

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 9, 2024

EMBECTA CORP.
(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-41186
(Commission
File Number)

87-1583942
(IRS Employer
Identification No.)

300 Kimball Drive, Suite 300, Parsippany, New Jersey
(Address of principal executive offices)

07054
(Zip Code)

Registrant's telephone number, including area code: (862) 401-0000

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	EMBC	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

On May 9, 2024, Embecta Corp. issued a press release (the “Press Release”) regarding its results for the quarter ended March 31, 2024. The Press Release is furnished as Exhibit 99.1 to this report.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

The following is furnished as an exhibit to this report:

[99.1](#) Press Release, dated May 9, 2024.

104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

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 hereunto duly authorized.

EMBECTA CORP.

Dated: May 9, 2024

By: /s/ Jacob Elguicze
Jacob Elguicze
Chief Financial Officer



FOR IMMEDIATE RELEASE

Embecta Corp. Reports Second Quarter Fiscal 2024 Financial Results

PARSIPPANY, N.J., May 9, 2024 (GLOBE NEWSWIRE) – Embecta Corp. (“embecta” or the “Company”) (Nasdaq: EMBC), a global diabetes care company, today reported financial results for the three and six month periods ended March 31, 2024.

“Our performance in the second quarter and fiscal first half of 2024 underscores the resiliency of our base business, as well as strong operational execution by our global team. Since our spinoff approximately two years ago, we’ve remained steadfast in delivering on our financial and strategic priorities, including standing embecta up as an independent company; maintaining stability within our core injection business; and investing in growth, most notably behind our insulin patch pump,” said Devdatt (Dev) Kurdikar, Chief Executive Officer of embecta.

“During the second quarter, I am pleased to report that we made progress in each of these areas as evidenced by the transition of approximately 85 percent of our revenue to our own ERP system, shared service capability and distribution infrastructure; FDA’s continued review of our insulin patch pump 510(k) filing; and delivering financial results that exceeded our expectations. With the backdrop of our positive performance during the first half of the year, we are raising and tightening our fiscal 2024 outlook for our key financial metrics.”

Second Quarter Fiscal Year 2024 Financial Highlights:

- Revenues of \$287.2 million, up 3.6% on a reported basis; up 4.5% on a constant currency basis
 - U.S. revenues increased 0.8% on both a reported and constant currency basis
 - International revenues increased 6.8% on a reported basis, and 8.7% on a constant currency basis
- Gross profit and margin of \$185.4 million and 64.6%, compared to \$189.8 million and 68.5% in the prior year period
- Adjusted gross profit and margin of \$185.8 million and 64.7%, compared to \$190.1 million and 68.6% in the prior year period
- Operating income and margin of \$39.2 million and 13.6%, compared to \$55.6 million and 20.1% in the prior year period
- Adjusted operating income and margin of \$74.9 million and 26.1%, compared to \$84.9 million and 30.6% in the prior year period
- Net income and earnings per diluted share of \$28.9 million and \$0.50, compared to \$14.0 million and \$0.24 in the prior year period
- Adjusted net income and adjusted earnings per diluted share of \$38.9 million and \$0.67, compared to \$43.3 million and \$0.75 in the prior year period
- Adjusted EBITDA and margin of \$90.8 million and 31.6%, compared to \$96.7 million and 34.9% in the prior year period
- Announced a dividend of \$0.15 per share

Six Months Ended March 31 2024 Financial Highlights:

- Revenues of \$564.5 million, up 2.1% on a reported basis; up 2.2% on a constant currency basis
 - U.S. revenues increased 0.2% on both a reported and constant currency basis
 - International revenues increased 4.4% on both reported and constant currency basis
- Gross profit and margin of \$371.3 million and 65.8%, compared to \$378.6 million and 68.5% in the prior year period

- Adjusted gross profit and margin of \$372.1 million and 65.9%, compared to \$379.0 million and 68.6% in the prior year period
- Operating income and margin of \$84.7 million and 15.0%, compared to \$144.4 million and 26.1% in the prior year period
- Adjusted operating income and margin of \$152.4 million and 27.0%, compared to \$186.5 million and 33.7% in the prior year period
- Net income and earnings per diluted share of \$49.0 million and \$0.85, compared to \$49.2 million and \$0.85 in the prior year period
- Adjusted net income and adjusted earnings per diluted share of \$74.2 million and \$1.28, compared to \$98.7 million and \$1.71 in the prior year period
- Adjusted EBITDA and margin of \$181.2 million and 32.1%, compared to \$206.9 million and 37.4% in the prior year period

