of the 2029 Unsecured Notes at any time prior to March 31, 2024, at a redemption price equal to 104.5% with an amount equal to or less than the net cash proceeds from certain equity offerings, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

On March 29, 2022, we completed the sale of $600 million in aggregate principal amount of our 6.625% senior notes due in 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 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 2030 Unsecured Notes are effectively subordinated to any of our secured indebtedness, including indebtedness under our credit agreements.

On March 29, 2022, we entered into a term loan credit agreement with an administrative agent and collateral agent and a syndicate of financial institutions, as lenders (the Credit Agreement) that provides for two new credit facilities (i) a $500 million Term Loan A facility (the Term Loan A), and (ii) a $600 million Term Loan B facility (the Term Loan B). The interest rate on the Term Loan A is based on 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 will mature in March 2027 and the Term Loan B will mature in March 2029.

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

At June 30, 2022, we had no borrowings and letters of credit of $28.0 million under our revolving credit facility. At December 31, 2021, we had no borrowings and letters of credit of $9.4 million outstanding under our revolving credit facility. At June 30, 2022 and December 31, 2021, we had $422 million and $291 million available for borrowing under our revolving credit facility. We also had letters of credit and bank guarantees, which were issued outside of the revolving credit facility for $2.1 million and $2.2 million as of June 30, 2022 and December 31, 2021, which supports certain leased facilities as well as other normal business activities in the United States and Europe.

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

On March 29, 2022, we entered into an amendment to our accounts receivable securitization program (the Receivables Financing Agreement). Pursuant to the amended Receivables Financing Agreement, the aggregate principal amount of the loans made by the Lenders (as defined) will not exceed $450 million outstanding at any time. 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). Under the Receivables Financing Agreement, certain of our subsidiaries sell substantially all of their accounts receivable balances to our wholly owned special purpose entity, O&M Funding LLC. The Receivables Financing Agreement matures in March 2025.

The Revolving Credit Agreement, Term Loan A, Term Loan B, Receivables Financing Agreement, 2024 Notes, 2029 Unsecured Notes, and 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 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, 2022.

As of June 30, 2022, scheduled future principal payments of debt, excluding finance leases and other, were $3.0 million in 2022, $15.4 million in 2023, $274 million in 2024, $215 million in 2025, $43.5 million in 2026, $403 million in 2027, $6.0 million in 2028, $1.1 billion in 2029, and $600 million in 2030. Current maturities at June 30, 2022 include $3.1 million in principal payments on our Term Loan A, $6.0 million in principal payments on our Term Loan B and $1.7 million in current portion of finance leases.

Note 7—Retirement Plans

We have a frozen noncontributory, unfunded retirement plan for certain retirees in the United States (U.S. Retirement Plan). As of June 30, 2022 and December 31, 2021, the accumulated benefit obligation of the U.S. Retirement Plan was $49.0 million and $50.2 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, 2022 and 2021 were as follows:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2022	2021	**2022**	2021
Service cost	**$ 617**	$ 709	**$ 1,250**	$ 1,413
Interest cost	**519**	448	**1,042**	894
Recognized net actuarial loss	**267**	354	**534**	707
Net periodic benefit cost	**$ 1,403**	$ 1,511	**$ 2,826**	$ 3,014

Note 8—Derivatives

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

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

We pay interest on our Credit Agreement which fluctuates based on changes in our benchmark interest rates. In order to mitigate the risk of increases in benchmark rates, 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.

We determine the fair value of our foreign currency derivatives and interest rate swaps based on observable market-based inputs or unobservable inputs that are corroborated by market data. We do not view the fair value of our derivatives in isolation, but rather in relation to the fair values or cash flows of the underlying exposure. All derivatives are carried at fair value in our consolidated balance sheets in other current assets and other current liabilities. 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, 2022:

			Derivative Assets		Derivative Liabilities	
	Notional Amount	Maturity Date	Classification	Fair Value	Classification	Fair Value
Cash flow hedges						
Interest rate swaps	$ 400,000	March 2027	Other assets	$ 3,736	Other liabilities	$ —
Economic (non-designated) hedges						
Foreign currency contracts	$ 61,077	July 2022	Other current assets	$ 5	Other current liabilities	$ 227

In March 2021, we terminated the remaining $300 million in notional value of interest rate swaps concurrent with the debt financing transaction. The remaining balance of the fair value adjustments of $25.1 million, which related to these terminated interest rate swaps, within Accumulated other comprehensive loss was reclassified to Loss on extinguishment of debt within our consolidated statements of operations for the six months ended June 30, 2021.

The following table summarizes the terms and fair value of our outstanding derivative financial instruments as of December 31, 2021:

			Derivative Assets		Derivative Liabilities	
	Notional Amount	Maturity Date	Classification	Fair Value	Classification	Fair Value
Economic (non-designated) hedges						
Foreign currency contracts	$ 9,700	January 2022	Other current assets	$ 81	Other current liabilities	$ —

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, 2022:

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

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, 2021:

	Amount of Gain Recognized in Other Comprehensive Income (Loss)		Location of Loss Reclassified from Accumulated Other Comprehensive Loss into Income	Total Amount of Expense Line Items Presented in the Consolidated Statement of Operations in Which the Effects are Recorded		Amount of Loss Reclassified from Accumulated Other Comprehensive Loss into Income	
	Three months ended June 30, 2021	Six months ended June 30, 2021		Three months ended June 30, 2021	Six months ended June 30, 2021	Three months ended June 30, 2021	Six months ended June 30, 2021
Interest rate swaps	$ —	$ 2,426	Loss on extinguishment of debt	$ —	$ (40,433)	$ —	$ (25,518)

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

For the three and six months ended June 30, 2022 we recognized losses of $1.3 million and $1.4 million associated with our economic (non-designated) foreign currency contracts. For the three and six months ended June 30, 2021 we recognized losses of $0.6 million and $1.6 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 income, net for our foreign exchange contracts.

Note 9—Leases

The components of lease expense were as follows:

	Classification	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Operating lease cost	DS&A Expenses	**$ 24,501**	$ 14,705	**$ 40,601**	$ 28,791
Finance lease cost:					
Amortization of lease assets	DS&A Expenses	**295**	182	**626**	421
Interest on lease liabilities	Interest expense, net	**304**	294	**611**	601
Total finance lease cost		**599**	476	**1,237**	1,022
Short-term lease cost	DS&A Expenses	**1,039**	225	**1,155**	483
Variable lease cost	DS&A Expenses	**9,299**	4,343	**14,028**	8,660
Total lease cost		**$ 35,438**	$ 19,749	**$ 57,021**	$ 38,956

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

Supplemental balance sheet information is as follows:

	Classification	June 30, 2022	December 31, 2021
Assets:			
Operating lease assets	Operating lease assets	$ 278,291	$ 194,006
Finance lease assets	Property and equipment, net	8,468	8,896
Total lease assets		$ 286,759	$ 202,902
Liabilities:			
Current			
Operating	Other current liabilities	$ 69,650	$ 41,817
Finance	Other current liabilities	1,691	2,037
Noncurrent			
Operating	Operating lease liabilities, excluding current portion	220,504	162,241
Finance	Long-term debt, excluding current portion	11,429	11,314
Total lease liabilities		$ 303,274	$ 217,409

The gross value recorded under finance leases was $17.9 million and $20.6 million with associated accumulated amortization of $9.4 million and $11.7 million as of June 30, 2022 and December 31, 2021. Operating lease assets include $77.8 million in right-of-use assets and $79.6 million of operating lease liabilities associated with Apria as of June 30, 2022.

