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

FORM 10-Q

(Mark One)

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

For the quarterly period ended: December 31, 2021

Or

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

For the transition period from __________ to __________

Commission file number 001-41186

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

Delaware **(State or other jurisdiction of incorporation or organization)**	**87-1583942** **(I.R.S. employer identification no.)**
1 Becton Drive, Franklin Lakes, New Jersey **(Address of principal executive offices)**	**07417-1880** **(Zip code)**

(201) 847-6880
(Registrant's telephone number, including area code)

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 (the "Exchange Act") 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 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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting 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	☐

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

The number of shares of Embecta Corp. common stock outstanding as of March 16, 2022 was 1,000 shares, par value $0.01 per share.

EMBECTA CORP.

Form 10-Q

For the Quarterly Period ended December 31, 2021

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements and Supplementary Data.

Condensed Combined Statements of Income
Diabetes Care Business
(Unaudited)

	Three Months Ended December 31,	
	2021	2020
	In millions	
Revenues	$ 289.3	$ 285.3
Cost of products sold[1]	85.4	94.0
Gross Profit	$ 203.9	$ 191.3
Operating expenses:		
Selling and administrative expense	62.2	53.2
Research and development expense	16.7	14.0
Other operating expenses	8.4	—
Total Operating Expenses	$ 87.3	$ 67.2
Operating Income	116.6	124.1
Other income, net	—	1.0
Income Before Income Taxes	$ 116.6	$ 125.1
Income tax provision	17.8	19.8
Net Income	$ 98.8	$ 105.3

(1) Includes costs for inventory purchases from related parties of $11.5 million and $9.0 million during the three months ended December 31, 2021 and 2020, respectively.

See notes to the condensed combined financial statements.

Condensed Combined Statements of Comprehensive Income
Diabetes Care Business
(Unaudited)

	Three Months Ended December 31,	
	2021	2020
	In millions	
Net Income	$ 98.8	$ 105.3
Other Comprehensive Loss		
Foreign currency translation adjustments	(8.8)	0.1
Other Comprehensive Loss	(8.8)	0.1
Comprehensive Income	$ 90.0	$ 105.4

See notes to the condensed combined financial statements.

Condensed Combined Balance Sheets
Diabetes Care Business

		December 31, 2021 (Unaudited)		September 30, 2021
		In millions		
ASSETS				
Current Assets				
Trade receivables, net	$	118.3	$	150.6
Inventories:				
Materials		13.3		13.1
Work in process		21.2		21.0
Finished products		84.6		83.9
		119.1		118.0
Prepaid expenses and other		20.9		23.2
Total Current Assets		258.3		291.8
Property, Plant and Equipment, Net		436.5		451.0
Goodwill and Other Intangible Assets		33.9		33.9
Other Assets		11.2		11.3
Total Assets	$	739.9	$	788.0
LIABILITIES AND PARENT'S EQUITY				
Current Liabilities				
Accounts payable	$	58.1	$	54.2
Accrued expenses		73.0		81.6
Salaries, wages and related items		28.0		28.2
Total Current Liabilities		159.1		164.0
Deferred Income Taxes and Other Liabilities		30.3		29.7
Commitments and Contingencies (Note 5)		—		—
Parent's Equity				
Net parent investment		829.8		864.8
Accumulated other comprehensive loss		(279.3)		(270.5)
Total Parent's Equity		550.5		594.3
Total Liabilities and Parent's Equity	$	739.9	$	788.0

See notes to the condensed combined financial statements.

Condensed Combined Statements of Cash Flows
Diabetes Care Business
(Unaudited)

	Three Months Ended December 31, 2021	Three Months Ended December 31, 2020
	In millions	
Operating Activities		
Net income	$ 98.8	$ 105.3
Adjustments to net income to derive net cash provided by operating activities:		
Depreciation and amortization	8.4	9.3
Impairment of property, plant and equipment	—	10.0
Share-based compensation	4.6	3.8
Pension expense	2.2	2.4
Change in operating assets and liabilities:		
Trade receivables, net	30.7	(1.9)
Inventories	(4.3)	(10.4)
Prepaid expenses and other	0.9	(3.4)
Accounts payable	3.9	(8.0)
Accrued expenses	(7.9)	9.0
Other current liabilities	1.5	5.3
Net Cash Provided by Operating Activities	138.8	121.4
Investing Activities		
Capital expenditures	(4.3)	(11.4)
Acquisition of intangible assets	—	(0.5)
Net Cash Used for Investing Activities	(4.3)	(11.9)
Financing Activities		
Net transfers to Parent	(134.5)	(109.5)
Net Cash Used for Financing Activities	(134.5)	(109.5)
Net Change in Cash and Cash Equivalents	—	—
Opening Cash and Cash Equivalents	—	—
Closing Cash and Cash Equivalents	$ —	$ —

See notes to the condensed combined financial statements.

Notes to Condensed Combined Financial Statements
Diabetes Care Business
Millions of dollars, or as otherwise specified

Note 1—Background and Basis of Presentation

Background

On May 6, 2021, Becton, Dickinson and Company ("BD" or "Parent") announced that its Board of Directors approved a plan to spin off its diabetes care business, comprising syringes, pen needles and other products related to the injection or infusion of insulin and other drugs used in the treatment of diabetes (collectively, the "Company" or "Diabetes Care Business"). Under the plan, BD would transfer certain assets and liabilities associated with the Diabetes Care Business to Embecta Corp. ("Embecta"), a newly formed wholly owned subsidiary of BD incorporated on July 8, 2021, and execute a spin-off of Embecta by way of a pro-rata distribution of common stock of Embecta to BD's shareholders at the close of business on the record date of the spin-off. During the first quarter of 2022, in contemplation of the spin-off, certain assets, liabilities, and operations attributable to the Diabetes Care Business were contributed to Embecta, which has been reflected in these unaudited condensed combined financial statements. The remaining assets, liabilities, operations, or commitments and contingencies associated with the Diabetes Care Business will be contributed prior to the spin-off date, at which such business is fully transferred to Embecta. These condensed combined financial statements reflect the historical results of operations, financial position and cash flows of the Company.

In connection with the spin-off, BD and Embecta will enter into various agreements to effect the spin-off and provide a framework for the relationship between BD and Embecta after the spin-off, including a separation and distribution agreement, a transition services agreement (TSA), manufacturing and supply agreements (MSAs), reverse manufacturing and supply agreements (RMSAs), an employee matters agreement, a tax matters agreement, a lease agreement, and certain other commercial agreements.

The completion of the spin-off is subject to certain conditions, including effectiveness of the Registration Statement on Form 10, as amended, with the U.S. Securities and Exchange Commission ("SEC"), such effectiveness having occurred on February 10, 2022, and final approval by BD's Board of Directors (refer to Note 12). There are no assurances as to when the planned spin-off will be completed, if at all.

Basis of Presentation

The unaudited condensed combined financial statements have been derived from BD's historical accounting records and were prepared on a standalone basis in accordance with U.S. generally accepted accounting principles ("GAAP") and pursuant to the rules and regulations of the SEC. The assets, liabilities, revenue and expenses of the Company have been reflected in these condensed combined financial statements on a historical cost basis, as included in the consolidated financial statements of BD, using the historical accounting policies applied by BD. Historically, separate financial statements have not been prepared for the Company and it has not operated as a standalone business from BD. The historical results of operations, financial position, and cash flows of the Company presented in these condensed combined financial statements may not be indicative of what they would have been had the Company actually been an independent standalone public company, nor are they necessarily indicative of the Company's future results of operations, financial position, and cash flows. The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for the full year.

The condensed combined financial statements have been prepared in accordance with the instructions to Form 10-Q and, in the opinion of the management of BD, include all adjustments which are of a normal recurring nature, necessary for a fair presentation of the financial position and the results of operations and cash flows for the periods presented. The accounting policies and basis of preparation adopted in the preparation of these condensed combined financial statements are consistent with those followed in the preparation of the Company's combined financial statements issued for the year ended September 30, 2021. However, the financial statements do not include all information and accompanying notes required for a presentation in accordance with GAAP. These condensed combined financial statements should be read in conjunction with the audited combined financial statements and the notes thereto included in the Company's Registration Statement on Form 10. All intercompany transactions and accounts within the Diabetes Care Business have been eliminated.

The provision for income taxes for the three months ended December 31, 2021 and 2020 was calculated by applying an estimated annual effective income tax rate for the full year to ordinary income adjusted by the tax impact of discrete items.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates or assumptions affect reported assets, liabilities, revenues and expenses, including determining the allocation of shared costs and expenses from BD, depreciable and amortizable lives, sales returns and allowances, rebate accruals, inventory reserves and taxes on income as reflected in the condensed combined financial statements. Actual results could differ from these estimates.