Strategic Highlights:

- *Strengthen the base business*
 - Sponsored the publication of a peer-reviewed paper authored by experts and opinion leaders in Postgraduate Medicine medical journal, entitled "Opportunities to overcome underutilization of enhanced insulin delivery technologies in people with type 2 diabetes: a narrative review"
- *Separate and stand-up*
 - Completed enterprise resource planning ("ERP") implementation comprising approximately eighty five percent of embecta's revenue base, including all three of its manufacturing plants; implemented new shared service capability and distribution infrastructure for U.S., Canada, EMEA and certain regions in Asia
 - Completed the transfer of the remaining Suzhou, China assets, including the manufacturing entity and related assets, from BD to embecta
 - Limited extension for amended Transition Services Agreement and Logistics Services Agreement granted by BD to support the Interim Business Continuity Processes until November 1, 2024
- *Invest for growth*
 - 510(k) premarket filing for the open-loop insulin delivery system with the U.S. Food and Drug Administration ("FDA") remains under review
 - Progressed the development of a type 2 closed loop insulin delivery system utilizing embecta's proprietary patch pump system, which carries Breakthrough Device Designation from the FDA

Second Quarter Fiscal Year 2024 Results:

Revenues by geographic region are as follows:

<i>Dollars in millions</i>	Three months ended March 31,					
			Increase/(decrease)			
	2024	2023	\$	As Reported %	Constant Currency %	
United States	\$ 147.6	\$ 146.4	\$ 1.2	0.8 %	0.8 %	
International	139.6	130.7	8.9	6.8	8.7	
Total	\$ 287.2	\$ 277.1	\$ 10.1	3.6 %	4.5 %	

The Company's revenues increased by \$10.1 million, or 3.6%, to \$287.2 million for the three months ended March 31, 2024 as compared to revenues of \$277.1 million for the three months ended March 31, 2023. Changes in revenues are driven by the volume of goods that the Company sells, the prices it negotiates with customers and changes in foreign exchange rates. The increase in revenues was driven by \$15.0 million of favorable changes in volume. This was partially offset by \$2.5 million associated with the negative impact of foreign currency translation primarily due to the strengthening of the U.S. dollar, \$1.4 million of unfavorable changes in price, and a \$1.0 million decrease in contract manufacturing revenues related to sales of non-diabetes products to BD.

Six Months Ended March 31, 2024 Results:

Revenues by geographic region are as follows:

<i>Dollars in millions</i>	Six months ended March 31,					
			Increase/(decrease)			
	2024	2023		As Reported	Constant Currency	
			\$	%	%	
United States	\$ 296.2	\$ 295.7	\$ 0.5	0.2 %	0.2 %	
International	268.3	257.1	11.2	4.4	4.4	
Total	\$ 564.5	\$ 552.8	\$ 11.7	2.1 %	2.2 %	

The Company's revenues increased by \$11.7 million, or 2.1%, to \$564.5 million for the six months ended March 31, 2024 as compared to revenues of \$552.8 million for the six months ended March 31, 2023. The increase in revenues was driven by \$13.0 million of favorable changes in volume and \$2.0 million of favorable changes in price. This was partially offset by a \$3.1 million decrease in contract manufacturing revenues related to sales of non-diabetes products to BD and \$0.2 million associated with the negative impact of foreign currency translation primarily due to the strengthening of the U.S. dollar.