Other information related to leases was as follows:

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Supplemental cash flow information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating and finance leases	$ 39,256	$ 28,471
Financing cash flows from finance leases	$ 744	$ 423
Right-of-use assets obtained in exchange for new operating and finance lease liabilities	$ 49,641	$ 54,640
Weighted average remaining lease term (years)		
Operating leases	4.5	5.2
Finance leases	6.1	7.7
Weighted average discount rate		
Operating leases	6.8%	8.8%
Finance leases	10.8%	12.4%

Maturities of lease liabilities as of June 30, 2022 were as follows:

	Operating Leases	Finance Leases	Total
2022	$ 45,195	$ 1,351	$ 46,546
2023	88,720	2,693	91,413
2024	74,905	2,641	77,546
2025	54,017	2,588	56,605
2026	37,149	2,506	39,655
Thereafter	54,088	4,774	58,862
Total lease payments	354,074	16,553	370,627
Less: Interest	(63,920)	(3,433)	(67,353)
Present value of lease liabilities	$ 290,154	$ 13,120	$ 303,274

As of June 30, 2022, we had an estimated net $50 million cancellable commitment, which includes a potential lease, associated with a future site of a center of excellence for medical supplies and logistics in Morgantown, West Virginia.

Note 10—Income Taxes

The effective tax rate was 25.6% and 21.7% for the three and six months ended June 30, 2022, compared to 21.8% and 23.2% in the same periods of 2021. The change in these rates resulted primarily from the mixture of income and losses in jurisdictions in which we operate, offset by the incremental income tax benefit associated with the vesting of restricted stock recorded in the six months ended June 30, 2022. The liability for unrecognized tax benefits was $21.7 million at June 30, 2022 and $21.4 million at December 31, 2021. Included in the liability at June 30, 2022 and December 31, 2021 were $2.7 million of tax positions for which ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility.

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

Note 11—Net Income per Common Share

The following summarizes the calculation of net income per common share attributable to common shareholders for the three and six months ended June 30, 2022 and 2021:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands, except per share data)	**2022**	2021	**2022**	2021
Net income	**$ 28,604**	$ 65,896	**$ 67,884**	$ 135,486
Weighted average shares outstanding - basic	**74,710**	72,818	**74,158**	72,474
Dilutive shares	**1,587**	2,987	**2,011**	2,791
Weighted average shares outstanding - diluted	**76,297**	75,805	**76,169**	75,265
Net income per common share:				
Basic	**$ 0.38**	$ 0.90	**$ 0.92**	$ 1.87
Diluted	**$ 0.37**	$ 0.87	**$ 0.89**	$ 1.80

Note 12—Shareholders' Equity

In May 2020, we entered into an equity distribution agreement, pursuant to which we may offer and sell, from time to time, shares of our common stock having an aggregate offering price of up to $50.0 million. We intend to use the net proceeds from the sale of our securities offered by this program for the repayment of indebtedness and/or for general corporate and working capital purposes. As of June 30, 2022, no shares were issued and $50.0 million of common stock remained available under the at-the-market equity financing program.

Note 13—Accumulated Other Comprehensive Loss

The following table shows the changes in accumulated other comprehensive loss by component for the three and six months ended June 30, 2022 and 2021:

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

	Retirement Plans	Currency Translation Adjustments	Derivatives	Total
Accumulated other comprehensive loss, March 31, 2021	$ (18,326)	$ (12,280)	$ —	$ (30,606)
Other comprehensive loss before reclassifications	—	(2,448)	—	(2,448)
Income tax	—	—	—	—
Other comprehensive loss before reclassifications, net of tax	—	(2,448)	—	(2,448)
Amounts reclassified from accumulated other comprehensive loss	48	—	—	48
Income tax	(12)	—	—	(12)
Amounts reclassified from accumulated other comprehensive loss, net of tax	36	—	—	36
Other comprehensive income (loss)	36	(2,448)	—	(2,412)
Accumulated other comprehensive loss, June 30, 2021	$ (18,290)	$ (14,728)	$ —	$ (33,018)

	Retirement Plans	Currency Translation Adjustments	Derivatives	Total
Accumulated other comprehensive loss, December 31, 2021	$ (14,597)	$ (25,994)	$ —	$ (40,591)
Other comprehensive (loss) income before reclassifications	—	(19,618)	2,044	(17,574)
Income tax	—	—	(532)	(532)
Other comprehensive (loss) income before reclassifications, net of tax	—	(19,618)	1,512	(18,106)
Amounts reclassified from accumulated other comprehensive loss	635	—	1,692	2,327
Income tax	(149)	—	(440)	(589)
Amounts reclassified from accumulated other comprehensive loss, net of tax	486	—	1,252	1,738
Other comprehensive (loss) income	486	(19,618)	2,764	(16,368)
Accumulated other comprehensive (loss) gain, June 30, 2022	**$ (14,111)**	**$ (45,612)**	**$ 2,764**	**$ (56,959)**

	Retirement Plans	Currency Translation Adjustments	Derivatives	Total
Accumulated other comprehensive loss, December 31, 2020	$ (18,447)	$ (18)	$ (20,044)	$ (38,509)
Other comprehensive (loss) income before reclassifications	—	(14,710)	2,426	(12,284)
Income tax	—	—	(611)	(611)
Other comprehensive (loss) income before reclassifications, net of tax	—	(14,710)	1,815	(12,895)
Amounts reclassified from accumulated other comprehensive loss	204	—	25,518	25,722
Income tax	(47)	—	(7,289)	(7,336)
Amounts reclassified from accumulated other comprehensive loss, net of tax	157	—	18,229	18,386
Other comprehensive income (loss)	157	(14,710)	20,044	5,491
Accumulated other comprehensive loss, June 30, 2021	$ (18,290)	$ (14,728)	$ —	$ (33,018)