Note 2 — Parent's Equity

Changes in certain components of Parent's Equity were as follows:

	Net Parent Investment	Accumulated Other Comprehensive Loss	Total Parent's Equity
		In millions	
Balance, October 1, 2020	$ 833.8	$ (261.6)	$ 572.2
Net income	105.3	—	105.3
Foreign currency translation	—	0.1	0.1
Net transfers to Parent	(91.8)	—	(91.8)
Balance, December 31, 2020	$ 847.3	$ (261.5)	$ 585.8

	Net Parent Investment	Accumulated Other Comprehensive Loss	Total Parent's Equity
		In millions	
Balance, October 1, 2021	$ 864.8	$ (270.5)	$ 594.3
Net income	98.8	—	98.8
Foreign currency translation	—	(8.8)	(8.8)
Net transfers to Parent	(133.8)	—	(133.8)
Balance, December 31, 2021	$ 829.8	$ (279.3)	$ 550.5

Note 3 — Related Party Transactions and Parent Company Investment

Corporate and Medical Segment Allocations

The Company's condensed combined financial statements include general corporate expenses of BD and shared segment expenses which were not historically allocated to the Company for certain support functions that are provided on a centralized basis within Parent and not recorded at the business unit level, such as expenses related to finance, human resources, information technology, facilities, and legal, among others (collectively, "General Corporate Expenses"). For purposes of these condensed combined financial statements, the General Corporate Expenses have been allocated to the Company. The General Corporate Expenses are included in the condensed combined statements of income in *Cost of products sold*, *Selling and administrative expense*, *Research and development expense*, and *Other income*, *net* and, accordingly, as a component of *Net parent investment* on the condensed combined balance sheets. These expenses have been allocated to the Company on a pro rata basis of global and regional revenues, headcount, research and development spend and other drivers. Management believes the assumptions underlying the condensed combined financial statements, including the assumptions regarding allocating General Corporate Expenses from BD, are reasonable. Nevertheless, the condensed combined financial statements may not include all of the actual expenses that would have been incurred and may not reflect the Company's condensed combined results of operations, financial position and cash flows had it been a standalone public company during the periods presented. Actual costs that would have been incurred if the Company had been a standalone public company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure.

The allocations of General Corporate Expenses are reflected in the condensed combined statements of income as follows:

	Three months ended December 31,	
	2021	2020
	In millions	
Cost of products sold	$ 1.6	$ 4.7
Selling and administrative expense	24.4	24.4
Research and development expense	1.7	1.2
Other (income) expense, net	(1.0)	(1.6)
Total General Corporate Expenses	$ 26.7	$ 28.7

Purchases from Parent

In the ordinary course of business, the Company purchases from BD certain materials for use in production of certain medical products, the terms of which are not at arm's length. During the three months ended December 31, 2021 and 2020, these related party purchases were $14.4 million and $9.7 million, respectively. Amounts payable to BD for such purchases as of December 31, 2021 and September 30, 2021 were immaterial.

Parent Company Investment

All significant intercompany transactions between the Company and BD have been included in the condensed combined financial statements and are considered to be effectively settled for cash at the time the transaction is recorded. The total net effect of the settlement of these intercompany transactions is reflected in the condensed combined statements of cash flows as a financing activity and in the condensed combined balance sheets as *Net parent investment*.

The following table summarizes the components of the net transfers to Parent in *Net parent investment* for three months ended December 30, 2021 and 2020:

	Three months ended December 31, 2021	Three months ended December 31, 2020
	In millions	
Cash pooling and general financing activities[a]	$ 170.3	$ 142.7
Corporate and segment allocations, excluding non-cash share-based compensation	(25.1)	(27.1)
Taxes deemed settled with Parent	(10.7)	(6.1)
Net transfers to Parent as reflected in the condensed combined statements of cash flows	134.5	109.5
Share-based compensation expense	(4.6)	(3.8)
Pension expense	(2.2)	(2.4)
Other transfers to (from) Parent, net	6.1	(11.5)
Net transfers to Parent (Note 2)	$ 133.8	$ 91.8

(a) The nature of activities includes financing activities for capital transfers, cash sweeps and other treasury services. As part of this activity, cash balances are swept to BD on a daily basis under the BD Treasury function and the Company receives capital from BD for its cash needs.

Note 4 — Spin-Off Costs

In connection with the spin-off further described in Note 1, the Company incurred separation and stand-up costs of approximately $8.4 million during the three months ended December 31, 2021, reflected within *Other operating expenses* within the condensed combined statement of income. The costs incurred primarily consist of costs associated with legal, supply chain, employee retention and certain other costs to establish certain stand-alone functions to transition to being a stand-alone entity. There were no spin-off costs incurred during the three months ended December 31, 2020.

The total amount of spin-off costs accrued as of December 31, 2021 and September 30, 2021 was approximately $0.5 million and $1.6 million, respectively.

Note 5 — Contingencies

The Company regularly monitors and evaluates the status of product liability and other legal matters, and may, from time-to-time, engage in settlement and mediation discussions taking into consideration developments in the matters and the risks and uncertainties surrounding litigation. These discussions could result in settlements of one or more of these claims at any time. The Company has not identified material legal matters where it believes an unfavorable, material outcome is probable and estimable and, therefore, no reserve is established. Although management currently believes that resolving claims against the Company, including claims where an unfavorable outcome is reasonably possible, will not have a material impact on the liquidity, results of operations, or financial condition of the Company, these matters are subject to inherent uncertainties and management's view of these matters may change in the future. It is possible that an unfavorable outcome resulting from legal matters or other contingencies could have a material impact on the liquidity, results of operations or financial condition of the Company.

Significant judgment is required in both the determination of probability of loss and the determination as to whether the amount can be reasonably estimated. Accruals are based only on information available at the time of the assessment, due to the uncertain nature of such matters. As additional information becomes available, management reassesses potential liabilities related to pending claims and litigation and may revise its previous estimates, which could materially affect the Company's results of operations in a given period. The Company was not a party to any material legal proceedings at December 31, 2021 or December 31, 2020, nor is it a party to any material legal proceedings as of the date of issuance of these condensed combined financial statements.

Note 6 — Revenues

The Company's policies for recognizing sales have not changed from those described in the Company's Registration Statement on Form 10. The Company sells syringes, pen needles and other products used in the treatment of diabetes which are sold to wholesalers and distributors, which in turn sell these products to customers through retail and acute care hospitals, clinics and other institutional channels. End-users of the Company's products include healthcare institutions, physicians, life science researchers, clinical laboratories, the pharmaceutical industry, and the general public.

Measurement of Revenues

Payment terms extended to the Company's customers are based upon commercially reasonable terms for the markets in which the Company's products are sold. Because the Company generally expects to receive payment within one year or less from when control of a product is transferred to the customer, the Company does not generally adjust its revenues for the effects of a financing component. The Company's allowance for doubtful accounts reflects the current estimate of credit losses expected to be incurred over the life of its trade receivables. Such estimated credit losses are determined based on historical loss experiences, customer specific credit risk, and reasonable and supportable forward-looking information, such as country or regional risks that are not captured in the historical loss information. Amounts are written off against the allowances for doubtful accounts when the Company determines that a customer account is uncollectible. The allowance for doubtful accounts for trade receivables is not material to the Company's condensed combined financial results.

The Company's gross revenues are subject to a variety of deductions which are recorded in the same period that the underlying revenues are recognized. Such variable consideration includes rebates, sales discounts, and sales returns. Because these deductions represent estimates of the related obligations, judgment is required when determining the impact of these revenue deductions on gross revenues for a reporting period. Rebates provided by the Company are based upon prices determined under the Company's agreements primarily with its end-user customers. Additional factors considered in the estimate of the Company's rebate liability include the quantification of inventory that is either in stock at or in transit to the Company's distributors, as well as the estimated lag time between the sale of product and the payment of corresponding rebates. The Company's rebate liability at December 31, 2021 and September 30, 2021 was $76.9 million and $71.7 million, respectively. Rebates recorded as a reduction of gross revenues during the three months ended December 31, 2021 and 2020 were $76.4 million and $72.1 million, respectively. Sales discounts and sales returns were not material.

Disaggregation of Revenues

Disaggregation of revenue by geographic region is provided within Note 7.

Contract Assets and Liabilities

The Company does not have contract liabilities. Contract assets consist of the Company's right to consideration that is conditional upon its future performance pursuant to private label agreements and are presented within *Prepaid expenses and other* on the condensed combined balance sheets.

The Company's contract asset balance was $1.4 million as of both December 31, 2021 and September 30, 2021.

Note 7 — Segment and Geographical Data

Operating segments are identified as components of an enterprise in which discrete financial information is available for evaluation by the chief operating decision-maker ("CODM") in making decisions regarding assessing business performance and allocating resources and capital. Management has concluded that the Company operates in one segment based upon the information used by the CODM in evaluating the performance of the Company's business and allocating resources and capital.

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Disaggregation of Revenues

The Company has distribution agreements with regional or national distributors (including wholesalers and medical suppliers) to ensure broad availability of its products as well as a direct sales force in certain countries and regions around the world. In the United States and Canada, the Company utilizes its field-based sales representatives and internal sales teams. In certain markets within Europe, the Company has dedicated sales representatives and in certain regions of the Middle East and Africa, the Company has distribution agreements. In Greater Asia, the Company has distribution agreements and in China, the Company relies on its own commercial team to support sales execution. In Latin America, the Company maintains distribution agreements and direct sales representatives.

The Company disaggregates its revenue by geography as management believes this category best depicts how the nature, amount and timing of revenues and cash flows are affected by economic factors.

Revenues by geographic region are as follows:

	Three months ended December 31,	
	2021	2020
	In millions	
United States	$ 150.9	$ 149.5
International[(a)]	138.4	135.8
Total	$ 289.3	$ 285.3

(a) During the three months ended December 31, 2021 and 2020, no individual country outside of the United States generated revenue that represented more than 10.0% of total revenues.

Note 8 — Share-Based Compensation

The following disclosure represents share-based compensation attributable to the Company based on the awards and terms previously granted to Company employees under BD share-based payment plans, and is representative of only those employees who are dedicated to the Company unless otherwise noted. Stock compensation allocated to the Company for BD Corporate and Medical Segment employees who are not dedicated to the Company are included as a component of corporate allocations. The allocation of stock compensation for BD Corporate and Medical Segment employees was $1.6 million for the three months ended December 31, 2021 and 2020.