Fiscal Year 2024 Updated Financial Guidance:

For fiscal year 2024, the Company now expects:

<i>Dollars in millions, except percentages and per share data</i>	Current	Previous ⁽¹⁾
Revenues	\$1,111 - \$1,116	\$1,094 - \$1,116
As Reported (%)	(0.9%) - (0.4%)	(2.4%) - (0.4%)
Constant Currency (%)	(0.5%) - 0.0%	(2.0%) - 0.0%
F/X (%)	(0.4)%	(0.4)%
Contract Manufacturing	\$5	\$2 - \$5
Adjusted Gross Margin (%)	64.5% - 65.0%	63.0% - 64.0%
Adjusted Operating Margin (%)	25.25% - 25.75%	23.75% - 24.75%
Adjusted Earnings per Diluted Share	\$2.20 - \$2.30	\$1.95 - \$2.15
Adjusted EBITDA Margin (%)	31.0% - 31.5%	29.5% - 30.5%

(1) Previous guidance was issued on February 9, 2024.

We are unable to present a quantitative reconciliation of our expected adjusted gross margin, expected adjusted operating margin, expected adjusted earnings per diluted share, expected adjusted EBITDA and our expected adjusted EBITDA margin as we are unable to predict with reasonable certainty, and without unreasonable effort the impact and timing of any one-time items. The financial impact of these one-time items is uncertain and is dependent on various factors, including timing, and could be material to our Condensed Consolidated Statements of Income.

Balance sheet, Liquidity and Other Updates

As of March 31, 2024, the Company had approximately \$306.5 million in cash and equivalents and restricted cash and \$1.631 billion of debt principal outstanding, and no amount drawn on its \$500 million Revolving Credit Facility.

The Company's Board of Directors declared a quarterly cash dividend of \$0.15 for each issued and outstanding share of the Company's common stock. The dividend is payable on June 14, 2024 to stockholders of record at the close of business on May 28, 2024.

Second Quarter Fiscal Year 2024 Earnings Conference Call:

Management will host a conference call at 8:00 a.m. Eastern Time (ET) on May 9, 2024 to discuss the results of the quarter, provide an update on its business, and host a question and answer session. Those who would like to participate may access the live webcast [here](#), or access the teleconference [here](#). The live webcast can also be accessed via the Company's website at investors.embecta.com.

A webcast replay of the call will be available beginning at 11:00 a.m. ET on May 9, 2024, via the embecta investor relations website and archived on the website for one year.

Condensed Consolidated Statements of Income
Embeckta Corp.
(Unaudited, in millions, except per share data)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2024	2023	2024	2023
Revenues	\$ 287.2	\$ 277.1	\$ 564.5	\$ 552.8
Cost of products sold	101.8	87.3	193.2	174.2
Gross Profit	\$ 185.4	\$ 189.8	\$ 371.3	\$ 378.6
Operating expenses:				
Selling and administrative expense	92.3	85.2	182.6	158.0
Research and development expense	18.4	22.1	38.6	39.0
Other operating expenses	35.5	26.9	65.4	37.2
Total Operating Expenses	\$ 146.2	\$ 134.2	\$ 286.6	\$ 234.2
Operating Income	\$ 39.2	\$ 55.6	\$ 84.7	\$ 144.4
Interest expense, net	(27.8)	(26.8)	(55.5)	(52.4)
Other income (expense), net	(1.5)	(4.3)	(5.0)	(11.4)
Income Before Income Taxes	\$ 9.9	\$ 24.5	\$ 24.2	\$ 80.6
Income tax provision (benefit)	(19.0)	10.5	(24.8)	31.4
Net Income	\$ 28.9	\$ 14.0	\$ 49.0	\$ 49.2
Net Income per common share:				
Basic	\$ 0.50	\$ 0.24	\$ 0.85	\$ 0.86
Diluted	\$ 0.50	\$ 0.24	\$ 0.85	\$ 0.85

Condensed Consolidated Balance Sheets
Embecta Corp.
(in millions, except share and per share data)