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

Note 14—Segment Information

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

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

The following tables present financial information by segment:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	**2022**	2021
Net revenue:				
Products & Healthcare Services	**$ 1,927,388**	$ 2,255,820	**$ 4,061,429**	$ 4,365,265
Patient Direct	**572,627**	233,640	**845,538**	450,729
Consolidated net revenue	**$ 2,500,015**	$ 2,489,460	**$ 4,906,967**	$ 4,815,994
Operating income:				
Products & Healthcare Services	**$ 61,243**	$ 101,229	**$ 150,325**	$ 251,647
Patient Direct	**52,332**	14,305	**68,125**	26,569
Intangible amortization	**(30,888)**	(10,026)	**(41,156)**	(20,052)
Acquisition-related and exit and realignment charges	**(7,602)**	(8,624)	**(41,150)**	(14,587)
Consolidated operating income	**$ 75,085**	$ 96,884	**$ 136,144**	$ 243,577
Depreciation and amortization:				
Products & Healthcare Services	**$ 19,209**	$ 18,847	**$ 38,203**	$ 38,007
Patient Direct	**53,952**	3,753	**59,083**	7,494
Consolidated depreciation and amortization	**$ 73,161**	$ 22,600	**$ 97,286**	$ 45,501
Capital expenditures:				
Products & Healthcare Services	**$ 18,418**	$ 11,806	**$ 29,061**	$ 18,270
Patient Direct	**36,320**	252	**36,638**	411
Consolidated capital expenditures	**$ 54,738**	$ 12,058	**$ 65,699**	$ 18,681

	June 30, 2022	December 31, 2021
Total assets:		
Products & Healthcare Services	**$ 2,968,089**	$ 3,012,303
Patient Direct	**2,530,783**	468,536
Segment assets	**5,498,872**	3,480,839
Cash and cash equivalents	**56,406**	55,712
Consolidated total assets	**$ 5,555,278**	$ 3,536,551

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,	
	2022	2021	**2022**	2021
Net revenue:				
United States	**$ 2,376,573**	$ 2,336,673	**$ 4,638,592**	$ 4,519,428
International	**123,442**	152,787	**268,375**	296,566
Consolidated net revenue	**$ 2,500,015**	$ 2,489,460	**$ 4,906,967**	$ 4,815,994

Note 15—Recent Accounting Pronouncements

On June 16, 2016, the FASB issued ASU No. 2016-13 Financial Instruments - Credit Losses, Measurement of Credit Losses on Financial Instruments, which changes the way entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net earnings. This standard will be effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted. We are still evaluating the impact the adoption of ASU No. 2016-13 will have on our consolidated financial statements and related disclosures; however, we do not expect this to have a material impact. Subsequent to the issuance of ASU No. 2016-13, the FASB issued ASU 2018-19, Codification Improvements to Topic 326, Financial Instruments - Credit Losses and ASU No. 2019-05, Financial Instruments - Credit Losses (Topic 326) Targeted Transition Relief. These ASUs do not change the core principle of the guidance in ASU No. 2016-13. Instead these amendments are intended to clarify and improve operability of certain topics included within the credit losses standard. These ASUs will have the same effective date and transition requirements as ASU No. 2016-13.

In March 2020, the FASB issued ASU No. 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The amendments are effective for all entities as of March 12, 2020 through December 31, 2022. Our material debt agreements no longer reference LIBOR as a benchmark rate. The transition did not have a material impact on our consolidated financial statements.

In October 2020, the FASB issued ASU No. 2020-10, Codification Improvements, to improve consistency by amending the FASB Accounting Standards Codification (the Codification) to include all disclosure guidance in the appropriate disclosure sections. This ASU also clarifies application of various provisions in the Codification by amending and adding new headings, cross referencing to other guidance, and refining or correcting terminology. The amendments in this ASU do not change GAAP and, therefore, are not expected to result in a significant change in practice. We adopted ASU No. 2020-10 effective beginning January 1, 2021. Its adoption did not have a material impact on our consolidated financial statements.

In October 2021, the FASB issued ASU No. 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers. ASU 2021-08 requires the company acquiring contract assets and contract liabilities obtained in a business combination to recognize and measure them in accordance with ASC 606, Revenue from Contracts with Customers. At the acquisition date, the company acquiring the business should record related revenue, as if it had originated the contract. Before the update such amounts were recognized by the acquiring company at fair value. The amendments in this ASU are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted, including in interim periods, for any financial statements that have not yet been issued. We adopted ASU 2021-08 prospectively, effective beginning January 1, 2022. Its adoption did not have a material impact on our consolidated financial statements.

In November 2021, the FASB issued ASU 2021-10, Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance, which requires certain annual disclosures about transactions with a government that are accounted for by applying a grant or contribution accounting model by analogy. We adopted ASU No. 2021-10 effective beginning January 1, 2022. Its adoption did not have a material impact on our consolidated financial statements.

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, 2021. 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, 2021.

Overview

Owens & Minor, Inc., along with its subsidiaries, (we, us, or our) is a leading global healthcare solutions company. To better reflect how we go to market as well as certain changes to the leadership team, organizational structure, budgeting and financial reporting processes, we have organized our business into two distinct segments: Products & Healthcare Services and Patient Direct. Products & Healthcare Services provides distribution, outsourced logistics and value-added services, and manufactures and sources medical surgical products through our production and kitting operations. Patient Direct expands our business along the continuum of care through delivery of disposable medical supplies sold directly to patients and home health agencies and is a leading provider of integrated home healthcare equipment and related services in the United States. Beginning with the quarter ended March 31, 2022, we now report financial results using this two segment structure and have recast prior year segment results on the same basis.

On March 29, 2022 (the Acquisition Date), we completed the acquisition of 100% of Apria, Inc. (Apria) pursuant to the Agreement and Plan of Merger (Apria Acquisition) dated January 7, 2022, in exchange for approximately $1.7 billion. The purchase was funded with a combination of debt and cash on hand. At the time of the Apria Acquisition, each share of Apria's common stock was converted into the right to receive $37.50 in cash. Apria is a leading provider of integrated home healthcare equipment and related services in the United States. This business is reported as part of the Patient Direct segment.

Net income per diluted share was $0.37 and $0.89 for the three and six months ended June 30, 2022 as compared to $0.87 and $1.80 for the three and six months ended June 30, 2021. Products & Healthcare Services segment operating income was $61.2 million and $150 million for the three and six months ended June 30, 2022, compared to $101 million and $252 million for the three and six months ended June 30, 2021. The decreases were primarily the result of lower hospital demand, the reduction of glove cost pass through, and headwinds created by macroeconomic conditions, including accelerating inflationary pressures, supply chain issues, and rising interest rates, partially offset by operating efficiencies and productivity gains derived from the Owens & Minor business system. Patient Direct segment operating income was $52.3 million and $68.1 million for the three and six months ended June 30, 2022, compared to $14.3 million and $26.6 million for the three and six months ended June 30, 2021. The increase was primarily the result of the inclusion of Apria in the Patient Direct segment since the Acquisition Date, strong revenue growth in our Byram business, leveraging our fixed costs, and operating efficiencies, partially offset by accelerating inflationary pressures. Net income per diluted share was unfavorably impacted as compared to the prior year by foreign currency translation in the amount of $0.05 and $0.08 for the three and six months ended June 30, 2022.