Share-Based Compensation Expense

The fair value of share-based payments is recognized as compensation expense. BD estimates forfeitures based on experience at the time of grant and adjusts expense to reflect actual forfeitures.

The amounts and location of compensation cost relating to both the Company's employees and an allocation for BD Corporate employees included in the condensed combined statements of income is as follows:

	Three months ended December 31,	
	2021	2020
	In millions	
Cost of products sold	$ 1.0	$ 0.9
Selling and administrative expense	2.9	2.2
Research and development expense	0.7	0.7
Total Share-Based Compensation Expense	$ 4.6	$ 3.8
Tax benefit associated with share-based compensation costs recognized	$ 1.0	$ 0.9

Note 9 — Goodwill and Other Intangible Assets

Goodwill and Other Intangible Assets consisted of:

	Three months ended December 31, 2021	2020
	In millions	
Amortized intangible assets		
Patents – gross	$ 21.5	$ 21.2
Less: accumulated amortization	(7.2)	(6.9)
Patents – net	$ 14.3	$ 14.3
Customer Relationships and Other – gross	$ 5.4	$ 5.4
Less: accumulated amortization	(1.4)	(1.4)
Customer Relationships and Other – net	$ 4.0	$ 4.0
Total amortized intangible assets	$ 18.3	$ 18.3
Goodwill	15.6	15.6
Total Goodwill and Other Intangible Assets	$ 33.9	$ 33.9

Note 10 — Financial Instruments and Fair Value Measurements

Foreign Currency and Other Risks

The Company has foreign currency exposures throughout the various countries in which it operates. Transactional currency exposures that arise from entering into transactions, generally on an intercompany basis, in non-hyperinflationary countries that are denominated in currencies other than the functional currency are mitigated by BD primarily through the use of forward contracts. In order to mitigate foreign currency exposure relating to its investments in certain foreign subsidiaries, BD hedges the currency risk associated with those investments with instruments, such as foreign currency-denominated debt, cross-currency swaps and currency exchange contracts, which are designated as net investment hedges. The Company does not enter into any derivative transactions, contracts, options, or swaps. Accordingly, derivative assets and liabilities held by BD at the corporate level were not attributable to the Company for any of the periods presented.

Net gains or losses relating to the net investment hedges, which are attributable to changes in foreign currencies to U.S. dollar spot exchange rates, are recorded as a component of foreign currency translation adjustments in *Other comprehensive loss*. Upon the termination of a net investment hedge, any net gain or loss included in *Accumulated other comprehensive loss* relative to the investment hedge remains until the foreign subsidiary investment is disposed of or is substantially liquidated.

Hedges of the transactional foreign exchange exposures resulting primarily from intercompany payables and receivables are undesignated hedges. As such, the gains or losses on these instruments are recognized immediately in income. These gains and losses are largely offset by gains and losses on the underlying hedged items, as well as the hedging costs associated with the derivative instruments. Due to the Company's participation in BD's hedging program, the Company records an allocated portion of the impact of these activities. The net amounts recognized in *Other income (expense), net* during the three months ended December 31, 2021 and 2020 were immaterial to the Company's condensed combined financial results.

Nonrecurring Fair Value Measurements

Non-financial assets, including property, plant and equipment as well as intangible assets, are measured at fair value when there are indicators of impairment and these assets are recorded at fair value only when an impairment is recognized. These measurements of fair value are generally based upon Level 3 inputs, including values estimated using the income approach.

In the quarter ended December 31, 2020, the Company recorded impairment charges totaling $10.0 million related to certain construction in progress assets that related to discontinued projects. The impairment charges were recorded to adjust the carrying amount of the assets to the assets' fair values, which were estimated through a discounted cash flow model that utilized Level 3 inputs. The impairment charges are recognized within *Cost of products sold* in the condensed combined statement of income. There were no impairment charges in the quarter ended December 31, 2021.

Concentration of Credit Risk

On an ongoing basis, the Company's operations form part of BD's monitoring of concentrations of credit risk associated with financial institutions with which BD conducts business. Therefore, the Company is exposed to credit loss in the event of nonperformance by such financial institutions. However, this loss is limited to the amounts, if any, by which the obligations of the counterparty to the financial instrument contract exceed the obligations of BD. BD also minimizes exposure to credit risk by dealing with a diversified group of major financial institutions.

Substantially all of the Company's trade receivables are due from public and private entities involved in the healthcare industry. The Company does not normally require collateral from its customers. Two of the Company's customers represent at least 10.0% of the gross trade receivables balance individually and, in the aggregate, represent approximately 23.0% of the gross trade receivable balance as of December 31, 2021. Two of the Company's customers represent at least 10.0% of total revenues individually and, in the aggregate, represent approximately 30.1% of total revenues for the quarter ended December 31, 2021.

Note 11 — Property, Plant and Equipment

Property, Plant and Equipment, Net consisted of:

	As of December 31, 2021	As of September 30, 2021
	In millions	
Land	$ 3.4	$ 3.6
Buildings	120.1	120.4
Machinery, equipment and fixtures	559.5	570.8
Leasehold improvements	6.5	6.1
Construction in progress	185.0	190.8
	874.5	891.7
Less: accumulated depreciation	(438.0)	(440.7)
Total Property, Plant and Equipment, Net	$ 436.5	$ 451.0

Note 12 — Subsequent Events

Management has evaluated subsequent events through March 16, 2022, the date the condensed combined financial statements were available to be issued and determined that no subsequent events have occurred that would require recognition in the condensed combined financial statements or disclosure in the notes to the condensed combined financial statements, except as described below:

Spin-Off Update

On February 1, 2022, BD's Board of Directors approved the spin-off of the Diabetes Care Business. On February 10, 2022, the SEC declared effective Embecta's Registration Statement on Form 10, as amended. The spin-off will occur by means of a pro-rata distribution of all of Embecta's issued and outstanding shares of common stock on the basis of one share of Embecta common stock for every five shares of BD common stock held as of the close of business on March 22, 2022, the record date for the spin-off. The distribution is expected to be completed on April 1, 2022. The distribution is expected to qualify as tax-free to BD and its shareholders for U.S. federal income tax purposes.

Upon completion of the distribution, Embecta will be an independent, publicly traded company and BD will retain no ownership interest. “When-issued” trading of Embecta common stock will begin on or shortly before the record date of March 22, 2022, under the ticker symbol “EMBCV,” and will continue until the distribution date. “Regular-way” trading of Embecta common stock is expected to begin on the spin-off date of April 1, 2022, under the same ticker symbol of “EMBC.”

Financing Arrangements

In February 2022 and in connection with the spin-off, Embecta issued $500.0 million of senior secured 5.000% notes due February 15, 2030. Prior to the distribution date of April 1, 2022, Embecta expects to enter into a credit agreement which will provide for a $1,150.0 million senior secured seven-year term loan facility, as well as a $500.0 million senior secured five-year revolving credit facility, which is expected to be undrawn at the spin-off date. The interest rate on the $1,150.0 million term loan is 300 basis points over the secured overnight financing rate (“SOFR”), with a 0.5% SOFR floor. Embecta is expected to use the aggregate proceeds received from the issuance of the senior secured notes and the term loan facility to make a distribution payment of approximately $1,440.0 million to BD in connection with the spin-off on the effectiveness date of April 1, 2022. Embecta plans to hold approximately $160.0 million in cash upon completion of the spin-off.

In addition, Embecta will enter into a Trade Receivables Factoring Agreement with BD effective at the time of the spin-off. Embecta will owe BD a service fee calculated as 0.1% of annual revenues related to countries subject to the agreement, in exchange for the services provided by BD pursuant to the Trade Receivables Factoring Agreement.

Embecta and BD Agreements

In connection with the spin-off, BD and Embecta have entered and will enter into various agreements to effect the spin-off and provide a framework for the relationship between BD and Embecta after the spin-off, including a separation and distribution agreement, a transition services agreement (TSA), manufacturing and supply agreements (MSAs), reverse manufacturing and supply agreements (RMSAs), an employee matters agreement, a tax matters agreement, a lease agreement, and certain other commercial agreements. The agreements are expected to go into effect as of the spin-off date, April 1, 2022.

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

Certain Factors Affecting Forward-Looking Statements

The following discussion and analysis should be read in conjunction with the condensed combined financial statements and accompanying notes contained elsewhere in this Quarterly Report on Form 10-Q. This discussion contains a number of forward-looking statements, all of which are based on our current expectations and could be affected by the uncertainties and other factors described throughout this discussion and analysis, particularly in the section "Cautionary Statement Concerning Forward-Looking Statements."

References in this section to the "Diabetes Care Business" refer to the Diabetes Care Business as defined in the condensed combined financial statements included within this report. References in this section to "Embecta" refer to Embecta Corp. as defined in the condensed combined financial statements included within this report.

All amounts discussed are in millions of U.S. dollars, unless otherwise indicated.

Company Overview

We are a leading global medical device company focused on providing solutions to improve the health and wellbeing of people living with diabetes. Over the 95-year history of our business, we believe that our products have become one of the most widely recognized and respected brands in diabetes management in the world. We estimate that our products are used by nearly 30 million people in over 100 countries for insulin administration and to aid with the daily management of diabetes. Our business traces its origins to 1924, when Becton, Dickinson and Company ("BD" or "Parent") developed the first dedicated insulin syringe. Since then, we have built a world-class organization with a unique manufacturing supply chain and commercial footprint, delivering over 7.6 billion units of diabetes injection devices globally in 2021. We generated revenues of $289.3 million and $285.3 million during the three months ended December 31, 2021 and 2020, respectively.

