Forward Looking Statement

Thank you, Operator. Hello everyone, and welcome to the Owens & Minor Second Quarter Earnings Call. Our comments on the call will be focused on the financial results for the second quarter of 2025, as well as our outlook for 2025, all of which are included in today's press release. The press release along with the supplemental slides are posted on the Investor Relations section of our website.

Please note that during this call, we will make forward-looking statements that reflect the current views of Owens & Minor about our business, financial performance, and future events. The matters addressed in these statements are subject to risks and uncertainties, which could cause actual results to differ materially from those projected or implied here today. Our expectations, beliefs, and projections are expressed in good faith, and we believe there is a reasonable basis for them. However, there can be no assurance that our expectations, beliefs, and projections will result or be achieved. Please refer to our SEC filings for a full description of these risks and uncertainties, including the Risk Factors section of our annual report on Form 10-K and quarterly reports on Form 10-Q.

Any forward-looking statements that we make on this call or in our earnings press release are as of today, and we undertake no obligation to update these statements as a result of new information or future events, except to the extent required by applicable law.

In our discussion today, we will refer to non-GAAP financial measures and believe they might help investors to better understand our performance or business trends. Information about these measures and reconciliations to the most comparable GAAP financial measures are included in our press release.

Today, I am joined by Ed Pesicka, Owens & Minor's President and Chief Executive Officer, Jon Leon, the Company's Chief Financial Officer, and Perry Bernocchi, the Company's EVP and CEO of Patient Direct.

I will now turn the call over to Ed.

Ed Pesicka, President & Chief Executive Officer

Thank you, Jackie. Good morning, everyone, and thank you for joining us on the call today.

We are in the final stages of our robust process for the divestiture of the Products & Healthcare Services segment, and, as a result, have classified this segment as discontinued operations. We are very confident that we will execute an agreement in the near term. We are looking forward to concluding the sale of the business and working with a buyer who has the vision and greater flexibility to better support our customers and long-term growth.

I am excited about the opportunities ahead as we transition into a focused, pure-play Patient Direct business. Building on the momentum gained since we entered the Patient Direct space eight years ago, and supported by favorable demographic trends and meaningful scale, we are confident in our ability to lead as the market continues to evolve.

For more than 140 years, Owens & Minor has continuously evolved—organically and through strategic acquisitions and divestitures. From its origins as a pharmacy to expanding into pharmaceutical distribution, then shifting into medical-surgical distribution and manufacturing, and eventually developing a small patient direct segment.

The planned divestiture of our Products & Healthcare Services (P&HS) segment represents the next evolution in Owens & Minor, enabling us to concentrate exclusively on the higher-margin, higher-growth Patient Direct segment. This transition positions Owens & Minor to capitalize on strong, sustainable tailwinds in the home-based care market.

Demographic shifts and macroeconomic trends are driving increasing demand for home-based healthcare. According to the CDC, as of 2024, approximately 40% of American adults live with at least one chronic condition, while 12% manage five or more. Furthermore, five of the top ten leading causes of death in the U.S. are linked to

preventable or treatable chronic diseases. As healthcare providers seek more effective models, the home has become an essential care setting—supporting longer, healthier lives for patients and unlocking greater efficiency.

Let me now discuss a little more about our continuing operations, Patient Direct, I'm excited about the opportunities ahead as we transition into a focused, pure-play Patient Direct business. This is a business that delivers essential supplies for home-based care. A business that is a proven, trusted partner to providers, payers, and patients alike. Since our acquisition in 2017, it has grown from approximately $450M in annual revenue and approximately $38M in EBITDA to a projected revenue of between $2.76 billion and $2.82 billion and Adjusted EBITDA range of $376 million to $382 million in 2025.

Our Patient Direct business is built on a strong culture of disciplined growth—one that never sacrifices returns or patient care standards in pursuit of expansion. With favorable demographic trends, meaningful scale, and leadership position, we are poised for profitable growth as the home-based care market continues to evolve.

At a high level, our long-term strategy for Patient Direct remains firmly intact. We are committed to delivering disciplined growth through both organic initiatives and strategic acquisitions, while continuing to expand our EBITDA dollars.

