UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended September 30, 2024

OR

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

For the transition period from _ to _

Commission file number 001-41186



EMBECTA CORP.

(Exact name of registrant as specified in its charter)

Delaware	**87-1583942**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. employer identification no.)**
300 Kimball Drive, Suite 300, Parsippany, New Jersey	**07054**
(Address of principal executive offices)	**(Zip code)**

(862) 401-0000

Registrant's telephone number, including area code

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

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

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐		
Emerging growth company	☐	Smaller reporting company	☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☒ No ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting common equity held by non-affiliates of the registrant, computed by reference to the closing price at which the common stock was sold as of the end of the second fiscal quarter ended March 31, 2024, was approximately $763 million.

The registrant had outstanding 58,130,561 shares of common stock as of November 29, 2024.

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Items 10, 11, 12, 13 and 14 of Part III of this Annual Report on Form 10-K is incorporated by reference to the Registrant's definitive proxy statement for its 2025 Annual Meeting of Stockholders (the "2025 Proxy Statement"), which will be filed pursuant to Regulation 14A with the United States Securities and Exchange Commission ("SEC") within 120 days after the end of the fiscal year to which this report relates.

Embecta Corp.

2024 Form 10-K Annual Report

Table of Contents

		Page
Part I.		1
Item 1.	Business.	1
Item 1A.	Risk Factors.	5
Item 1B.	Unresolved Staff Comments.	30
Item 1C.	Cybersecurity	30
Item 2.	Properties.	31
Item 3.	Legal Proceedings.	31
Item 4.	Mine Safety Disclosures.	31
Part II.		
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.	32
Item 6.	[Reserved].	33
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations.	33
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk.	44
Item 8.	Financial Statements and Supplementary Data	45
Item 9.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosures.	82
Item 9A.	Controls and Procedures.	82
Item 9B.	Other Information.	
Item 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.	
Part III.		85
Item 10.	Directors, Executive Officers and Corporate Governance.	85
Item 11.	Executive Compensation.	85
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.	85
Item 13.	Certain Relationships and Related Transactions, and Director Independence.	85
Item 14.	Principal Accountant Fees and Services.	85
Part IV.		86
Item 15.	Exhibits and Financial Statement Schedules.	86
Item 16.	Form 10-K Summary.	88
Signatures		89

PART I.

Item 1. Business.

General

Embecta Corp. (also referred to herein as "Embecta") was formed through a spin-off of the diabetes care business (the "Separation") from Becton, Dickinson and Company ("BD"). All references in this Form 10-K to "Embecta", "the Company", "we", "our" or "us" refer to Embecta Corp., a Delaware corporation, and its subsidiaries, unless otherwise indicated by the context. On April 1, 2022 (the "Separation Date"), Embecta and BD entered into a Separation and Distribution Agreement (the "Separation and Distribution Agreement"). Pursuant to the Separation and Distribution Agreement, BD agreed to spin off its diabetes care business ("Diabetes Care Business") into Embecta, a new, publicly traded company.

We are a leading global medical device company focused on providing solutions to improve the health and well-being of people living with diabetes. Building on our 100-year centennial, we believe that our products have become one of the most widely recognized and respected brands in diabetes management throughout the world. We estimate that our products are used by more than 30 million people in over 100 countries for insulin administration and to aid with the daily management of diabetes.

We have a broad portfolio of marketed products, including a variety of pen needles, syringes and safety injection devices. Our conventional pen needles are sterile, single-use, medical devices, designed to be used in conjunction with pen injectors that inject insulin or other diabetes medications. We also sell safety pen needles, which have shields on both ends of the cannula that automatically deploy after the injection to help prevent needlestick exposure and injury during injection and disposal. Our conventional 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 have a sliding safety arm that can be activated with one-hand after the injection to help protect healthcare workers from needlestick injuries.