We have a broad portfolio of marketed products, including a variety of pen needles, syringes and safety devices, which are complemented by our proprietary digital applications designed to assist people with managing their diabetes. Our pen needles are sterile, single-use, medical devices, designed to be used in conjunction with insulin pens and are used to inject insulin or other diabetes medications. We also sell safety pen needles, which include resin injection-molded shields on both ends of the cannula that automatically deploy to help prevent needlestick exposure and injury during injection and disposal. Our traditional and safety pen needles are compatible and frequently used with widely available pen injectors in the market today. In addition to pen needles, we sell sterile, single-use insulin syringes, which are used to inject insulin drawn from insulin vials. We also sell safety insulin syringes, which incorporate a manually activated sliding sleeve to help prevent needlestick exposure and injury during injection and disposal.

We primarily sell our products to wholesalers and distributors, which in turn sell such products to customers in primarily retail and institutional channels.

Separation from BD

In May 2021, BD announced its plan to separate its diabetes care business into an independent public company. The separation will occur through a distribution of all of the outstanding shares of common stock of Embecta Corp., which will hold BD's Diabetes Care Business, to BD shareholders of record as of the close of business on March 22, 2022, the record date for the spin-off (the "Spin-Off Distribution").

On February 1, 2022, BD's Board of Directors approved the Spin-Off Distribution. On February 10, 2022, the SEC declared effective Embecta's Registration Statement on Form 10, as amended. The Spin-Off Distribution is expected to be completed at 12:01 a.m., Eastern Time, on April 1, 2022. "When-issued" trading of Embecta common stock will begin on or shortly before the record date of March 22, 2022, under the ticker symbol "EMBC WI", and will continue until April 1, 2022. "Regular-way" trading of Embecta common stock is expected to begin on the spin-off date of April 1, 2022, under the same ticker symbol of "EMBC."

Basis of Presentation of Our Financial Information

The accompanying historical unaudited condensed combined financial statements included in this report were derived from the unaudited interim condensed consolidated financial statements and accounting records of BD. These condensed combined financial statements reflect the historical results of operations, financial position and cash flows of BD's Diabetes Care Business as they were historically managed in conformity with U.S. generally accepted accounting principles ("GAAP"). Therefore, the historical combined financial information may not be indicative of our future performance and does not necessarily reflect what our combined results of operations, financial condition and cash flows would have been had the Diabetes Care Business operated as a separate, publicly traded company during the periods presented, particularly because of changes that we expect to experience in the future as a result of our separation from BD, including changes in the financing, cash management, operations, cost structure and personnel needs of our business. The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for the full year.

The condensed combined financial statements include certain assets and liabilities that have historically been held at the BD corporate level but are specifically identifiable or otherwise allocable to the Diabetes Care Business. During the first quarter of 2022, in contemplation of the spin-off, certain assets, liabilities, and operations attributable to the Diabetes Care Business were contributed to Embecta. The remaining assets, liabilities, operations or commitments and contingencies in respect of the Diabetes Care Business will be contributed prior to the spin-off date, at which such business is fully transferred to Embecta. BD uses a centralized approach to cash management and financing of its operations. The cash and cash equivalents held by BD at the corporate level are not specifically identifiable to the Diabetes Care Business and therefore were not allocated for any of the periods presented. These arrangements are not reflective of the manner in which the Diabetes Care Business would have financed its operations had it been a standalone company separate from BD during the periods presented. Cash pooling, related interest and intercompany arrangements are excluded from the asset and liability balances in the combined balance sheets. These amounts have instead been reported as *Net parent investment* as a component of Parent's Equity.

Additionally, BD provides certain services, such as legal, accounting, information technology, human resources and other infrastructure support to the Diabetes Care Business. The cost of these services has been allocated to the Diabetes Care Business on the basis of the proportion of net sales, headcount, and other drivers. The Diabetes Care Business and BD consider these allocations to be a reasonable reflection of the benefits received by the Diabetes Care Business. Actual costs that would have been incurred if the Diabetes Care Business had been a standalone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, such as information technology and infrastructure.

Subsequent to the completion of the separation, we expect to incur expenditures consisting of employee-related costs, costs to start up certain standalone functions and information technology systems and other one-time transaction related costs. Recurring standalone costs include establishing the internal audit, treasury, investor relations, tax and corporate secretary functions as well as the annual expenses associated with running an independent publicly traded company, including listing fees, compensation of non-employee directors, related board of director fees and other fees and expenses related to insurance, legal and external audit. During the three months ended December 31, 2021 we incurred separation and stand-up costs of approximately $8.4 million, reflected within *Other operating expenses* within the condensed combined statement of income, and as further discussed below. There were no spin-off costs incurred during the three months ended December 31, 2020.

Percentages presented are calculated from the underlying amounts.

Relationship with BD

We have or will enter into several agreements with BD to effect the spin-off and provide a framework for the relationship between BD and Embecta after the spin-off, including a separation and distribution agreement, a transition services agreement (TSA), manufacturing and supply agreements (MSAs), reverse manufacturing and supply agreements (RMSAs), an employee matters agreement, a tax matters agreement, a lease agreement, and certain other commercial agreements. Certain functions that BD provided to the Diabetes Care Business prior to the distribution will either continue to be provided to Embecta by BD under the TSA or will be performed using Embecta's own resources or third-party service providers. Additionally, under the MSAs, BD will manufacture certain products for and supply raw materials to Embecta and its subsidiaries and Embecta will manufacture certain products for BD and its subsidiaries. Lastly, BD and Embecta will enter into a Trade Receivables Factoring Agreement, in which Embecta owes BD a service fee calculated as 0.1% of annual revenues related to countries subject to the agreement, in exchange for the services provided by BD pursuant to the agreement.

Due to these aforementioned contracts, as well as the anticipation of the spin-off, we expect potential changes in costs and cash flows in the quarters immediately subsequent to the spin-off. Specifically, we expect the TSA to result in higher expenses to operate as a standalone entity as compared to the costs we currently incur in carrying out these functions as a component of BD. Following the spin-off, we expect to incur certain one-time costs related to becoming a stand-alone entity; however, we also anticipate a decrease in certain separation costs related to the formation of new legal entities as well as expenses to complete the transfer of assets and liabilities from BD to Embecta that we are currently incurring once the spin-off is complete. Refer to the Other Operating Expenses fluctuation in the “Results of Operations” section for further details on these expenses. Furthermore, we expect the Trade Receivables Factoring Agreement to have an impact on the timing of our cash flows related to our outstanding trade receivables. In addition to the above, we also are planning a build up of inventory in current and future periods in preparation for the anticipated spin-off. We anticipate this trend to continue as we operate as a stand-alone entity.

COVID-19 Pandemic Impacts and Response

COVID-19 was officially declared a pandemic by the World Health Organization in March 2020 and governments around the world have been implementing various measures to slow and control the spread of COVID-19. These government measures have led to a shift in healthcare priorities and disruptions of economic activities worldwide, which unfavorably affected the demand for our products during fiscal year 2020. We have seen substantial recovery in the demand for our products in the three months ended December 31, 2021 and 2020, as further discussed below, however, our future operating performance may be subject to further volatility due to the significant uncertainty with respect to the duration and overall impact of the COVID-19 pandemic. The impacts of the COVID-19 pandemic on our business, results of operations, financial condition and cash flows is dependent on certain factors including:

- the extent to which resurgences in COVID-19 infections or new strains of the virus, including the Delta and Omicron variants, result in the imposition of new governmental lockdowns, quarantine requirements or other restrictions that may disrupt our operations;
- the continued momentum of the global economy’s recovery from the pandemic and the degree of pressure that a weakened macroeconomic environment would put on the global demand for our products; and
- the effectiveness of recently developed vaccines and vaccination efforts.

First Quarter 2022 Summary (on a comparative basis)

Key GAAP financial results for the three months ended December 31, 2021 were as follows:

- Revenue increased by 1.4% to $289.3 million from $285.3 million;
- Operating income decreased by 6.0% to $116.6 million from $124.1 million; and
- Net income decreased by 6.2% to $98.8 million from $105.3 million.

Key Non-GAAP financial results for the three months ended December 31, 2021 were as follows:

- Constant Currency Revenues increased by 1.7%;
- EBITDA decreased by 7.0% to $125.0 million from $134.4 million; and
- Adjusted EBITDA decreased by 6.9% to $138.0 million from $148.2 million.

Please see a description of our Non-GAAP Financial Measures below.

Results of Operations

Our unaudited condensed combined statement of income is as follows:

Dollars in millions	Three months ended January 31		Increase/(decrease)	
	2021	2020	$	%
Revenues	$289.3	$285.3	$ 4.0	1.4%
Cost of products sold	85.4	94.0	(8.6)	(9.1)%
Gross Profit	203.9	191.3	12.6	6.6%
Operating expenses:				
Selling and administrative expense	62.2	53.2	9.0	16.9%
Research and development expense	16.7	14.0	2.7	19.3%
Other operating expenses	8.4	—	8.4	nm
Total Operating Expenses	87.3	67.2	20.1	29.9%
Operating Income	116.6	124.1	(7.5)	(6.0)%
Other income (expense), net	—	1.0	(1.0)	(100.0)%
Income Before Income Taxes	116.6	125.1	(8.5)	(6.8)%
Income tax provision	17.8	19.8	(2.0)	(10.1)%
Net Income	$ 98.8	$105.3	$ (6.5)	(6.2)%

nm = not meaningful

Revenues

Our revenues increased by $4.0 million, or 1.4%, to $289.3 million in the first quarter of 2022 as compared to revenues of $285.3 million in the first quarter of 2021. Changes in our revenue are driven by the volume of goods that we sell, the prices we negotiate with customers and changes in foreign exchange rates. Volume and price favorably impacted our revenues by approximately $4.0 million and $1.0 million, respectively, for the three months ended December 31, 2021, as compared to the prior period. The increase in volume was primarily driven by new customers in the U.S. and in emerging markets and the increase in price was driven by standard increases in product prices within certain international regions. This increase was partially offset by unfavorable effects from foreign currency translation of $1.0 million.