COVID-19 Update

We are closely monitoring the impact of the 2019 novel coronavirus (COVID-19), including its variants and sub-variants, on all aspects of our business, including our customers, teammates, suppliers, vendors and distribution channels. We have taken actions to protect our teammates while maintaining business continuity as we respond to the needs from this global pandemic. We will continue to actively monitor the situation and may take further actions that alter our business operations as may be required by federal, state or local authorities or that we determine are in the best interests of our teammates, customers, suppliers and shareholders.

We are unable to predict the timing of the pandemic and the full impact that COVID-19 will have on our future operating results, financial position and cash flows due to numerous variables and continued uncertainties. Transportation and business operation restrictions arising from virus containment efforts of governments around the world have continued to impact our operations in certain locations, including within Asia. Essential activity exceptions from these restrictions have allowed us to continue to operate but virus containment efforts have resulted in additional direct costs from supply chain challenges. Although we have experienced growth in sales volumes for certain of our products (such as personal protective equipment (PPE)) during the COVID-19 pandemic, as well as improved productivity and manufacturing output, there can be no assurance that such growth rates, increased sales volumes or other improvements will be maintained during or following the COVID-19 pandemic.

Philips Respironics Recall

In June 2021, one of Apria's suppliers, Philips Respironics, announced a voluntary recall (Recall) for 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. The Food and Drug Administration (FDA) has since identified this as a Class I recall, the most serious category of recall. Because we distribute these products and provide related home respiratory services and, in part, due to the substantial number of impacted devices, we will likely devote substantial time and resources to coordinating recall-related activity and to supporting our home healthcare patients' needs. This Recall may cause us to incur significant costs, some or all of which may not be recoverable from the product manufacturer. The Recall may also materially negatively affect our revenues and results of operations as a result of patients not using their impacted devices, current shortages in the availability of both replacement devices for impacted patients and new devices for new patients, patient hesitancy to use respiratory devices generally or other reasons.

We are closely monitoring the impact of the Recall on our business and the uncertainty surrounding the availability and supply of CPAP and ventilators due to the Recall. There is an equipment shortage in the industry and the Recall or other supply chain disruptions may have a future material adverse effect on our financial condition or results of operations, cash flows and liquidity.

Results of Operations

Net revenue.

	Three Months Ended June 30,		Change	
(Dollars in thousands)	**2022**	2021	$	%
Products & Healthcare Services	**$ 1,927,388**	$ 2,255,820	$ (328,432)	(14.6)%
Patient Direct	**572,627**	233,640	338,987	145.1 %
Net revenue	**$ 2,500,015**	$ 2,489,460	$ 10,555	0.4 %

	Six Months Ended June 30,		Change	
(Dollars in thousands)	**2022**	**2021**	$	%
Products & Healthcare Services	**$ 4,061,429**	$ 4,365,265	$ (303,836)	(7.0)%
Patient Direct	**845,538**	450,729	394,809	87.6 %
Net revenue	**$ 4,906,967**	$ 4,815,994	$ 90,973	1.9 %

The increase in net revenue in our Patient Direct segment for the three and six months ended June 30, 2022 was driven by the acquisition of Apria on March 29, 2022 and continued strong performance in our Byram business. The decrease in net revenue in our Products & Healthcare Services segment for the three and six months ended June 30, 2022 reflected lower hospital demand and the reduction of glove cost pass through. Foreign currency translation had an unfavorable impact on net revenue of $12.6 million and $21.1 million for the three and six months ended June 30, 2022 as compared to the prior year.

Cost of goods sold.

	Three Months Ended June 30,		Change	
(Dollars in thousands)	**2022**	2021	$	%
Cost of goods sold	**$ 1,967,510**	$ 2,089,392	$ (121,882)	(5.8)%

	Six Months Ended June 30,		Change	
(Dollars in thousands)	**2022**	2021	$	%
Cost of goods sold	**$ 4,001,014**	$ 3,973,175	$ 27,839	0.7 %

Cost of goods sold includes the cost of the product (net of supplier incentives and cash discounts) and all costs incurred for shipments of products from manufacturers to our distribution centers for all customer arrangements where we are the primary obligor and bear risk of general and physical inventory loss. These are sometimes referred to as distribution contracts. Cost of goods sold also includes direct and certain indirect labor, depreciation of certain property and equipment, product costs, and material and overhead costs. Cost of goods sold compared to prior year reflects the inclusion of Apria since the Acquisition Date, changes in sales activity, including product mix, accelerating inflationary pressures, and supply chain issues.

Gross margin.

(Dollars in thousands)	Three Months Ended June 30, 2022	2021	Change $	%
Gross margin	**$ 532,505**	$ 400,068	$ 132,437	33.1 %
As a % of net revenue	***21.30 %***	*16.07 %*		

(Dollars in thousands)	Six Months Ended June 30, 2022	2021	Change $	%
Gross margin	**$ 905,953**	$ 842,819	$ 63,134	7.5 %
As a % of net revenue	***18.46 %***	*17.50 %*		

Gross margin increase in the three and six months ended June 30, 2022 was driven by inclusion of Apria in the Patient Direct segment since the Acquisition Date and sales mix, partially offset by lower hospital demand, the reduction of glove cost pass through, accelerating inflationary pressures, and supply chain issues. Foreign currency translation had an unfavorable impact on gross margin of $6.9 million and $10.8 million for the three and six months ended June 30, 2022 as compared to the prior year.

Operating expenses.

(Dollars in thousands)	Three Months Ended June 30, 2022	2021	Change $	%
Distribution, selling and administrative expenses	**$ 452,813**	$ 294,096	$ 158,717	54.0 %
As a % of net revenue	***18.11 %***	*11.81 %*		
Acquisition-related and exit and realignment charges	**$ 7,602**	$ 8,624	$ (1,022)	(11.9)%
Other operating (income) expense, net	**$ (2,995)**	$ 464	$ (3,459)	(745.5)%

(Dollars in thousands)	Six Months Ended June 30, 2022	2021	Change $	%
Distribution, selling and administrative expenses	**$ 732,553**	$ 586,796	$ 145,757	24.8 %
As a % of net revenue	***14.93 %***	*12.18 %*		
Acquisition-related and exit and realignment charges	**$ 41,150**	$ 14,587	$ 26,563	182.1 %
Other operating (income) expense, net	**$ (3,894)**	$ (2,141)	$ (1,753)	(81.9)%

Distribution, selling and administrative (DS&A) expenses include labor and warehousing costs associated with our distribution and outsourced logistics services and all costs associated with our fee-for-service arrangements in our Products & Healthcare Services segment. Shipping and handling costs are primarily included in DS&A expenses and include costs to store, move, and prepare products for shipment, as well as costs to deliver products to customers. Overall DS&A expenses were affected by inclusion of Apria in our results since the Acquisition Date, and accelerating inflationary pressures for the three and six months ended June 30, 2022, partially offset by operating efficiencies and productivity gains derived from the Owens & Minor business system, and changes in accrued incentive compensation. DS&A expenses also included a favorable impact for foreign currency translation of $1.5 million and $2.4 million for the three and six months ended June 30, 2022.