In addition to selling pen needles, syringes and safety devices, we seek to promote advances in diabetes care through thought leadership, and engagement with the diabetes community, healthcare providers and other stakeholders. In addition, we intend to continue to explore strategic collaborative partnerships and acquisition opportunities that enable us to accelerate our growth and give us access to innovative technologies, complementary product lines, and new markets.

Competition

The diabetes care industry is highly competitive, subject to rapid change and significantly affected by new product introductions and innovation. Our products compete across a continuum of therapies and administration modalities designed to manage diabetes. We face competition and innovation from both new and existing companies pursuing new delivery devices, injection technologies, drugs, and therapeutics for the treatment of diabetes.

Companies with whom we currently compete in the diabetes drug injection business include Novo Nordisk, HTL-Strefa, and Terumo Medical Corporation. We also compete with providers of insulin pumps and other insulin administration devices. We compete in the marketplace based on a number of factors, including product quality, clinical innovation, price, service, reputation and commercial excellence.

Global Operations

Our global manufacturing and distribution network, together with our commercial team, enable us to produce and distribute our products to end users and healthcare providers in over 100 countries. We have three manufacturing sites located in Ireland, the United States and China. We believe that these manufacturing sites enable us to efficiently and consistently produce high-quality, safe and reliable products. We distribute our products through a variety of channels, including retail, hospitals, pharmacies and other institutional channels. Our commercial team and distribution networks enable us to reach a broad base of customers across the globe.

Raw Materials and Components

We use a broad range of raw materials in the manufacture of our products. We purchase all our raw materials and certain components from third-party suppliers. The primary materials that make up our pen needles and insulin syringes are cannula, plastic resin, adhesive, needle lubricants, rubber stoppers and packaging material. We purchase most of these and other materials from a single or limited number of sources for various reasons, including quality assurance, cost-effectiveness, and continuity of supply, among others.

In connection with the Separation, we entered into a cannula supply agreement with BD, whereby BD sells to us cannulas for incorporation into our pen needles and syringes. Subsequent to the Separation, BD retained ownership of all cannula production activities and the associated intellectual property rights of BD and its subsidiaries relating to cannula, the manufacture thereof and other critical cannula-related technology.

The design and formulation of certain materials and components is proprietary and the intellectual property rights may be owned exclusively by one party. In the case of sole sourced parts, we manage risk through holding inventory ourselves and at our suppliers' facilities to ensure continuity of supply and lower the risk of disruption.

Research and Development

Our strategy seeks to update and develop enhanced technology for our portfolio of current and future products by focusing on patient unmet needs and market expansion.

On November 22, 2024, the Company's Board of Directors approved a plan to discontinue internal and external investment in the research and development of its patch pump program. The Company will refocus its research and development strategy on its core business.

Intellectual Property and Licenses

Intellectual property is a strategic priority for our business. We use a combination of patents, copyrights, trademarks, trade secrets, nondisclosure agreements and other measures to establish and protect our proprietary rights. In many cases, we own this intellectual property directly, but in other cases, we access technologies through a combination of license and supply arrangements.

While no single patent or patent family is material to our business, our pen needle and syringe products contain features that are protected by a portfolio of utility and design patents and pending patent applications, including features related to safety, comfort, ease of use, and visual features. Generally, patent protection for these products and technologies is sought in the United States, Canada, Europe, China and Japan. We are not aware of any pending third-party claims or challenges that would be expected to materially affect the patent protection of these products or technologies.

As of September 30, 2024, we held about 670 patents in the United States and in various foreign countries in which we conduct business, as well as about 50 patents pending protecting our core injection business. The majority of our United States and foreign patents for individual products are in force for twenty years from the initial filing date. The actual protection afforded by a patent, which can vary from country to country, depends upon the type of patent, the scope of its coverage and the availability of legal remedies in the country.

Our products and services are sold around the world under various trade names, trademarks and brand names, which we consider to be valuable in the marketing of our products in each segment. As of September 30, 2024, we had about 400 trademark registrations in the United States and in various foreign countries in which we conduct business, as well as about 85 trademark applications pending worldwide for our core injection business.