	March 31, 2024	September 30, 2023
	(Unaudited)	
Assets		
Current Assets		
Cash and equivalents	\$ 299.8	\$ 326.3
Restricted cash	6.7	0.2
Trade receivables, net (net of allowance for doubtful accounts of \$1.6 million and \$1.0 million as of March 31, 2024 and September 30, 2023, respectively)	123.7	16.7
Inventories:		
Materials	37.4	32.1
Work in process	10.5	8.1
Finished products	105.3	111.9
Total Inventories	\$ 153.2	\$ 152.1
Amounts due from Becton, Dickinson and Company	43.3	142.4
Prepaid expenses and other	83.3	111.4
Total Current Assets	\$ 710.0	\$ 749.1
Property, Plant and Equipment, Net	293.2	300.2
Goodwill and Intangible Assets	24.1	24.7
Deferred Income Taxes and Other Assets	172.3	140.4
Total Assets	\$ 1,199.6	\$ 1,214.4
Liabilities and Equity		
Current Liabilities		
Accounts payable	\$ 52.6	\$ 53.5
Accrued expenses	119.7	118.1
Amounts due to Becton, Dickinson and Company	38.5	73.1
Salaries, wages and related items	58.5	62.1
Current debt obligations	9.5	9.5
Current finance lease liabilities	3.7	3.6
Income taxes	27.9	33.6
Total Current Liabilities	\$ 310.4	\$ 353.5
Deferred Income Taxes and Other Liabilities	36.2	57.2
Long-Term Debt	1,591.8	1,593.9
Non Current Finance Lease Liabilities	30.8	31.5
Commitments and Contingencies		
Embecta Corp. Equity		
Common stock, \$0.01 par value		
Authorized - 250,000,000		
Issued and outstanding - 57,661,433 as of March 31, 2024 and 57,333,353 as of September 30, 2023	\$ 0.6	\$ 0.6
Additional paid-in capital	39.7	27.9
Accumulated deficit	(510.0)	(541.1)
Accumulated other comprehensive loss	(299.9)	(309.1)
Total Equity	(769.6)	(821.7)
Total Liabilities and Equity	\$ 1,199.6	\$ 1,214.4

Condensed Consolidated Statements of Cash Flows
Embeckta Corp.
(Unaudited, in millions)

	Six Months Ended March 31,	
	2024	2023
Operating Activities		
Net income	\$ 49.0	\$ 49.2
Adjustments to net income to derive net cash provided by operating activities:		
Depreciation and amortization	17.8	15.2
Amortization of debt issuance costs	3.2	3.2
Amortization of cloud computing arrangements	1.6	—
Stock-based compensation	13.8	11.1
Deferred income taxes	(39.6)	1.2
Change in operating assets and liabilities:		
Trade receivables, net	(106.7)	4.3
Inventories	2.0	(30.7)
Due from/due to Becton, Dickinson and Company	64.3	(14.9)
Prepaid expenses and other	36.5	(16.0)
Accounts payable, accrued expenses and other current liabilities	0.4	19.7
Income and other net taxes payable	(7.0)	10.6
Other assets and liabilities, net	(24.1)	(5.5)
Net Cash Provided by Operating Activities	\$ 11.2	\$ 47.4
Investing Activities		
Capital expenditures	\$ (6.1)	\$ (10.5)
Net Cash Used for Investing Activities	\$ (6.1)	\$ (10.5)
Financing Activities		
Payments on long-term debt	\$ (4.8)	\$ (4.8)
Payments related to tax withholding for stock-based compensation	(2.7)	(3.0)
Payments on finance lease	(0.6)	(1.8)
Dividend payments	(17.2)	(17.2)
Net Cash Used for Financing Activities	\$ (25.3)	\$ (26.8)
Effect of exchange rate changes on cash and equivalents and restricted cash	0.2	5.4
Net Change in Cash and equivalents and restricted cash	\$ (20.0)	\$ 15.5
Opening Cash and equivalents and restricted cash	326.5	330.9
Closing Cash and equivalents and restricted cash	\$ 306.5	\$ 346.4