Revenues by geographic region are as follows:

Dollars in millions	Three months ended December 31		Increase/(decrease)		
	2021	2020	$	%	Constant Currency %
United States	$150.9	$149.5	$1.4	0.9%	0.9%
International	138.4	135.8	2.6	1.9%	2.6%
Total	$289.3	$285.3	$4.0	1.4%	1.7%

Cost of products sold

Cost of products sold decreased by $8.6 million, or 9.1%, to $85.4 million in the first quarter of 2022 as compared to $94.0 million in the first quarter of 2021. The decrease was primarily driven by $10.0 million of impairment charges associated with the write-off of certain construction in progress assets that were recorded in the first quarter of fiscal year 2021. Additional associated disclosures relating to the impairment charges are provided in Note 10 to our combined financial statements included elsewhere in this report.

Selling and administrative expenses

Selling and administrative expenses increased by $9.0 million, or 16.9%, to $62.2 million in the first quarter of 2022 as compared to $53.2 million in the first quarter of 2021. This increase was primarily driven by an increase in digital media spend and an increase in compensation and benefit costs due to increased headcount in anticipation of the spin-off.

Research and development expenses

Research and development expenses increased by $2.7 million, or 19.3%, to $16.7 million in the first quarter of 2022 as compared to $14.0 million in the first quarter of 2021. The increase was primarily driven by increased investment in the development of new products, specifically our insulin patch pump and redesigned pen needles.

Other operating expenses

We incurred other operating expenses of $8.4 million in the first quarter of 2022, driven by costs related to the anticipated spin-off. The costs incurred primarily relate to accounting, auditing, and legal services, including costs to establish certain stand-alone corporate functions and other transaction costs as we transition to being a stand-alone publicly traded company. As mentioned within the "Relationship with BD" section, we anticipate certain separation costs to decline following the spin-off. However, we do anticipate an increase in other costs related to the spin-off, specifically one-time costs related to becoming a stand-alone entity.

Income tax provision

Income tax expense decreased by $2.0 million, or 10.1%, to $17.8 million in the first quarter of 2022 as compared to $19.8 million in the first quarter of 2021. The decrease was primarily driven by the geographical mix of income attributable to foreign countries that have income tax rates that vary from the U.S. tax rate and costs related to the anticipated spin-off incurred in the first quarter of 2022.

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, as further defined below, and (iii) Constant Currency revenue growth. 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, shareholders 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. These non-GAAP financial measures are not intended to be, and should not be, considered separately from, or as an alternative to, the most directly comparable GAAP financial measures.

We believe EBITDA is an important valuation measurement for management and investors given the effect non-cash charges such as amortization related to acquired intangible assets and depreciation of capital equipment have on net income. Additionally, we regard EBITDA as a useful measure of operating performance and cash flow before the effect of interest, taxes, depreciation and amortization and as a complement to operating income, net income and other GAAP financial performance measures. We define adjusted EBITDA as EBITDA excluding certain items that affect comparability of operating results and the trend of earnings. These adjustments are either non-cash or irregular in nature, may not be indicative of our past and future performance and are therefore excluded to allow investors to better understand underlying operating trends. The following are examples of the types of adjustments that are excluded: (i) share-based compensation, (ii) impairment losses incurred, (iii) separation costs associated with the spin-off, and (iv) other significant items management deems irregular or non-operating in nature. We use adjusted EBITDA when evaluating operating performance because we believe the exclusion of such adjustments is necessary to provide the most accurate measure of on-going core operating results and to evaluate comparative results period over period.

	Three Months Ended December 31, 2021	Three Months Ended December 31, 2020
	In millions	
Net income	$ 98.8	$ 105.3
Income taxes	17.8	19.8
Depreciation	8.4	9.3
Amortization of intangible assets	—	—
EBITDA	125.0	134.4
Share-based compensation expense	4.6	3.8
Separation costs[1]	8.4	—
Impairment losses[2]	—	10.0
Adjusted EBITDA	$ 138.0	$ 148.2

(1) Relates to spin-off costs incurred in the first three months of fiscal year 2022. Refer to the Other operating expenses section above.
(2) Relates to impairment charges incurred in the first three months of fiscal year 2021. Refer to the Cost of products sold section above.

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 quarter. 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 months ended December 31, 2021, the reconciliation of revenue growth to Constant Currency revenue growth was as follows:

Millions of dollars	Three months ended December 31,				
	2021	2020	Total Change	Estimated FX Impact	Constant Currency Change
Total Revenues	$289.3	$285.3	1.4%	(0.3)%	1.7%

LIQUIDITY AND CAPITAL RESOURCES

Historical Liquidity

Historically, we have generated positive cash flows from operations.

As part of BD, the Diabetes Care Business has been dependent upon BD for all of its working capital and financing requirements. BD uses a centralized approach to cash management and financing of its operations. The majority of the cash of the Diabetes Care Business is transferred to BD daily and BD funds the operating and investing activities of such business as needed. This arrangement is not reflective of the manner in which the Diabetes Care Business would have been able to finance its operations had the Diabetes Care Business been a standalone business separate from BD during the periods presented. Cash transfers to and from BD's cash management accounts are reflected within *Net parent investment* as a component of Parent's Equity.

The cash and cash equivalents held by BD at the corporate level are not specifically identifiable to the Diabetes Care Business and therefore were not allocated for any of the periods presented. Third-party debt and the related interest expense of BD have not been allocated to the Diabetes Care Business for any of the periods presented because BD's borrowings were not directly attributable to this business.

Future Liquidity

On a recurring basis, our primary future cash needs will be directed toward operating and investing activities, which include working capital needs, capital expenditures, research and development funding, and mergers and acquisitions. We also intend to allocate cash to the interest payments and repayment of borrowings. Our ability to fund these needs will depend, in part, on our ability to generate or raise cash in the future, which is subject to general economic, financial, competitive, regulatory and other factors that are beyond our control.

Following the separation, our capital structure and sources of liquidity will change from its historical capital structure because we will no longer participate in BD's centralized cash management program. Our ability to fund our operating needs will depend on our ability to continue to generate positive cash flow from operations and raise capital in the capital markets. Based upon our history of generating strong cash flows, we believe that we will be able to meet our short-term liquidity needs. We believe that we will meet known and reasonably likely future cash requirements through the combination of cash flows from operating activities, available cash balances and available borrowings through and under our expected financing arrangements, as further discussed below. If these sources of liquidity need to be augmented, additional cash requirements would likely need to be financed through the issuance of debt or equity securities.

Financing Facilities

In February 2022 and in connection with the spin-off, we issued $500.0 million of senior secured 5.000% notes due February 15, 2030. Prior to the distribution date of April 1, 2022, we expect to enter into a credit agreement which will provide for a $1,150.0 million senior secured seven-year term loan facility, as well as a $500.0 million senior secured five-year revolving credit facility, which is expected to be undrawn at the spin-off date. The interest rate on the $1,150.0 million term loan is 300 basis points over the secured overnight financing rate ("SOFR"), with a 0.5% SOFR floor. We expect to use the aggregate proceeds received from the issuance of the senior secured notes and the term loan facility to make a distribution payment of approximately $1,440.0 million to BD in connection with the spin-off on the effective date of April 1, 2022. We plan to hold approximately $160.0 million in cash upon completion of the spin-off.

In addition, Embecta will enter into a Trade Receivables Factoring Agreement with BD effective at the time of the spin-off. Embecta will owe BD a service fee calculated as 0.1% of annual revenues related to countries subject to the agreement, in exchange for the services provided by BD pursuant to the Trade Receivables Factoring Agreement. This factoring agreement will provide Embecta with an additional source of liquidity.

Access to Capital and Credit Ratings

In January 2022, Standard & Poor's Ratings Services ("S&P") assigned Embecta a rating of 'B+' as the agency's first-time outlook for Embecta. In the same month, Moody's Investor Services ("Moody's") also assigned Embecta a rating of Ba3.

The following table summarizes our condensed combined statements of cash flows:

	Three Months Ended December 31,	
	2021	2020
	In millions	
Net cash provided by (used for)		
Operating activities	$ 138.8	$ 121.4
Investing activities	$ (4.3)	$ (11.9)
Financing activities	$(134.5)	$(109.5)

Net Cash Flows from Operating Activities

Net cash provided by operating activities during the first three months of fiscal year 2022 was attributable to net income of $98.8 million and net adjustments of $40.0 million, including $15.2 million of non-cash adjustments related to depreciation and amortization, share-based compensation, and pension expense, and a $24.8 million net source of cash relating to changes in working capital. The source of cash relating to working capital was mainly driven by decreases in trade receivables of $30.7 million, partially offset by an increase in inventories of $4.3 million and a decrease in accounts payable and accrued expenses of $2.5 million. The decrease in trade receivables can be attributed to the timing of payments made in the normal course of business and a decrease in certain rebate and cash discount reserves. The increase in inventories is primarily driven by a concerted effort in the first three months of fiscal year 2022 to build inventory in preparation for the spin-off. The decrease in accounts payable and accrued expenses is mainly driven by the timing of payments made in the normal course of business for managed care rebates payments and a decrease in accrued professional services in connection with various market research and consulting projects.