Acquisition-related charges were $6.4 million and $38.3 million for the three and six months ended June 30, 2022 as compared to no acquisition-related charges for the three and six months ended June 30, 2021. Acquisition-related charges in 2022 consisted primarily of costs related to the Apria acquisition. Exit and realignment charges were $1.2 million and $2.9 million for the three and six months ended June 30, 2022, which consisted primarily of severance and other charges associated with the reorganization of our segments. Exit and realignment charges were $8.6 million and $14.6 million for the three and six months ended June 30, 2021 and consisted primarily of an increase in reserves associated with certain retained assets of Fusion5, IT restructuring charges and other costs related to the reorganization of the U.S. operations.

The change in other operating (income) expense, net for the three and six months ended June 30, 2022 includes the impact of foreign currency transaction gains, as compared to foreign currency transaction losses for the three months ended June 30, 2021 and foreign currency gains for the six months ended June 30, 2021.

Interest expense, net.

	Three Months Ended June 30,		Change	
(Dollars in thousands)	**2022**	2021	$	%
Interest expense, net	**$ 35,839**	$ 11,540	$ 24,299	210.6 %
Effective interest rate	***5.26 %***	*4.30 %*		

	Six Months Ended June 30,		Change	
(Dollars in thousands)	**2022**	2021	$	%
Interest expense, net	**$ 47,858**	$ 25,212	$ 22,646	89.8 %
Effective interest rate	***5.12 %***	*4.94 %*		

Interest expense, net and the effective interest rate for the three and six months ended June 30, 2022 increased primarily due to the increase in debt associated with the Apria Acquisition on March 29, 2022. See Note 6 in Notes to Consolidated Financial Statements.

Loss on extinguishment of debt.

	Six Months Ended June 30,		Change	
(Dollars in thousands)	**2022**	2021	$	%
Loss on extinguishment of debt	**$ —**	$ 40,433	$ (40,433)	(100.0)%

Loss on extinguishment of debt for the six months ended June 30, 2021 includes the write-off of deferred financing costs and third party fees associated with the debt financing in March 2021 of $15.3 million and amounts reclassified from accumulated other comprehensive loss as a result of the termination of our interest rate swaps of $25.1 million.

Other expense, net.

	Three Months Ended June 30,		Change	
(Dollars in thousands)	**2022**	2021	$	%
Other expense, net	**$ 783**	$ 1,028	$ (245)	(23.8)%

	Six Months Ended June 30,		Change	
(Dollars in thousands)	**2022**	2021	$	%
Other expense, net	**$ 1,565**	$ 1,598	$ (33)	(2.1)%

Other expense, net for the three and six months ended June 30, 2022 and 2021 represents interest cost and net actuarial losses related to our retirement plans.

Income taxes.

(Dollars in thousands)	Three Months Ended June 30, 2022	2021	Change $	%
Income tax provision	**$ 9,859**	$ 18,420	$ (8,561)	(46.5)%
Effective tax rate	***25.6 %***	*21.8 %*		

(Dollars in thousands)	Six Months Ended June 30, 2022	2021	Change $	%
Income tax provision	**$ 18,837**	$ 40,848	$ (22,011)	(53.9)%
Effective tax rate	***21.7 %***	*23.2 %*		

The change in the effective tax rate for the three and six months ended June 30, 2022 compared to the same periods in 2021 resulted primarily from the mixture of income and losses in jurisdictions in which we operate offset by the incremental income tax benefit associated with the vesting of restricted stock recorded in the six months ended June 30, 2022.

Financial Condition, Liquidity and Capital Resources

Financial condition. We monitor operating working capital through days sales outstanding (DSO) and merchandise inventory days. We estimate a hypothetical increase (decrease) in DSO of one day would result in a decrease (increase) in our cash balances, an increase (decrease) in borrowings against our revolving credit facility or receivables securitization program, or a combination thereof of approximately $27 million.

The majority of our cash and cash equivalents are held in cash depository accounts with major banks in the United States, 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, 2022	December 31, 2021	Change $	Change %
Cash and cash equivalents	**$ 56,406**	$ 55,712	$ 694	1.2 %
Accounts receivable, net of allowances	**$ 743,853**	$ 681,564	$ 62,289	9.1 %
Consolidated DSO (1)	***26.0***	*24.6*		
Merchandise inventories	**$ 1,525,331**	$ 1,495,972	$ 29,359	2.0 %
Inventory days (2)	***70.5***	*64.7*		
Accounts payable	**$ 1,137,337**	$ 1,001,959	$ 135,378	13.5 %

(1) Based on period end accounts receivable and net revenue for the quarters ended June 30, 2022 and December 31, 2021.
(2) Based on period end merchandise inventories and cost of goods sold for the quarters ended June 30, 2022 and December 31, 2021.

Liquidity and capital expenditures. The following table summarizes our consolidated statements of cash flows for the six months ended June 30, 2022 and 2021:

(Dollars in thousands)	2022	2021
Net cash provided by (used for):		
Operating activities	**$ 169,524**	$ 12,406
Investing activities	**(1,745,299)**	(18,659)
Financing activities	**1,580,633**	(64,788)
Effect of exchange rate changes	**(3,864)**	(1,718)
Net increase (decrease) in cash, cash equivalents and restricted cash	**$ 994**	$ (72,759)

Cash provided by operating activities in the first six months of 2022 and 2021 reflected cash generated by net income along with changes in working capital.

Cash used for investing activities in the first six months of 2022 included cash paid for the acquisition of Apria of $1.7 billion and capital expenditures of $65.7 million for patient equipment and our strategic and operational efficiency initiatives associated with property and equipment and capitalized software. Cash used for investing activities in the first six months of 2021 included capital expenditures of $18.7 million for our strategic and operational efficiency initiatives associated with property and equipment, investments for increased manufacturing capacity in the Americas, and capitalized software.