About Non-GAAP financial measures

In evaluating our operating performance, we supplement the reporting of our financial information determined under GAAP with certain non-GAAP financial measures including (i) earnings before interest, taxes, depreciation, and amortization (“EBITDA”), (ii) Adjusted EBITDA and Adjusted EBITDA Margin, (iii) Adjusted Gross Profit and Adjusted Gross Profit Margin, (iv) Constant Currency revenue growth, (v) Adjusted Operating Income and Adjusted Operating Income Margin, and (vi) Adjusted Net Income and Adjusted earnings per diluted share. These non-GAAP financial measures are indicators of our performance that are not required by, or presented in accordance with, GAAP. They are presented with the intent of providing greater transparency to financial information used by us in our financial analysis and operational decision-making. We believe that these non-GAAP measures provide meaningful information to assist investors, stockholders and other readers of our consolidated financial statements in making comparisons to our historical operating results and analyzing the underlying performance of our results of operations. However, the presentation of these measures has limitations as an analytical tool and should not be considered in isolation, or as a substitute for the company's results as reported under GAAP. Because not all companies use identical calculations, the presentations of these non-GAAP measures may not be comparable to other similarly titled measures of other companies. The Company uses non-GAAP financial measures in its operational and financial decision making, and believes that it is useful to exclude certain items in order to focus on what it regards to be a meaningful alternative representation of the underlying operating performance of the business.

For the three and six month periods ended March 31, 2024 and 2023, the reconciliation of GAAP net income to EBITDA and adjusted EBITDA was as follows (unaudited, in millions):

	Three Months Ended March 31,		Six Months Ended March 31,	
	2024	2023	2024	2023
GAAP Net Income	\$ 28.9	\$ 14.0	\$ 49.0	\$ 49.2
Interest expense, net	27.8	26.8	55.5	52.4
Income tax provision (benefit)	(19.0)	10.5	(24.8)	31.4
Depreciation and amortization	9.0	8.0	17.8	15.2
EBITDA	\$ 46.7	\$ 59.3	\$ 97.5	\$ 148.2
Stock-based compensation expense ⁽¹⁾	6.5	5.8	13.9	11.3
One-time stand up costs ⁽²⁾	33.6	26.2	61.9	36.4
European regulatory initiative-related costs ("EU MDR") ⁽³⁾	—	0.3	0.2	0.5
Business optimization and severance related costs ⁽⁴⁾	1.0	1.2	2.9	1.6
Deferred jurisdiction adjustments in Other income (expense), net for taxes ⁽⁵⁾	1.8	3.9	3.2	8.9
Amortization of cloud computing arrangements ⁽⁶⁾	1.2	—	1.6	—
Adjusted EBITDA	\$ 90.8	\$ 96.7	\$ 181.2	\$ 206.9
Adjusted EBITDA Margin	31.6 %	34.9 %	32.1 %	37.4 %

(1) Represents stock-based compensation expense incurred during the three and six months ended March 31, 2024 and 2023, respectively. For the three months ended, March 31, 2024, \$4.9 million is recorded in Selling and administrative expense, \$1.1 million is recorded in Cost of products sold, and \$0.5 million is recorded in Research and development expense. For the three months ended, March 31, 2023, \$4.7 million is recorded in Selling and administrative expense, \$0.6 million is recorded in Cost of products sold, and \$0.5 million is recorded in Research and development expense. For the six months ended March 31, 2024, \$10.8 million is recorded in Selling and administrative expense, \$2.0 million is recorded in Cost of products sold, and \$1.1 million is recorded in Research and development expense. For the six months ended March 31, 2023, \$9.3 million is recorded in Selling and administrative expense, \$1.2 million is recorded in Cost of products sold, and \$0.8 million is recorded in Research and development expense.

(2) One-time stand-up costs incurred primarily include: (i) product registration and labeling costs; (ii) warehousing and distribution set-up costs; (iii) legal costs associated with patents and trademark work; (iv) temporary headcount resources within accounting, tax, finance, human resources, regulatory and IT; and (v) one-time business integration and IT related costs primarily associated with our global ERP implementation. For the three months ended March 31, 2024, approximately \$32.6 million is recorded in Other operating expenses and \$1.0 million is recorded in Selling and administrative expense. For the three months ended March 31, 2023, approximately \$25.6 million is recorded in Other operating expenses and \$0.6 million is recorded in Selling and administrative expense. For the six months ended March 31, 2024, approximately \$59.0 million is recorded in Other operating expenses and \$2.9 million is recorded in Selling and administrative expense. For the six months ended March 31, 2023, approximately \$35.5 million is recorded in Other operating expenses and \$0.9 million is recorded in Selling and administrative expense.