Embecta owns, and BD provides Embecta a license to use, intellectual property rights necessary to operate our business. BD grants Embecta a license to use such intellectual property rights on the terms and conditions set forth in an intellectual property matters agreement, which are described under “Agreements Related to the Separation.”

Regulation

Changes in legislation or government policies, including with respect to licensing, health information privacy and data privacy and healthcare costs, reimbursement, coverage and access, can have a material impact on our worldwide operations. Our operations are subject to, and affected by, regulations of medical devices promulgated by federal, state and local authorities in the United States, including the U.S. Food and Drug Administration ("FDA"), and other regulatory authorities with jurisdiction over our foreign operations. FDA regulations govern, among other things, product design and development, preclinical and clinical testing, pre-market clearance and approval, manufacturing, labeling, product storage, advertising and promotion, sales and distribution, post-market adverse event reporting, postmarket surveillance, complaint handling, repair or recall of products and record keeping. These regulations not only affect products in our existing markets, but also our ability to market new products under development. For existing and potential new products, failure to comply with ongoing regulatory requirements can result in enforcement actions by the FDA and other regulatory agencies, which may include warning letters that require corrective action, fines, injunctions, rescissions of previously granted clearances and/or approvals and other penalties.

We maintain robust FDA Quality System Regulation and ISO Quality Systems that establish standards for our product design, manufacturing, and distribution processes, inclusive of Current Good Manufacturing Practices. The FDA and other regulatory agencies engage in periodic reviews and inspections of our quality systems, as well as product performance and advertising and promotional materials. As a medical device manufacturer and distributor, our manufacturing facilities and the facilities of our suppliers are subject to periodic inspection by the FDA, certain corresponding state agencies, and other regulatory bodies. Prior to marketing or selling most of our products, we must secure clearance or approval from the FDA and counterpart non-United States regulatory agencies. These regulatory controls, as well as any changes in agency policies, can affect the time and cost associated with the development, introduction and continued availability of new and existing products. Where possible, we anticipate these factors in product development and planning processes. These

agencies possess the authority to take various administrative and legal actions against us, such as product recalls, product seizures and other civil and criminal sanctions.

International sales of our products are subject to foreign government regulations, which may vary substantially from country to country. The time required to obtain clearance or approval by a foreign regulatory authority may be longer or shorter than that required for FDA clearance or approval, and the requirements may differ significantly, particularly outside of the European Union, Canada and other industrialized countries. In addition, other jurisdictions continue to update requirements for marketing and sale of products in their geography, often becoming more stringent. As we operate in other regions and continue to expand into emerging markets, new requirements may require updates to our quality management system. These global changes are monitored and reviewed as part of the overall quality lifecycle.

For further discussion of risks related to government regulations, see *"Risk Factors"* in Item 1A.

Agreements Related to the Separation

In connection with the Separation, the Company entered into the Separation and Distribution Agreement, which contains provisions that, among other things, relate to (i) assets, liabilities and contracts to be transferred, assumed and assigned to each of Embecta and BD (including certain deferred assets and liabilities) as part of the Separation, (ii) cross-indemnities principally designed to place financial responsibility for the obligations and liabilities of Embecta's business with Embecta and financial responsibility for the obligations and liabilities of BD's remaining businesses with BD, (iii) procedures with respect to claims subject to indemnification and related matters, (iv) the allocation among Embecta and BD of rights and obligations under existing insurance policies with respect to occurrences prior to completion of the Separation, as well as the right to proceeds and the obligation to incur certain deductibles under certain insurance policies, and (v) procedures governing Embecta's and BD's obligations and allocations of liabilities with respect to ongoing litigation matters that may implicate each of BD's business and Embecta's business.