Cash used for financing activities in the first six months of 2022 included borrowings under our revolving credit facility, net and accounts receivable securitization program of $30.0 million compared to net repayments of $5.0 million for the same period of 2021. Gross issuances and repayments under our amended accounts receivable securitization program were $347.8 million and $402.8 million for the first six months of 2022. We also had proceeds from borrowings of $1.7 billion related to the 2030 Unsecured Notes, Term Loan A, and Term Loan B for the first six months of 2022, compared to $500 million related to the 2029 Unsecured Notes for the first six months of 2021. We also paid $41.5 million in financing costs in the first six months of 2022, as compared to $12.9 million for the same period of 2021. Payments for taxes related to the vesting of restricted stock awards were $44.4 million and $19.1 million for the first six months of 2022 and 2021, which are included in Other, net. Financing activities in the first six months of 2021 included repayments of $523 million on our previous Term Loan A-2 and previous Term Loan B. In addition, we paid $15.4 million to terminate the remaining $300 million in notional value of interest rate swaps during the first six months of 2021.

Capital resources. Our sources of liquidity include cash and cash equivalents, a revolving credit facility with an administrative and collateral agent and a syndicate of financial institutions, as lenders (the Revolving Credit Agreement), and a receivables securitization program. The Revolving Credit Agreement provides a revolving borrowing capacity of $450 million. We have $1.1 billion in outstanding term loans under a term loan credit agreement (the Credit Agreement). The interest rate on our revolving credit facility is based on a spread over a benchmark rate (as described in the Revolving Credit Agreement). The Revolving Credit Agreement matures in March 2026. The interest rate on the Term Loan A facility (Term Loan A) is based on either the Term SOFR or the Base Rate plus an Applicable Rate which varies depending on the current Debt Ratings or Total Leverage Ratio, determined as to whichever shall result in more favorable pricing to the Borrowers (each as defined in the Credit Agreement). The interest rate on the Term Loan B facility (Term Loan B) is based on either the Term SOFR or the Base Rate plus an Applicable Rate. The Term Loan A will mature in March 2027 and the Term Loan B will mature in March 2029.

At June 30, 2022, we had no borrowings and letters of credit of $28.0 million outstanding under our Revolving Credit Agreement. At December 31, 2021, we had no borrowings and letters of credit of $9.4 million outstanding under our Revolving Credit Agreement. At June 30, 2022 and December 31, 2021, we had $422 million and $291 million, available for borrowing under our Revolving Credit Agreement. We also had letters of credit and bank guarantees, which were issued outside of the Revolving Credit Facility for $2.1 million and $2.2 million as of June 30, 2022 and December 31, 2021, which supports certain leased facilities as well as other normal business activities in the United States and Europe.

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

On March 29, 2022, we entered into an amendment to our accounts receivable securitization program (the Receivables Financing Agreement). Pursuant to the amended Receivables Financing Agreement, the aggregate principal amount of the loans made by the Lenders (as defined) will not exceed $450 million outstanding at any time. 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). Under the Receivables Financing Agreement, certain of our subsidiaries sell substantially all of their accounts receivable balances to our wholly owned special purpose entity, O&M Funding LLC. The Receivables Financing Agreement matures in March 2025.

The Revolving Credit Agreement, Term Loan A, Term Loan B, Receivables Financing Agreement, 2024 Notes, 2029 Unsecured Notes, and 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 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, 2022.

In May 2020, we entered into an equity distribution agreement, pursuant to which we may offer and sell, from time to time, shares of our common stock having an aggregate offering price of up to $50.0 million. We intend to use the net proceeds from the sale of our securities offered by this program for the repayment of indebtedness and/or for general corporate and working capital purposes. As of June 30, 2022 no shares were issued and $50.0 million of common stock remained available under the at-the-market equity financing program.

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

We earn a portion of our operating income in foreign jurisdictions outside the United States. Our cash and cash equivalents held by our foreign subsidiaries totaled $23.0 million and $26.9 million at June 30, 2022 and December 31, 2021. We continue to remain permanently reinvested in our foreign subsidiaries, with the exception of a subsidiary in Thailand. We have no specific plans to indefinitely reinvest the unremitted earnings of our foreign subsidiary located in Thailand as of June 30, 2022. As such, we have recorded withholding tax liabilities that would be incurred upon future distribution to the U.S. There are no unrecognized deferred taxes as there is no outside basis difference unrelated to unremitted earnings for Thailand. We will continue to evaluate our foreign earnings repatriation policy in 2022 for all our foreign subsidiaries.

Impact of Inflation

The cost to manufacture and distribute our products is influenced by the cost of raw materials, finished goods, labor, and transportation. We have recently experienced inflationary pressure and higher costs as a result of the increasing cost of raw materials, finished goods, labor, transportation, and other administrative costs associated with the normal course of business. The increase in cost of raw materials and finished goods are due in part to a shortage in the availability of certain products, the higher cost of shipping, and inflation. Additionally, it is not certain that we will be able to pass elevated costs onto customers in an effort to offset inflationary pressures. Future volatility of general price inflation and the impact of inflation on costs and availability of materials, costs for shipping and warehousing and other operational overhead could adversely affect our financial results.

Guarantor and Collateral Group Summarized Financial Information

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

The following tables present summarized financial information for Owens & Minor, Inc. and the guarantors of Owens & Minor, Inc.'s 2024 Notes (together, "the 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, 2022**
Net revenue[(1)]	**$ 4,771,148**
Gross margin	**839,511**
Operating income	**100,937**
Net income	**48,825**

[(1)]*Includes $140 million in sales to non-guarantor subsidiaries for the six months ended June 30, 2022.*

Summarized Consolidated Balance Sheets - Guarantor Group

(Dollars in thousands)	**June 30, 2022**	December 31, 2021
Total current assets	**$ 1,648,833**	$ 1,449,917
Total assets	**4,915,785**	2,807,581
Current liabilities	**1,643,705**	1,399,499
Total liabilities	**4,464,205**	2,422,542

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, 2022**	December 31, 2021
Total current assets	**$ 1,718,358**	$ 1,514,724
Total assets	**4,839,246**	2,729,455
Current liabilities	**1,567,372**	1,341,691
Total liabilities	**4,423,123**	2,398,694

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, 2021 and Note 15 in the Notes to Consolidated Financial Statements, included in this Quarterly Report on Form 10-Q for the period ended on June 30, 2022.