(3) Represents costs required to develop processes and systems to comply with regulations such as the EU MDR and General Data Protection Regulation ("GDPR") which represent a significant, unusual change to the existing regulatory framework. We consider these costs to be duplicative of previously incurred costs and/or one-off costs, which are limited to a specific period of time. These costs are recorded in Research and development expense.

(4) Represents business optimization and severance related costs associated with standing up the organization recorded in Other operating expenses.

(5) Represents amounts due to BD for tax liabilities incurred in deferred closing jurisdictions where BD is considered the primary obligor.

(6) Represents amortization of implementation costs associated with cloud computing arrangements recognized in Other operating expenses.

For the three and six month periods ended March 31, 2024 and 2023, the reconciliations of (1) GAAP Gross Profit and Gross Margin to Adjusted Gross Profit and Adjusted Gross Margin, (2) GAAP Operating Income and Operating Margin to Adjusted Operating Income and Adjusted Operating Income Margin and (3) GAAP Net Income to Adjusted Net Income and calculations of GAAP Net Income per Diluted share and Adjusted Net Income per Diluted share are as follows (unaudited in millions, except per share amounts):

	Three Months Ended March 31,		Six Months Ended March 31,	
	2024	2023	2024	2023
GAAP Gross Profit	\$ 185.4	\$ 189.8	\$ 371.3	\$ 378.6
GAAP Gross Profit Margin	64.6 %	68.5 %	65.8 %	68.5 %
Stock-based compensation expense	0.1	0.1	0.2	0.1
Amortization of intangible assets	0.3	0.2	0.6	0.3
Adjusted Gross Profit	\$ 185.8	\$ 190.1	\$ 372.1	\$ 379.0
Adjusted Gross Profit Margin	64.7 %	68.6 %	65.9 %	68.6 %
			\$ —	
GAAP Operating Income	\$ 39.2	\$ 55.6	\$ 84.7	\$ 144.4
GAAP Operating Income Margin	13.6 %	20.1 %	15.0 %	26.1 %
Amortization of intangible assets ⁽¹⁾	0.3	0.2	0.6	0.3
One-time stand up costs ⁽²⁾	33.6	26.2	61.9	36.4
EU MDR ⁽³⁾	—	0.3	0.2	0.5
Stock-based compensation expense ⁽⁴⁾	0.8	1.4	2.1	3.3
Business optimization and severance related costs ⁽⁵⁾	1.0	1.2	2.9	1.6
Adjusted Operating Income	\$ 74.9	\$ 84.9	\$ 152.4	\$ 186.5
Adjusted Operating Income Margin	26.1 %	30.6 %	27.0 %	33.7 %
			\$ —	
GAAP Net Income	\$ 28.9	\$ 14.0	\$ 49.0	\$ 49.2
Adjustments:				
GAAP Income tax provision (benefit)	(19.0)	10.5	(24.8)	31.4
Amortization of intangible assets ⁽¹⁾	0.3	0.2	0.6	0.3
One-time stand up costs ⁽²⁾	33.6	26.2	61.9	36.4
EU MDR ⁽³⁾	—	0.3	0.2	0.5
Stock-based compensation expense ⁽⁴⁾	0.8	1.4	2.1	3.3
Business optimization and severance related costs ⁽⁵⁾	1.0	1.2	2.9	1.6
Deferred jurisdiction adjustments in Other income (expense), net for taxes ⁽⁶⁾	1.8	3.9	3.2	8.9
Non-GAAP Income tax provision ⁽⁷⁾	(8.5)	(14.4)	(20.9)	(32.9)
Adjusted Net Income	\$ 38.9	\$ 43.3	\$ 74.2	\$ 98.7
			\$ —	
GAAP Net Income per Diluted share	\$ 0.50	\$ 0.24	\$ 0.85	\$ 0.85
Adjusted Net Income per Diluted share	\$ 0.67	\$ 0.75	\$ 1.28	\$ 1.71
			\$ —	
Diluted weighted-average shares outstanding (in thousands)	57,807	57,513	57,976	57,612

(1) Amortization of intangible assets is recorded in Cost of products sold.