Agreements that Embecta entered into with BD that govern aspects of Embecta's relationship with BD following the Separation include, but are not limited to:

- Transition Services Agreements ("TSA") - Pursuant to the TSA, as amended, and the related Logistics Services Agreement, as amended ("LSA"), Embecta and BD and their respective affiliates provide each other, on an interim, transitional basis, various services, including, but not limited to, information technology, procurement, quality and regulatory affairs, medical affairs, tax and treasury services, distribution logistics, and shared services infrastructure support for order-to-cash, source-to-pay, and record-to-report (collectively, the "Interim Business Continuity Processes"). The agreed-upon charges for such services are generally intended to allow the servicing party to charge a price comprised of out-of-pocket costs and expenses and a predetermined profit in the form of a mark-up of such out-of-pocket costs and expenses. Such services provided pursuant to the TSA were to terminate no later than April 1, 2024, 24 months following the Separation, and such services provided pursuant to the LSA were to terminate no later than January 1, 2024, which BD had agreed to extend through March 31, 2024. On March 28, 2024, BD granted a limited extension until November 1, 2024 of certain services under the TSA, LSA and other transaction documents in a limited set of markets (the "Extension") to support the Interim Business Continuity Processes.
- Distribution Agreements - Embecta and BD entered into distribution agreements for certain territories, principally in the Asia Pacific Region and Latin America, whereby a subsidiary of BD was appointed as a distributor of Embecta or its relevant subsidiaries to support certain commercial operations of the diabetes care business on a transitional basis in these regions for a maximum of two years. The distribution agreements each continued until either (1) certain governmental approvals needed to distribute products in the defined territory were obtained and order-to-cash processes and other services of the Company for such territory were migrated to an alternative commercial arrangement between the parties or (2) the applicable services were transitioned to a third-party distributor or independently performed by Embecta, but in any event no longer than the maximum term of two years, except certain such agreements may be extended in connection with the Extension. All distribution agreements in the Asia Pacific Region and Latin America terminated and expired in October 2024. Embecta paid BD a return of 1.5% to 2.0% of net revenue for each territory.
- Cannula Supply Agreement - Embecta and BD entered into a cannula supply agreement whereby BD sells to Embecta cannulas for incorporation into Embecta's existing syringes and pen needles, safety syringes and safety pen needles, and products currently under development. BD retains ownership of all cannula technology, cannula production activities and the intellectual property rights therein. Embecta is limited to a maximum number of cannulas that it can purchase under the cannula supply agreement, which will be an absolute upper limit of cannulas per year and yearly limits that vary with annual demand. The cannula supply agreement is terminable by Embecta without cause by providing at least 36 months' written notice; however, such termination can be effective no earlier than five years from the Separation. The cannula supply agreement will be terminable by BD without cause by providing at least 36 months' written notice; however, such termination can be effective no earlier than ten years from the Separation. However, in the event of a change of control of Embecta, BD has the

right to terminate the cannula supply agreement in its sole discretion. The cannula supply agreement will also terminate automatically, subject to a 36-month wind-down period, if Embecta's yearly forecast is below the required minimum purchase amount, and the parties have other customary termination rights for material breach or bankruptcy of the other party.

- Tax Matters Agreement - Pursuant to the tax matters agreement, Embecta agreed to certain covenants that contain restrictions intended to preserve the tax-free status of the distribution and certain related transactions. Embecta may take certain actions prohibited by these covenants only if Embecta obtains and provides to BD an opinion from a United States tax counsel or accountant of recognized national standing, in either case satisfactory to BD, to the effect that such action would not jeopardize the tax-free status of the distribution and certain related transactions, or if Embecta obtains prior written consent of BD. Embecta is barred from taking any action, or failing to take any action, where such action or failure to act adversely affects or could reasonably be expected to adversely affect the tax-free status of the distribution and certain related transactions or result in certain other taxes to BD, for all relevant time periods.
- Logistics Services Agreement - Embecta and BD entered into the LSA whereby BD provides Embecta with certain order-to-cash and logistics services to support certain commercial operations for a maximum term of two years, which BD had agreed to extend pursuant to the Extension. Embecta pays BD (i) reimbursable costs, including all shipping costs, selling costs, general administration costs, costs of goods, research and development services costs, and other income and expenses related solely to the diabetes care business, that are incurred by BD directly, as allocated costs or as costs payable to a third party and (ii) a monthly administrative fee of 1.0% of net revenue (which increased to 1.25% of net revenue after January 1, 2024).
- Other agreements that Embecta entered into with BD include, but are not limited to, an employee matters agreement, an intellectual property matters agreement, local support services agreements, certain other manufacturing arrangements and a process services agreement and lease agreement for a manufacturing facility location in Holdrege, Nebraska.