Net cash provided by operating activities during the first three months of fiscal year 2021 was attributable to net income of $105.3 million and net adjustments of $16.1 million, including $25.5 million of non-cash adjustments related to depreciation and amortization, impairment of property, plant and equipment, share-based compensation, and pension expense, and a $9.4 million net use of cash relating to changes in working capital. The net use of cash relating to working capital was primarily driven by an increase in inventories of $10.4 million and an increase in prepaid expenses of $3.4 million, partially offset by an increase in accounts payable and accrued expenses of $6.3 million. The increase in inventories can primarily be attributed to the timing of capitalized variances as well as higher inventory on hand as of period end compared to prior year. The increase in prepaid expenses is mainly driven by an increase in value-added taxes (“VAT”). The net change in accounts payable and accrued expenses is primarily driven by the timing of payments made in the normal course of business for managed care rebates and other liabilities and a decrease in accrued VAT.

Net Cash Flows from Investing Activities

Net cash used for investing activities was primarily comprised of capital expenditures of $4.3 million and $11.4 million in the first three months of fiscal year 2022 and 2021, respectively, to support further expansion of our business and operations.

Net Cash Flows from Financing Activities

Net cash used for financing activities, which entirely represented net transfers to BD (see Note 2 to the Condensed Combined Financial Statements included elsewhere in this report), was $134.5 million in the first three months of fiscal year 2022 and $109.5 million in the first three months of fiscal year 2021.

Cautionary Statements Regarding Forward-Looking Statements

All statements and assumptions contained in this Quarterly Report on Form 10-Q and other materials BD and Embecta have filed or will file with the SEC (and oral communications that BD or Embecta may make) contain or incorporate by reference statements that relate to future events and expectations and, as such, constitute forward-looking statements under the securities laws. Forward-looking statements include those containing such words as “anticipates,” “believes,” “could,” “estimates,” “expects,” “forecasts,” “goal,” “guidance,” “intends,” “may,” “outlook,” “plans,” “projects,” “seeks,” “sees,” “should,” “targets,” “will,” “would,” or other words of similar meaning. All statements that reflect BD’s or Embecta’s expectations, assumptions or projections about the future, other than statements of historical fact, are forward-looking statements, including, without limitation, forecasts relating to discussions of future operations and financial performance (including volume growth, pricing, sales and earnings per share growth and cash flows) and statements regarding BD’s or Embecta’s strategy for growth, future product development, regulatory clearances and approvals, competitive position and expenditures. Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, and changes in circumstances that are difficult to predict. Although each of BD and Embecta believes that the expectations reflected in any forward-looking statements it makes are based on reasonable assumptions, it can give no assurance that these expectations will be attained and it is possible that actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks and uncertainties. Such risks and uncertainties include, but are not limited to:

- Competitive factors that could adversely affect Embecta's operations, including new product introductions by Embecta's competitors, the development of new technologies, lower cost producers that create pricing pressure and consolidation resulting in companies with greater scale and market presence than Embecta.
- Any events that adversely affect the sale or profitability of one of Embecta's key products or the revenue delivered from sales to its key customers.
- Any failure by BD to perform its obligations under the various separation agreements to be entered into in connection with the separation and distribution, including the cannula supply agreement.
- Increases in operating costs, including fluctuations in the cost and availability of oil-based resins and other raw materials, as well as certain 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.
- Changes in reimbursement practices of governments or private payers or other cost containment measures.
- The adverse financial impact resulting from unfavorable changes in foreign currency exchange rates, regional, national and foreign economic factors, including inflation, deflation, and fluctuations in interest rates, as well as wars and conflicts, including economic policies in response thereto, and their potential effect on its operating performance.
- 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 international trade agreements and sanctions. In particular, tariffs or other trade barriers imposed by the United States or other countries could adversely impact its supply chain costs or otherwise adversely impact its results of operations.
- Any impact of the COVID-19 pandemic on Embecta's business, including disruptions in its operations and supply chains.
- New or changing laws and regulations affecting Embecta's domestic and foreign operations, or changes in enforcement practices, including laws relating to healthcare, environmental protection, trade, monetary and fiscal policies, taxation (including tax reforms that could adversely impact multinational corporations) and licensing and regulatory requirements for products.
- The expected benefits and timing of the separation, and the risk that conditions to the separation will not be satisfied and/or that the separation will not be completed within the expected time frame, on the expected terms or at all.
- A determination by the IRS that the distribution or certain related transactions are taxable.
- The possibility that any consents or approvals required in connection with the separation will not be received or obtained within the expected time frame, on the expected terms or at all.
- Expected financing transactions undertaken in connection with the separation and risks associated with additional indebtedness.

- The risk that dissynergy costs, costs of restructuring transactions and other costs incurred in connection with the separation will exceed its estimates.
- The impact of the separation on its businesses and the risk that the separation may be more difficult, time-consuming or costly than expected, including the impact on its resources, systems, procedures and controls, diversion of management's attention and the impact on relationships with customers, suppliers, employees and other business counterparties.

There can be no assurance that the separation, distribution or any other transaction described above will in fact be consummated in the manner described or at all. The above list of factors is not exhaustive or necessarily in order of importance. For additional information on identifying factors that may cause actual results to vary materially from those stated in forward-looking statements, see the discussions under "Risk Factors," included within Amendment No. 1 to Embecta's Registration Statement on Form 10 filed with the SEC on February 2, 2022 (the "Form 10"). Any forward-looking statement speaks only as of the date on which it is made, and each of BD and Embecta assumes no obligation to update or revise such statement, whether as a result of new information, future events or otherwise after the date of this Quarterly Report on Form 10-Q, except as required by applicable law.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in information reported since the filing the Form 10.

Item 4. Controls and Procedures.

An evaluation was carried out by Embecta's management, with the participation of Embecta's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of Embecta's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of December 31, 2021. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were, as of the end of the period covered by this report, effective and designed to ensure that material information relating to Embecta and its consolidated subsidiaries would be made known to them by others within these entities.

There were no changes in our internal control over financial reporting during the fiscal quarter ended December 31, 2021 identified in connection with the above-referenced evaluation that have materially affected, or are reasonably likely to materially affect, Embecta's internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Information with respect to this item may be found in Note 5, “Commitments and Contingencies” to the Condensed Combined Financial Statements in Item 1 of Part I.

Item 1A. Risk Factors.

There have been no material changes to Embecta’s risk factors from those described in “Risk Factors” in the Form 10.

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

Recent Sales of Unregistered Securities

There were no unregistered sales of equity securities during the period covered by this report.

Issuer Purchases of Equity Securities

There were no issuer purchases of equity securities during the period covered by this report.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

Exhibit Number	Exhibit Description
3.1*	Restated Certificate of Incorporation of Embecta Corp, effective December 15, 2021.
3.2*	Amended and Restated Bylaws of Embecta Corp., effective December 15, 2021.
4.1	Indenture, dated February 10, 2022, by and between Embecta Corp. and U.S. Bank Trust Company, National Association, as trustee and as notes collateral agent (incorporated by reference to Exhibit 4.1 to Embecta’s Current Report on Form 8-K filed with the SEC on February 11, 2022).
4.2	Form of 5.000% Senior Secured Note due February 15, 2030 (incorporated by reference to Exhibit 4.2 to Embecta’s Current Report on Form 8-K filed with the SEC on February 11, 2022).
31*	Certifications of Chief Executive Officer and Chief Financial Officer, pursuant to SEC Rule 13a–14(a).
32**	Certifications of Chief Executive Officer and Chief Financial Officer, pursuant to Rule 13a–14(b) and Section 1350 of Chapter 63 of Title 18 of the U.S. Code.

Exhibit Number	Exhibit Description
101*	The following materials from this report, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Condensed Combined Statements of Income, (ii) the Condensed Combined Statements of Comprehensive Income, (iii) the Condensed Combined Balance Sheets, (iv) the Condensed Combined Statements of Cash Flows, and (v) Notes to Condensed Combined Financial Statements.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith
** Furnished herewith

SIGNATURE

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.

EMBECTA CORP.

By:	/s/ Devdatt Kurdikar
Name:	Devdatt Kurdikar
Title:	President and Chief Executive Officer

Date: March 16, 2022

Exhibit 3.1

RESTATED CERTIFICATE OF INCORPORATION

OF

EMBECTA CORP.

(Originally incorporated on July 8, 2021 under the name Berra Newco, Inc.)

I, the undersigned, for the purpose of restating and integrating this Restated Certificate of Incorporation under the General Corporation Law of the State of Delaware (the "**DGCL**"), do hereby execute this Restated Certificate of Incorporation and do hereby certify as follows:

ARTICLE I

The name of the corporation (hereinafter referred to as the "**Corporation**") is Embecta Corp.

ARTICLE II

The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized and incorporated under the DGCL.

ARTICLE IV

<u>Capital Stock</u>.

A. <u>Authorized Capital Stock</u>. The Corporation shall be authorized to issue 100,000 shares of capital stock, of which 100,000 shares shall be shares of common stock, par value $0.01 per share (the "**Common Stock**").

B. <u>Common Stock</u>. Except as otherwise provided by law, the Common Stock shall have the exclusive right to vote for the election of directors and for all other purposes. Each share of Common Stock shall have one vote, and the Common Stock shall vote together as a single class.

ARTICLE V

Any one or more directors may be removed, with or without cause, by the vote or written consent of the holders of a majority of the issued and outstanding shares of capital stock of the Corporation entitled to be voted in the election of directors or by an affirmative vote of a majority of the Board of Directors of the Corporation (the "**Board**").