(2) One-time stand-up costs incurred primarily include: (i) product registration and labeling costs; (ii) warehousing and distribution set-up costs; (iii) legal costs associated with patents and trademark work; (iv) temporary headcount resources within accounting, tax, finance, human resources, regulatory and IT; and (v) one-time business integration and IT related costs primarily associated with our global ERP implementation. For the three months ended March 31, 2024, approximately \$32.6 million is recorded in Other operating expenses and \$1.0 million is recorded in Selling and administrative expense. For the three months ended March 31, 2023, approximately \$25.6 million is recorded in Other operating expenses and \$0.6 million is recorded in Selling and administrative expense. For the six months ended March 31, 2024, approximately \$59.0 million is recorded in Other operating expenses and \$2.9 million is recorded in Selling and administrative expense. For the six months ended March 31, 2023, approximately \$35.5 million is recorded in Other operating expenses and \$0.9 million is recorded in Selling and administrative expense.

- (3) Represents costs required to develop processes and systems to comply with regulations such as the EU MDR and GDPR which represent a significant, unusual change to the existing regulatory framework. We consider these costs to be duplicative of previously incurred costs and/or one-off costs, which are limited to a specific period of time. These costs are recorded in Research and development expense.
- (4) Represents stock-based compensation expense recognized during the period associated with the incremental value of converted legacy BD share-based awards and one-time sign-on equity awards granted to certain members of the Embecta leadership team in connection with the separation from BD. For the three months ended March 31, 2024, \$0.7 million is recorded in Selling and administrative expense and \$0.1 million is recorded in Cost of products sold. For the three months ended March 31, 2023, \$1.2 million is recorded in Selling and administrative expense, \$0.1 million is recorded in Cost of products sold, and \$0.1 million is recorded in Research and development expense. For the six months ended March 31, 2024, \$1.8 million is recorded in Selling and administrative expense, \$0.2 million is recorded in Cost of products sold, and \$0.1 million is recorded in Research and development expense. For the six months ended March 31, 2023, \$3.1 million is recorded in Selling and administrative expense, \$0.1 million is recorded in Cost of products sold, and \$0.1 million is recorded in Research and development expense.
- (5) Represents business optimization and severance related costs associated with standing up the organization recorded in Other operating expenses.
- (6) Represents amounts due to BD for tax liabilities incurred in deferred jurisdictions where BD is considered the primary obligor.
- (7) Represents the amount of tax expense that the Company estimates that it would record if it used non-GAAP results instead of GAAP results in the calculation of its tax provision. The non-GAAP effective tax rate for the three and six months ended March 31, 2024 was 17.9% and 22.0%, respectively. The non-GAAP effective tax rate for both the three and six months ended March 31, 2023 was 25.0%.

Each reporting period, we face currency exposure that arises from translating the results of our worldwide operations to the U.S. dollar at exchange rates that fluctuate from the beginning of such period. A stronger U.S. dollar, compared to the prior-year period, resulted in an unfavorable foreign currency translation impact to our revenues as compared to the prior-year period. We evaluate our results of operations on both a reported and a Constant Currency basis, which excludes the impact of fluctuations in foreign currency exchange rates by comparing results between periods as if exchange rates had remained constant period-over-period. As exchange rates are an important factor in understanding period-to-period comparisons, we believe the presentation of results on a Constant Currency basis in addition to reported results helps improve investors' ability to understand our operating results and evaluate our performance in comparison to prior periods. We calculate Constant Currency percentages by converting our current-period local currency financial results using the prior-period foreign currency exchange rates and comparing these adjusted amounts to our current-period results. These results should be considered in addition to, not as a substitute for, results reported in accordance with GAAP. Results on a Constant Currency basis, as we present them, may not be comparable to similarly titled measures used by other companies and are not measures of performance presented in accordance with GAAP.

For the three and six month periods ended March 31, 2024 and 2023, the reconciliation of revenue growth to Constant Currency was as follows:

Three months ended March 31,					
<i>Dollars in millions</i>	2024	2023	Total Change	Estimated FX Impact	Constant Currency Change
Total Revenues	\$ 287.2	\$ 277.1	3.6 %	(0.9)%	4.5 %

Six months ended March 31,					
<i>Dollars in millions</i>	2024	2023	Total Change	Estimated FX Impact	Constant Currency Change
Total Revenues	\$ 564.5	\$ 552.8	2.1 %	(0.1)%	2.2 %

About Embecta

embecta is a global diabetes care company that is leveraging its nearly 100-year legacy in insulin delivery to empower people with diabetes to live their best life through innovative solutions, partnerships and the passion of approximately 2,000 employees around the globe. For more information, visit [embecta.com](https://www.embecta.com) or follow our social channels on [LinkedIn](#), [Facebook](#), [Instagram](#) and [Twitter](#).