In the near term, our priorities include completing the divestiture and focusing on our continuing operations which includes, mitigating stranded costs, reducing debt, advancing IT infrastructure automation, and executing on initiatives aimed at driving revenue and EBITDA growth. We will build on the momentum of successful efforts over the past year, including improvements in Revenue Cycle, the Sleep Journey program, category expansion, and additions to the sales force to support both new and existing markets.

On the inorganic front, in June we announced the termination of our agreement to acquire Rotech. While the outcome was disappointing, the path to obtain regulatory clearance for this merger proved unviable in terms of time, expense, and opportunity. Looking ahead,

we will continue to evaluate selective acquisition opportunities that are additive to Patient Direct's capabilities, align with our strategic vision, and help us maintain our leadership position in this evolving market.

Finally, I am pleased to have Perry Bernocchi, our long-term Patient Direct leader, join us on the call today. Perry has been the architect and operational leader of the success and growth of Patient Direct since Owens & Minor acquired Byram in 2017, a company that Perry has led over the past 20 years.

I would like to thank our teammates who have done a great job of staying focused on serving our customers.

With that, I will now turn the call over to Jon to discuss our financial performance in the second quarter and our outlook for the rest of 2025. Jon?

Jonanthan Leon, Chief Financial Officer

Thanks Ed and good morning, everyone.

As I am sure you saw in our press release this morning, the divestiture of the Products and Healthcare Services segment is far enough along that we are now reporting the P&HS segment as Discontinued Operations. As a result, our reported financials and most of my comments today will only speak to Continuing Operations, which is made up of our Patient Direct business, certain functional operations, and stranded costs stemming from the planned separation of P&HS

Details around the quarter and any discussion of the outlook for the business on this call will cover only non-GAAP financial measures.

But I also want to point you to the $80 million in expenses from the termination of the Rotech acquisition, and the related $18 million dollars in Rotech-related financing costs which both occurred in the 2nd quarter. Each of these items has its own line in our GAAP results, but are not included in our non-GAAP Adjusted results. Cash costs for these items are included in the GAAP Net Loss on the Statement of Cash Flows.

Importantly, please note that all GAAP to non-GAAP financial reconciliations can be found in the press release filed earlier this morning.

With the planned P&HS divestiture, our financial results will take some explanation and getting used to - and requires a reset of expectations.

Now, let's begin to unpack the second quarter results.

Revenue for the quarter was $682 million, an increase of 3.3% versus Q2 2024. While that is a lower growth rate than we had expected, it is important to note that in order to not disrupt our customers critical needs during supplier disruptions, we modified customer ordering quantities and our delivery frequency for diabetes supplies throughout the quarter. Absent this headwind, our growth rate in the quarter would have been approximately 4%.

Once again, the sleep category, in particular sleep supplies, led the overall growth rate, and urology and ostomy showed very strong growth. Diabetes was lower than planned

in the quarter as I alluded to, but we expect to see some rebound during the back half of the year, but it will remain below prior year due to the shift from DME to pharmacy. Smaller categories, including the new chest wall oscillation line, performed very well.

As we've previously discussed, the investment we made in 2024 and early 2025 in what we refer to as "the sleep journey" is showing a strong return.

For the six months ended June 30, revenue was $1.36 billion, a nearly 4-1/2% increase over the $1.3 billion earned in the first six months of 2024. Again, sleep, ostomy, and urology showed the strongest year-over-year growth.

For the second quarter, Adjusted EBITDA was $96.6 million, a 14.2% margin rate compared to $91.1 million, or 13.8% rate in the second quarter of 2024. The growth in Adjusted EBITDA was driven by volume growth, an improved collection rate, a margin-favorable product mix, productivity gains and lower benefit costs.

For the year-to-date period, Adjusted EBITDA was $192.7 million or 14.2% of revenue compared to $160.3 million or 12.3% of revenue in the prior year, driven the same factors I just described for the second quarter, though volume growth and margin favorable product mix were significantly more impactful for the year-to-date comparison.

Stranded costs impacting Adjusted EBITDA include approximately $11 million in the second quarter of 2025, and $14 million for the year-to-date period, of former corporate costs that will now be absorbed by the Patient Direct business. That compares to

stranded costs of about $17 million in last year's second quarter and about $28 million in the year-to-date June 2024 period. The year-over-year change is largely due to lower compensation and benefits costs in 2025.