ARTICLE VI

Unless and except to the extent that the By-Laws of the Corporation shall so require, the election of directors of the Corporation need not be by written ballot.

ARTICLE VII

In furtherance and not in limitation of the powers conferred by law, the Board is expressly authorized and empowered to make, alter and repeal the By-Laws of the Corporation by a majority vote at any regular or special meeting of the Board or by written consent, subject to the power of the stockholders of the Corporation to alter or repeal any By-Laws made by the Board.

ARTICLE VIII

The Corporation reserves the right at any time, and from time to time, to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, and any other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted, in the manner now or hereafter prescribed by law, and all rights, preferences and privileges of whatever nature conferred upon stockholders, directors or any other persons whomsoever by and pursuant to this Certificate of Incorporation in its present form or as hereafter amended are granted subject to the rights reserved in this Article VIII except as otherwise provided in Article IX.

ARTICLE IX

A director of the Corporation shall not be personally liable to the Corporation or its stockholders for damages for breach of any duty owed to the Corporation or its stockholders, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as the same exists or may hereafter be amended. If the DGCL is amended hereafter to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent authorized by the DGCL, as so amended.

Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a director of the Corporation existing hereunder with respect to any act or omission occurring prior to such repeal or modification.

[*The remainder of this page has been intentionally left blank.*]

IN WITNESS WHEREOF, this Restated Certificate of Incorporation, which only restates and integrates and does not further amend the provisions of the Certificate of Incorporation of this Corporation as heretofore amended, there being no discrepancies between those provisions and the provisions of this Restated Certificate of Incorporation, and it having been duly adopted by the Corporation's Board of Directors in accordance with Section 245 of the Delaware General Corporation Law, has been executed by its duly authorized officer this 14th day of December, 2021, and shall become effective at 9:01 a.m. ET on December 15, 2021.

EMBECTA CORP.

By: /s/ Gary DeFazio
Name: Gary DeFazio
Title: Director and Secretary

[Signature Page to A&R Charter – Name Change]

Exhibit 3.2

EMBECTA CORP.

BY-LAWS

AMENDED AND RESTATED AS OF DECEMBER 15, 2021

AMENDED AND RESTATED BY-LAWS
OF
EMBECTA CORP.
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AMENDED AND RESTATED BY-LAWS
OF
EMBECTA CORP.

ARTICLE I
MEETINGS OF STOCKHOLDERS

Section 1.1. Place of Meetings. Meetings of the stockholders shall be held at such place within or without the State of Delaware as shall be designated by the Board of Directors.

Section 1.2. Annual Meetings. The annual meeting of the stockholders for the election of directors and the transaction of such other business as may properly come before the meeting shall be held on such date and at such time as shall be designated by the Board of Directors.

Section 1.3. Special Meetings. Special meetings may be called at any time by the Board of Directors, or by request in writing of stockholders of record of a majority in amount of all outstanding shares entitled to vote at such meeting.

Section 1.4. Notice of Meetings. A written notice of each meeting stating the place, if any, date, and hour of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, the record date for determining stockholders entitled to vote at the meeting (if such date is different from the record date for determining stockholders entitled to notice of the meeting), and, in the case of a special meeting, the purpose or purposes for which the meeting is called shall be given by, or at the direction of, the Secretary, any Assistant Secretary, or the person or persons authorized to call the meeting, to each stockholder entitled to vote at the meeting, as of the record date for determining the stockholders entitled to notice of the meeting, not less than ten (10) days nor more than sixty (60) days before the date of the meeting, unless a greater period of time is required by law in a particular case.

Section 1.5. Quorum and Adjournment. Except as otherwise required by law, by the Certificate of Incorporation of the Corporation, or by these By-Laws, the presence, in person or by proxy, of holders of a majority of the aggregate voting power of the stock issued and outstanding, entitled to vote thereat, shall constitute a quorum for the transaction of business at all meetings of stockholders. If such majority shall not be present or represented at any meeting of the stockholders, the stockholders present, although less than a quorum, shall have the power to adjourn the meeting to another place and time.

Section 1.6. Record Date. In order to determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action. If no record date is fixed: (i) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; (ii) the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is delivered to the Corporation; and (iii) the record date for determining stockholders entitled to express consent to corporate action when prior action of the Board of Directors is required shall be the close of business on the day on which the Board of Directors adopts the resolution taking such action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 1.7. Action by Written Consent. Any action required to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of the stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken and bearing the date of the signature of each stockholder who signs it, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted, and shall be delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of the stockholders are recorded. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing. For purposes of this Section 1.7, "writing" shall include "electronic transmission" to the extent authorized by the Delaware General Corporation Law (the "***DGCL***").

Section 1.8. List of Stockholders. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting; provided, that if the record date for determining the stockholders entitled to vote is less than ten (10) days before the meeting date, the list shall reflect the stockholders entitled to vote as of the tenth day before the meeting date, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. If the meeting is to be held at a place, then a list of stockholders entitled to vote at the meeting shall be produced and kept at the time and place of the meeting during the whole time thereof and may be examined by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then such list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

Section 1.9. Meeting by Remote Communication. The Board of Directors may, in its discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as may be authorized by Section 211 of the DGCL as in effect at the time of the meeting. The Board of Directors also may authorize, in its sole discretion and subject to such guidelines and procedures as it may adopt, stockholders and proxy-holders not physically present at a meeting of stockholders, by means of remote communication, to participate in a meeting of stockholders and be deemed to be present in person and vote at a meeting of stockholders, subject to the terms of Section 211 of the DGCL.

ARTICLE II
DIRECTORS

Section 2.1. Powers of Directors. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors, which shall exercise all powers that may be exercised or performed by the Corporation and that are not by statute, the Certificate of Incorporation, or these By-Laws directed to be exercised or performed by the stockholders.

Section 2.2. Number, Election, and Term of Office. The Board of Directors shall consist of not less than one member. The exact number of directors shall initially be three and may thereafter by fixed from time to time by the Board of Directors. Directors need not be stockholders of the Corporation. Unless directors are elected by written consent of stockholders in lieu of an annual meeting, the directors shall be elected by the stockholders at the annual meeting or any special meeting called for such purpose. Each director shall hold office until his or her successor shall be duly elected and qualified or until his or her earlier resignation or removal. A director may resign at any time upon written notice or electronic transmission (as defined in the DGCL) to the Corporation. A resignation shall be effective when delivered, unless the resignation specifies a later effective date or an effective date determined upon the happening of an event or events.

Section 2.3. Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority vote of the directors then in office, although less than a quorum, or by a sole remaining director. When one or more directors shall resign from the Board of Directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective. If at any time the Corporation shall have no directors, then any officer or any stockholder may call a special meeting of stockholders for the purpose of electing directors.

Section 2.4. Meetings of Directors. Regular meetings of the Board of Directors shall be held at such time and place as the Board of Directors shall from time to time by resolution appoint; and no notice shall be required to be given of any such regular meeting. A special meeting of the Board of Directors may be called by the President or any director by giving two (2) days' notice to each director by letter, electronic transmission (as defined in the DGCL), telephone, or other oral message.

Section 2.5. Quorum and Action. At all meetings of the Board of Directors and of each committee thereof, a majority of the members of the Board of Directors or of such committee shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the members present at any meeting at which a quorum is present shall be the act of the Board of Directors or such committee, unless by express provision of law, the Certificate of Incorporation, or of these By-Laws, a different vote is required, in which case such express provision shall govern and control.

Section 2.6. Action by Written Consent. Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission, as defined by the DGCL, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee.

Section 2.7. Telephone Participation in Meetings. Members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section shall constitute presence in person at such meeting.

Section 2.8. Committees. The Board of Directors or any committee thereof may designate one or more committees, each committee to consist of one or more directors, which, to the extent provided in the resolution or resolutions designating such committee or committees, shall have and may exercise the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation; provided, however, that no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the DGCL to be submitted to stockholders for approval or (ii) adopting, amending, or repealing any by-law of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member of the committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting of such committee and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act as at the meeting in place of such absent or disqualified director.

Section 2.9. Chairman of the Board of Directors. The Board of Directors may at any time elect one of its members as Chairman of the Board of the Corporation, who shall preside at meetings of the Board of Directors and of the stockholders.

ARTICLE III
OFFICERS

Section 3.1. Enumeration. The officers of the Corporation shall be elected by the Board of Directors and shall consist of a President, such number of Vice Presidents (if any) as the Board of Directors shall from time to time elect, a Secretary, a Treasurer, and such other officers (if any) as the Board of Directors shall from time to time elect. Any two or more offices may be held by the same person.

Section 3.2. President. The President shall be the chief executive officer of the Corporation, and shall have general and active charge and control over the business and affairs of the Corporation, subject to supervision, direction, and control by the Board of Directors, and shall see to it that the orders and resolutions of the Board of Directors be carried into effect. If there shall be no Chairman of the Board of Directors, or in his or her absence or inability to act, the President shall preside at meetings of the Board of Directors and of the stockholders, if the President is a director. The President may execute on behalf of the Corporation any contract or other instrument authorized by the Board of Directors.

Section 3.3. Vice President. The Vice President or, if there shall be more than one, the Vice Presidents, shall have such powers and perform such duties as detailed upon their appointment or as shall from time to time be prescribed by the Board of Directors or the President.