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:

- our ability to achieve revenue and operating income goals may be affected by: COVID-19 related factors, risks and challenges, including among others, the length of time that the pandemic continues, and any worsening of the pandemic, including through any new variant strains of the underlying virus, or future pandemics, related governmental responses, the effectiveness, availability, and public acceptance of vaccines, a decrease in revenue ultimately resulting in less cash flow, longer duration in receivables collection, the need to expedite payments to important suppliers may grow, shifts in demand away from certain products we manufacture and distribute, reduced workforces which may be caused by, but not limited to, the temporary inability of the workforce to work due to illness, quarantine, or government vaccine and other mandates, temporary production and distribution center and office closures due to reduced workforces or government vaccine and other mandates, availability of raw materials, potential labor negotiations or disputes, changes in the types and numbers of businesses that compete with us, including non-traditional competitors, and the aggressiveness of that competition, impacts of the pandemic or future pandemics on other third parties with whom we conduct business, the healthcare industry, and the broader business environment, and trends in elective surgeries and other healthcare spending not directly associated with COVID-19;
- competitive pressures in the marketplace, including intense pricing pressure;
- our ability to retain existing and attract new customers in a market characterized by consolidation among significant customers, health insurers and/or other industry participants, and intense cost-containment initiatives;

- our dependence on sales to certain customers or the loss or material reduction in purchases by key customers;
- our dependence on distribution of product of certain suppliers;
- our ability to successfully identify, manage or integrate acquisitions;
- our ability to successfully manage our international operations, including risks associated with changes in international trade regulations, foreign currency volatility, changes in regulatory conditions, deteriorating economic conditions, adverse tax consequences, and other risks of operating in international markets;
- the risk that problems may arise in successfully integrating the businesses of Apria and the Company, which may result in the combined company not operating as effectively and efficiently as expected and the risk that the combined company may be unable to achieve the anticipated synergies or cost savings, or it may take longer than expected to achieve those synergies;
- the effect of our acquisition of Apria and any developments relating thereto on our relationships with customers, suppliers and other third parties, as well as our operating results and business;
- uncertainties related to and our ability to adapt to changes in government regulations, including healthcare 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;
- our ability to successfully implement our strategic initiatives;
- the availability of and modifications to existing supplier funding programs and our ability to meet the terms to qualify for certain of these programs;
- the effect of price volatility in the commodities markets, including fuel price fluctuations, on our operating costs and supplier product prices;
- our ability to adapt to changes in product pricing and other terms of purchase by suppliers of product;
- 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 and our ability to meet customer demand for additional value-added services;
- our ability to manage operating expenses and improve operational efficiencies in response to changing customer profiles;
- our ability to meet performance targets specified by customer contracts under contractual commitments;
- availability of and our ability to access special inventory buying opportunities;
- the ability of business partners and financial institutions to perform their contractual responsibilities;
- our ability to continue to obtain financing, 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;
- 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;
- we depend on reimbursements by payors, which could lead to delays and uncertainties in the reimbursement process;
- the home healthcare industry is highly competitive and fragmented, with limited barriers to entry which may make it susceptible to vertical integration by manufacturers, payors, providers (such as hospital systems) or disruptive new entrants;
- the risk that a decline in business volume or profitability could result in an impairment of goodwill or other long-lived assets;

- our ability to timely or adequately respond to technological advances in the medical supply and home healthcare industries and/or product and therapy innovations may make the services we currently provide obsolete or less competitive;
- our failure to adequately insure against losses, including from substantial claims and litigation, could have an adverse impact on our operations, financial condition, or prospects;
- recalls of any of our products, either voluntarily or at the direction of the Food and Drug Administration or another governmental authority, or safety risks or the discovery of serious safety issues with our products;
- our capitation arrangements may prove unprofitable if actual utilization rates exceed our assumptions;
- reductions in Medicare, Medicaid and commercial payor reimbursement rates could have a material adverse effect on our results of operations and financial condition;
- the costs associated with and outcome of outstanding and any future litigation, including product and professional liability claims;
- adverse changes in U.S. and foreign tax laws and the outcome of outstanding tax contingencies and legislative and tax proposals;
- our ability to successfully implement the expense reduction and productivity and efficiency initiatives;
- our ability to continue to comply with the terms and conditions of Apria's Corporate Integrity Agreement; 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, 2021 and our Form 10-Q for the three months ended March 31, 2022.

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

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

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

We are exposed to market risk from changes in interest rates related to our borrowing under our Revolving Credit Agreement and Receivables Financing Agreement. Excluding deferred financing costs and third party fees, we had $500 million in borrowings under our Term Loan A, $600 million in borrowings under our Term Loan B, no borrowings under our revolving credit facility, $175 million in borrowings under our Receivables Financing Agreement and $28.0 million in letters of credit under the Revolving Credit Agreement at June 30, 2022. After considering the effects of an interest rate swap agreement entered into during April 2022, we estimate an increase in interest rates of 100 basis points would result in a potential reduction in future pre-tax earnings of approximately $8.8 million per year based on our borrowings outstanding at June 30, 2022.

Due to the nature and pricing of our Products & Healthcare Services segment distribution services, we are exposed to potential volatility in fuel prices. Our strategies for helping to mitigate our exposure to changing domestic fuel prices have included using trucks with improved fuel efficiency. We benchmark our domestic diesel fuel purchase prices against the U.S. Weekly Retail On-Highway Diesel Prices (benchmark) as quoted by the U.S. Energy Information Administration. The benchmark averaged $4.92 and $3.06 per gallon in the first six months of 2022 and 2021. Based on our fuel consumption in the first six months of 2022, we estimate that every 10 cents per gallon increase in the benchmark would directly reduce our operating income by approximately $0.4 million on an annualized basis. We are also indirectly exposed to increased shipping and freight costs, including container and other third party fees associated with the transportation of our products due to

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changes in fuel prices. Changes in fuel prices have contributed to significant shipping and freight costs in recent years and in the future may contribute to changes in our results of operations.

Item 4. Controls and Procedures

We carried out an evaluation, with the participation of management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (pursuant to Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based upon that evaluation, the principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of June 30, 2022. 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. In connection with the Apria Acquisition, we are currently evaluating the acquired processes, information technology systems and other components of internal controls over financial reporting as part of our integration activities which may result in periodic changes. Such changes will be disclosed as required by applicable SEC guidance.

SEC guidance permits the exclusion of an evaluation of the effectiveness of a registrant's disclosure controls and procedures as they relate to the internal control over financial reporting for an acquired business during the first year following such acquisition. In the first quarter of 2022, we acquired Apria, Inc. This acquisition represented $2.0 billion of total assets and $310 million of revenues as of and for the six months ended June 30, 2022. Management's evaluation and conclusion as to the effectiveness of the design and operation of the Company's disclosure controls and procedures as of and for the period covered by this report excludes any evaluation of the internal control over financial reporting of Apria, Inc.

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, 2021. Through June 30, 2022, there have been no material developments in any legal proceedings reported in such Annual Report.

Item 1A. Risk Factors

Certain risk factors that we believe could affect our business and prospects are described in our Annual Report on Form 10-K for the year ended December 31, 2021 and our Form 10-Q for the three months ended March 31, 2022. Through June 30, 2022, there have been no material changes in the risk factors described in such Annual Report and First Quarter 2022 Form 10-Q.

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

In May 2020, we entered into an equity distribution agreement, pursuant to which we may offer and sell, from time to time, shares of our common stock having an aggregate offering price of up to $50.0 million. We intend to use the net proceeds from the sale of our securities offered by this program for the repayment of indebtedness and/or for general corporate and working capital purposes. As of June 30, 2022, no shares were issued and $50.0 million of common stock remained available under the at-the-market equity financing program.