These stranded costs include a number of functional area costs, including teammate expenses and previously shared third-party agreements, for example. Please recognize that should the sale of P&HS be announced shortly, we would expect these stranded costs to rise before falling, due to some lost economies of scale and short-term spending on programs to build the proper cost structure for the optimal long-term outcome. Of course, over time, we expect these expenses to decline as a percentage of the overall Patient Direct business, and plans are being established to relentlessly focus on reducing these expenses, thereby improving profitability.

Interest expense requires a little explanation. In accordance with GAAP, certain qualifying interest expense is reflected in Discontinued Operations. As a result, interest expense for Continuing Operations for the 2nd quarter was $26.0 million compared to $25.6 million in the 2nd quarter of 2024. Despite this presentation, Owens & Minor is responsible for the cash interest obligations of both the Continuing and Discontinued Operations.

Our adjusted effective tax rate for Continuing Operations was 32.5% in the second quarter, as compared to 28.0% in the second quarter last year. We expect our annual adjusted effective tax rate to run between 40-45 basis points higher than it previous did, due to the impact of permanent differences between book and tax income on an overall lower amount of earnings.

Adjusted net income for the quarter was $20.5 million, or 26 cents per share compared to $19.3 million or 25 cents per share last year.

For the six months ended June 30, adjusted net income was $43.7 million or 55 cents per share versus $21.9 million or 28 cents per share in the year ago period.

Let me now turn to the balance sheet. First, I want to, again, unequivocally state that when we sell the P&HS business, 100% of the net proceeds will be applied to debt reduction. Further, nothing about the recent strategic announcements changes our targeted leverage range of 2-3x EBITDA.

At June 30th, net debt was $1.9 billion. That's an increase of about $126 million since the end of 2024, and an increase of $31 million in the second quarter. That means – that absent the unanticipated $100 million in cash paid to terminate the Rotech acquisition, net debt would have been only about $25 million higher compared to year-end 2024 and down about $70 million in the 2nd quarter. I am explaining the net debt change this way to highlight what was a very good cash flow quarter.

So, moving on to cash flow – please note that the Statement of Cash Flows remains on a consolidated basis. I am pleased that Cash Provided **From** Operating Activity in Q2 was $38 million - completely reversing the Cash **Used** in Operating Activity in Q1. Again, remember that the $100 million of Rotech-related outlays is included in the $38 million of Cash Provided from Operating Activity, which would have been significantly higher absent

the termination of the Rotech acquisition. This improvement in cash flow was due to a significant working capital reduction of nearly $94 million in the quarter, driven by lower P&HS inventory levels, compared to the first quarter and improved collections rate as a result of enhanced revenue cycle operations in Patient Direct.

Similar to the Sleep Journey, past and ongoing investments in our already best-in-class Patient Direct collection rate continue to pay off.

Our team has been very focused on getting to the definitive agreement to sell the P&HS business and have also been developing our outlook for the newly defined Continuing Operations for the remainder of 2025. As we think about the performance of Continuing Operations for the **full year 2025** we expect:

- Revenue of between $2.76 billion and $2.82 billion
- Adjusted Net Income per share ranging between $1.02 to $1.07
- And an Adjusted EBITDA range of $376 million to $382 million

To assist with modeling, that would mean that through the back half of 2025, revenue is expected to range from $1.40 billion to $1.46 billion; Adjusted Net Income from $0.47 to $0.52 per share, and Adjusted EBITDA from $183 million to $189 million.

Also, with the assumption that a sale of the P&HS business is announced shortly, we expect the profit path for the back half of the year to **not** reflect the typical, seasonality of the Patient Direct business. This is due to an anticipated increase in stranded cost near or soon after a divestiture would be expected to close. Essentially we would

expect to have to spend money early to save more money later. Again, this assumes a near-term announcement and would only be expected to be a back-half of 2025 issue.

Please also refer to the guidance presentation with related assumptions we filed this morning and resides on the investor relations section of our website.

We remain very excited about the future of the Patient Direct business and the future opportunity to be a focused, pure-play home-care based business.

With that, I'll now turn the call back to the operator for Q&A.