Section 3.4. Secretary. The Secretary shall record the proceedings of the meetings of the stockholders and directors in a book to be kept for that purpose, and shall give notice as required by statute or these By-Laws of all such meetings. The Secretary or an Assistant Secretary shall have custody of the seal of the Corporation and of all books, records, and papers of the Corporation, except such as shall be in the charge of the Treasurer or of some other person authorized to have custody and possession thereof by resolution of the Board of Directors. The Secretary or an Assistant Secretary may attest to the execution of contracts or other instruments by other officers on behalf of the Corporation. The Secretary shall also have such other powers and perform such other duties as are incident to the office of the secretary of a corporation or as shall from time to time be prescribed by, or pursuant to authority delegated by, the Board of Directors.

Section 3.5. Treasurer. The Treasurer shall keep full and accurate accounts of the receipts and disbursements of the Corporation in books belonging to the Corporation, shall deposit all moneys and other valuable effects of the Corporation in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors, and shall also have such other powers and perform such other duties as are incident to the office of the treasurer of a corporation or as shall from time to time be prescribed by, or pursuant to authority delegated by, the Board of Directors.

Section 3.6. Other Officers and Assistant Officers. The powers and duties of each other officer or assistant officer who may from time to time be chosen by the Board of Directors shall be as specified by, or pursuant to authority delegated by, the Board of Directors at the time of the appointment of such other officer or assistant officer or from time to time thereafter. In addition, each officer designated as an assistant officer shall assist in the performance of the duties of the officer to which he or she is assistant, and shall have the powers and perform the duties of such officer during the absence or the inability or refusal to act of such officer.

Section 3.7. Term and Compensation. Officers shall be elected by the Board of Directors from time to time, to serve at the pleasure of the Board of Directors. Each officer shall hold office until his or her successor is elected and qualified, or until his or her earlier resignation or removal. The compensation, if any, of all officers shall be fixed by, or pursuant to authority delegated by, the Board of Directors from time to time.

ARTICLE IV
SHARES OF CAPITAL STOCK

Section 4.1. Issuance of Stock. Subject to the requirements of the DGCL and the terms of the Corporation's Certificate of Incorporation, shares of capital stock of any class now or hereafter authorized, securities convertible into or exchangeable for such stock, or options or other rights to purchase such stock or securities may be issued or granted in accordance with authority granted by resolution of the Board of Directors or any duly authorized committee thereof.

Section 4.2. Stock Certificates. Shares of the capital stock of the Corporation shall initially be uncertificated and represented by book entry notations in the books and records of the Corporation. However, each stockholder shall, upon written request, be entitled to a certificate certifying the number of shares of stock of the Corporation owned by such stockholder. Certificates for shares of the capital stock of the Corporation shall be in the form adopted by the Board of Directors, shall be signed by the President or a Vice President and by the Secretary or Treasurer or any Assistant Secretary or Assistant Treasurer, and may be sealed with the seal of the Corporation. All such certificates shall be numbered consecutively, and the name of the person owning the shares represented thereby, with the number of such shares and the date of issue, shall be entered on the books of the Corporation.

Section 4.3. Transfer of Stock. Shares of capital stock of the Corporation shall be transferred only on the books of the Corporation, upon surrender to the Corporation of any existing certificate for such shares duly endorsed for transfer or accompanied by proper evidence of succession, assignment, or authority to transfer, together with such other documents (if any) as may be required to effect such transfer. Thereupon, the Corporation shall issue (if requested) a new certificate to the person entitled thereto, cancel the old certificate (if any), and record the transaction upon its books.

Section 4.4. Lost, Stolen, Destroyed, or Mutilated Certificates. New stock certificates may be issued to replace certificates alleged to have been lost, stolen, destroyed, or mutilated, upon such terms and conditions, including proof of loss or destruction, and the giving of a satisfactory bond of indemnity, as the Board of Directors from time to time may determine.

Section 4.5. Regulations. The Board of Directors shall have power and authority to make all such rules and regulations not inconsistent with these By-Laws as it may deem expedient concerning the issue, transfer, and registration of shares of capital stock of the Corporation.

Section 4.6. Holders of Record. The Corporation shall be entitled to treat the holder of record of any share or shares of capital stock of the Corporation as the holder and owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim to, or right, title, or interest in, such share or shares on the part of any other person, whether or not the Corporation shall have express or other notice thereof, except as otherwise provided by the DGCL.

Section 4.7. Restriction on Transfer. A restriction on the hypothecation, transfer, or registration of transfer of shares of the corporation may be imposed either by these By-Laws or by an agreement among any number of stockholders or such holders and the corporation. No restriction so imposed shall be binding with respect to those securities issued prior to the adoption of the restriction unless the holders of such securities are parties to an agreement or voted in favor of the restriction.

ARTICLE V
GENERAL PROVISIONS

Section 5.1. Corporate Seal. The Corporation may adopt a seal in such form as the Board of Directors shall from time to time determine.

Section 5.2. Fiscal Year. The fiscal year of the Corporation shall be as designated by the Board of Directors from time to time.

Section 5.3. Execution of Instruments. Except as otherwise provided by the Board of Directors, all contracts, deeds, mortgages, bonds, certificates, checks, drafts, bills of exchange, notes, and other instruments or documents to be executed by or in the name of the Corporation shall be signed on the Corporation's behalf by the President, any Vice President, or any other officer if the execution thereof is within the scope of the general duties and authority of such other officer, and such authority may be delegated by the authorized officers to other persons. Unless otherwise provided in such resolution, any resolution of the Board of Directors or a committee thereof authorizing the Corporation to enter into any such instruments or documents or authorizing their execution by or on behalf of the Corporation shall be deemed to authorize the execution thereof on its behalf by the President, any Vice President, or any other officer if the execution thereof is within the scope of the general duties and authority of such other officer.

Section 5.4. Financial Reports. Financial statements or reports shall not be required to be sent to the stockholders of the Corporation, but may be so sent in the discretion of the Board of Directors, in which event the scope of such statements or reports shall be within the discretion of the Board of Directors, and such statements or reports shall not be required to have been examined by or to be accompanied by an opinion of an accountant or firm of accountants.

Section 5.5. Effect of By-Laws. No provision in these By-Laws shall vest any property right in any stockholder.

Section 5.6. Securities Issued by Other Entities. Except as may otherwise be directed from time to time by the Board of Directors, each of the President, Treasurer and Secretary shall have the authority, on behalf of the Corporation, to exercise the rights and powers of the Corporation as holder or owner of shares, equity interests, notes, bonds, or other securities issued by any other entity and held or owned by the Corporation, including to execute and deliver consents, ballots, proxies, waivers, or other instruments with respect to the exercise of such rights or powers.

Section 5.7. Indemnification. Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "***proceeding***"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, to the fullest extent permitted by law, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, amounts paid or to be paid in settlement, and excise taxes or penalties arising under the Employee Retirement Income Security Act of 1974) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators. Any indemnification under this Section 5.7 shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the corporate agent is proper in the circumstances, because such person has met the applicable standard of conduct set forth in the DGCL. With respect to directors or officers of the Corporation, such determination shall be made (i) by a majority vote of the directors who are not parties to such proceeding, even though less than a quorum, or (ii) if there are no such directors, or if such directors so direct, in a written opinion by independent legal counsel designated by the Board of Directors, or (iii) by the stockholders. With respect to all other corporate agents and unless otherwise directed by the Board of Directors, such determination may be made by the Secretary of the Corporation. The right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the Corporation the reasonable expenses incurred in defending or investigating any such proceeding in advance of its final disposition; provided, however, that, such payment shall only be made upon receipt of an undertaking (reasonably satisfactory to the Corporation) by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as authorized in this Section 5.7.

The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section 5.7 shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, these By-Laws, agreement, vote of stockholders or disinterested directors or otherwise.

The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL. Any repeal or modification of this Section 5.7 shall not adversely affect any right to indemnification or payment of expenses existing hereunder with respect to any act or omission occurring prior to such repeal or modification.

ARTICLE VI
AMENDMENTS

The authority to adopt, amend, or repeal By-Laws of the Corporation is expressly conferred upon the Board of Directors, which may take such action by the affirmative vote of a majority of the whole Board of Directors at any regular or special meeting duly convened after notice of that purpose, subject always to the powers of the stockholders to adopt, amend, or repeal By-Laws.

Exhibit 31

CERTIFICATION

I, Devdatt Kurdikar, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Embecta Corp.;

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

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

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

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

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

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the 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(s) 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: March 16, 2022

/s/ Devdatt Kurdikar
Devdatt Kurdikar
President and Chief Executive Officer

CERTIFICATION

I, Jacob Elguicze, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Embecta Corp.;

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

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

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

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

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

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the 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(s) 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: March 16, 2022

/s/ Jacob Elguicze
Jacob Elguicze
Chief Financial Officer

Exhibit 32

CERTIFICATION

The certification set forth below is being submitted in connection with the Quarterly Report on Form 10-Q of Embecta Corp. for the quarter ended December 31, 2021 (the “Report”) for the purpose of complying with Rule 13a – 14(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, Devdatt Kurdikar, the Chief Executive Officer of Embecta Corp., certify that:

1. such Report fully complies with the requirements of Section 13(a) of the Exchange Act; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Embecta Corp.

Date: March 16, 2022

/s/ Devdatt Kurdikar
Devdatt Kurdikar
President and Chief Executive Officer

CERTIFICATION

The certification set forth below is being submitted in connection with the Quarterly Report on Form 10-Q of Embecta Corp. for the quarter ended December 31, 2021 (the “Report”) for the purpose of complying with Rule 13a – 14(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, Jacob Elguicze, the Chief Financial Officer of Embecta Corp., certify that:

1. such Report fully complies with the requirements of Section 13(a) of the Exchange Act; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Embecta Corp.

Date: March 16, 2022

/s/ Jacob Elguicze
Jacob Elguicze
Chief Financial Officer