Safe Harbor Statement Regarding Forward-Looking Statements

This press release contains express or implied "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995 and other securities laws. These forward-looking statements concern our current expectations regarding our future results from operations, performance, financial condition, goals, strategies, plans, achievements, and anticipated product clearances, approvals and launches. These forward-looking statements are subject to various known and unknown risks, uncertainties and other factors, and you should not rely upon them except as statements of our present intentions and of our present expectations, which may or may not occur. When we use words such as "believes," "expects," "anticipates," "estimates," "intends," "plans," "pursue," "will" or similar expressions, we are making forward-looking statements. For example, embecta is using forward-looking statements when it discusses its fiscal 2024 financial guidance, standing embecta up as independent company, maintaining stability with its core injection business and investing in growth, including with respect to working with the FDA to obtain clearance for new and anticipated products and launches and advancing the development of its closed loop insulin delivery system. Although we believe that our forward-looking statements are based on reasonable assumptions, our expected results may not be achieved, and actual results may differ materially from our expectations. In addition, important factors that could cause actual results to differ from expectations include, among others: (i) competitive factors that could adversely affect embecta's operations; (ii) any inability to replace the services provided by BD under the Transition Services Agreement, the Logistics Services Agreement and other transaction documents; (iii) any failure by BD to perform its obligations under the various separation agreements entered into in connection with the separation and distribution; (iv) any events that adversely affect the sale or profitability of embecta's products or the revenues delivered from sales to its customers; (v) increases in operating costs, including fluctuations in the cost and availability of raw materials or components used in its products, the ability to maintain favorable supplier arrangements and relationships, and the potential adverse effects of any disruption in the availability of such items; (vi) changes in reimbursement practices of governments or private payers or other cost containment measures; (vii) the adverse financial impact resulting from unfavorable changes in foreign currency exchange rates, as well as regional, national and foreign economic factors, including inflation, deflation, and fluctuations in interest rates; (viii) the impact of changes in U.S. federal laws and policy that could affect fiscal and tax policies, healthcare and international trade, including import and export regulation and international trade agreements; (ix) any new pandemic, such as the COVID-19 pandemic, or any geopolitical instability, including disruptions in its operations and supply chains; (x) new or changing laws and regulations, or changes in enforcement practices, including laws relating to healthcare, environmental protection, trade, monetary and fiscal policies, taxation and licensing and regulatory requirements for products; (xi) the expected benefits of the separation from BD; (xii) risks associated with embecta's indebtedness; (xiii) the risk that ongoing dis-synergy costs, costs of restructuring and other costs incurred in connection with the separation from BD will exceed our estimates of these costs; (xiv) the risk that it will be more difficult than expected to effect embecta's full separation from BD; (xv) risks associated with not completing strategic collaborative partnerships and acquisitions for innovative technologies, complementary product lines, and new markets; (xvi) embecta's ability to obtain clearance from the FDA of any product; (xvii) its ability to market and sell such products successfully; (xviii) its ability to anticipate the needs of people with diabetes; (xix) its ability to successfully complete clinical trials, obtain regulatory clearance and obtain approvals for its products; (xx) its ability to manufacture such products in a cost-effective manner, obtain appropriate intellectual property protection for such products, gain and maintain market acceptance of such products, secure distribution channels, and obtain access, coverage and reimbursement for such products; (xxi) future business decisions made by embecta and its competitors; and (xxii) the other risks described in our periodic reports filed with the Securities and Exchange Commission, including under the caption "Risk Factors" in our most recent Annual Report on Form 10-K, as further updated by our Quarterly Reports on Form 10-Q we have filed or will file hereafter. Except as required by law, we undertake no obligation to update any forward-looking statements appearing in this release.

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