Item 6. Exhibits

(a) Exhibits

2.1	Agreement and Plan of Merger, dated as of January 7, 2022, by and among Owens & Minor, Inc., StoneOak Merger Sub Inc. and Apria, Inc. (incorporated by reference to Exhibit 2.1 to Current Report on Form 8-K filed with the SEC on January 10, 2022, File No. 001-09810).
3.1	Amended and Restated Bylaws of the Company effective June 1, 2022 (incorporated herein by reference to the Company’s Current Report on Form 8-K, Exhibit 3.1, dated June 1, 2022)

4.1	Indenture dated March 29, 2022 by and among the Company, the guarantors named therein and Regions Bank, as trustee (incorporated herein by reference to the Company's Current Report on Form 8-K, Exhibit 4.1, dated March 29, 2022)
4.2	Form of Global Note for the 6.625% Senior Notes due 2030 (incorporated herein by reference to the Company's Current Report on Form 8-K, Exhibit 4.2, dated March 29, 2022)
4.3	Seventh Supplemental Indenture dated as of March 29, 2022, by and among the Company, the guarantors named therein and U.S. Bank National Association, as trustee (incorporated herein by reference to the Company's Current Report on Form 8-K, Exhibit 4.3, dated March 29, 2022)
4.4	First Supplemental Indenture dated as of March 29, 2022, by and among the Company, the guarantors named therein and Regions Bank, as trustee, to the Indenture dated as of March 10, 2021 (incorporated herein by reference to the Company's Current Report on Form 8-K, Exhibit 4.4, dated March 29, 2022)
4.5	First Supplemental Indenture dated as of March 29, 2022, by and among the Company, the guarantors named therein and Regions Bank, as trustee, to the Indenture dated of March 29, 2022 (incorporated herein by reference to the Company's Current Report on Form 8-K, Exhibit 4.5, dated March 29, 2022)
10.1	Amendment No. 3 to the Owens & Minor, Inc. 2018 Stock Incentive Plan - (incorporated herein by reference to our Form 10-Q, Exhibit 10.7, dated May 3, 2022)
22.1	List of Guarantor Subsidiaries
22.2	List of Subsidiaries Pledged as Collateral
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document

104	Cover Page Interactive Data File (formatted as inline iXBRL and contained in Exhibit 101)

* Certain exhibits and schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. We hereby undertake to furnish copies of such omitted materials supplementally upon request by the SEC.
** Management contract or compensatory plan or arrangement

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 3, 2022	/s/ Edward A. Pesicka Edward A. Pesicka President, Chief Executive Officer & Director
Date: August 3, 2022	/s/ Andrew G. Long Andrew G. Long Executive Vice President & Chief Financial Officer

Exhibit 22.1

Owens & Minor, Inc.

List of Guarantor Subsidiaries

The following table lists the guarantors, issuers, or co-issuers of Owens & Minor, Inc.'s 2024 Notes as of June 30, 2022:

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.
500 Expressway Drive South LLC, a Delaware limited liability company
Access Diabetic Supply, L.L.C., a Florida limited liability company
Access Respiratory Supply Inc, a Florida corporation
AVID Medical, Inc., a Delaware corporation
Clinical Care Services, L.L.C., a Utah limited liability company
Diabetes Specialty Center, L.L.C., a Utah limited liability company
Fusion 5 Inc., a Delaware corporation
Halyard North Carolina, LLC, a North Carolina limited liability company
Key Diabetes Supply Co., a Michigan corporation
MAI Acquisition Corp., a Delaware corporation
Medegen Newco, LLC, a Delaware limited liability company
Medical Action Industries, Inc., a Delaware corporation
O&M Worldwide, LLC, a Virginia limited liability company
Owens & Minor Canada, Inc., a Virginia corporation
Owens & Minor Global Resources, LLC, a Virginia limited liability company
Apria, Inc.
Apria Healthcare Group LLC
Apria Healthcare LLC
Apria Holdco LLC
CPAP Sleep Stores, LLC
DMEHUB LLC
Healthy Living Home Medical LLC
Lofta, Inc.
American Contract Systems, Inc.

Exhibit 22.2

Owens & Minor, Inc.

List of Subsidiaries Pledged as Collateral

The following table lists the pledged subsidiaries of Owens & Minor, Inc.’s 2024 Notes that constitute collateral (together, "the Collateral Group") as of June 30, 2022:

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.
500 Expressway Drive South LLC, a Delaware limited liability company
Access Diabetic Supply, L.L.C., a Florida limited liability company
Access Respiratory Supply Inc., a Florida corporation
AVID Medical, Inc., a Delaware corporation
Clinical Care Services, L.L.C., a Utah limited liability company
Diabetes Specialty Center, L.L.C., a Utah limited liability company
Fusion 5 Inc., a Delaware corporation
Halyard North Carolina, LLC, a North Carolina limited liability company
Key Diabetes Supply Co., a Michigan corporation
MAI Acquisition Corp., a Delaware corporation
Medegen Newco, LLC, a Delaware limited liability company
Medical Action Industries, Inc., a Delaware corporation
O&M Worldwide, LLC, a Virginia limited liability company
Owens & Minor Canada, Inc., a Virginia corporation
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 (Malaysia) SDN. BHD.
Mira MEDsource (Shanghai) Co., LTD
O&M International Healthcare C.V.
Owens & Minor Ireland Unlimited Company
ArcRoyal Holdings Unlimited Company
ArcRoyal Unlimited Company
Owens & Minor Global Services Unlimited Company
O&M Healthcare Italia S.R.L.
O&M Halyard Belgium
O&M Halyard Australia PYT LTD

O&M Halyard Singapore PTE Ltd
O&M Halyard Ireland Limited
O&M Halyard Japan GK
O&M Halyard Health India Private Limited
Safeskin Medical & Scientific (Thailand) Ltd.
Halyard Malaysia SND BHD
Apria, Inc.
Apria Healthcare Group LLC
Apria Healthcare LLC
Apria Holdco LLC
CPAP Sleep Stores, LLC
DMEHUB LLC
Healthy Living Home Medical LLC
Lofta, Inc.
American Contract Systems, Inc.

Exhibit 31.1

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

I, Edward A. Pesicka, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 of Owens & Minor, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has 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 3, 2022

/s/ Edward A. Pesicka

Edward A. Pesicka
President, Chief Executive Officer & Director

Exhibit 31.2

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

I, Andrew G. Long, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, of Owens & Minor, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

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

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

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has 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 3, 2022
/s/ Andrew G. Long
Andrew G. Long
Executive Vice President & Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of Owens & Minor, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2022, 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 3, 2022

Exhibit 32.2

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

In connection with the Quarterly Report of Owens & Minor, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Andrew G. Long, Executive Vice President & Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

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

/s/ Andrew G. Long
Andrew G. Long
Executive Vice President & Chief Financial Officer
Owens & Minor, Inc.
August 3, 2022