Human Resources ("HR")

As of September 30, 2024, we had approximately 2,100 regular employees globally (which includes deferred closing countries), with approximately 900 employees in the United States. Our talented employees are an integral reason for our standing as one of the world's leading diabetes care companies. Our success is dependent on our ability to attract, engage and retain the best talent that reflects our diverse communities. To do so, we focus on the most critical areas that help create a great workplace and enable our business priorities.

At Embecta our mission, vision and values inspire passion and purpose in the day-to-day work of our employees. Our mission of developing and providing solutions to make life better for people living with diabetes helps us attract potential employees interested in making a difference to the world.

We focus on providing a personalized experience from the moment an employee considers joining the Embecta team. In addition to helping make life better for people living with diabetes, our employee value proposition includes a strong rewards package, a focus on development, and engaging with our employees as we shape our new company together.

At Embecta, our Total Rewards programs enable behaviors that drive performance, reward results and create long-term value for our stockholders and employees. We continually monitor our programs and policies to ensure they are competitive and have a clear link to our business and talent strategy. We pay for performance and are committed to compensating employees fairly and equitably. Our employee benefit programs provide flexibility and choice, and enrich the health, well-being and security of our employees.

We are building a learning culture where employees at all levels of the organization are encouraged to grow and improve, including company-wide training on compliance, job related technical training, leadership development, and easy access to virtual on demand learning. At Embecta, long term succession planning and capability building are integral to our talent practices that are aimed at helping our employees be the best versions of themselves while simultaneously building our future talent pipeline. All employees are encouraged to establish individual, team and development goals in partnership with their manager to ensure clarity and alignment to our business goals while retaining focus on growth and development.

In alignment with our continuous improvement culture, we seek feedback through surveys and other means so that employees can share their perspectives on ways to continuously improve our workplace climate. As a newly independent company with agility at its core, employee feedback helps us make adjustments in our ways of working and embedding our values. What we do at Embecta is personal to Embecta employees, and our HR practices are designed to enable our employees in fulfilling our mission of helping people with diabetes.

Diversity, Equity & Inclusion

Embecta engages a workforce that reflects the communities where we operate. Our workforce, including our leadership team, and our Board of Directors, includes diverse members and teams. Our commitment to Diversity, Equity & Inclusion is embedded in our values. We believe that employee diversity makes us better at identifying opportunities and solving problems. We are committed to creating and sustaining an environment where everyone brings their authentic selves to work, to help us fulfill our mission of helping people with diabetes.

Corporate Responsibility ("CR") and Environmental, Social and Governance ("ESG")

Embecta has continued to stand up a standalone multi-year strategy to advance its ESG initiatives. The focus in fiscal year 2024 was to evaluate Embecta's global ESG risks and impacts. This evaluation phase commenced with a Sustainability Materiality Assessment and an internal review of the United Nations Sustainable Development Goals. Separately, the governance structures for managing ESG topics and updates were documented via the Company's Enterprise Risk Committee charter. Embecta plans to provide an updated Sustainability Report during its 2025 fiscal year.

Available Information

Embecta maintains an official corporate website, which can be accessed at www.embecta.com. The Company makes available its Annual Reports on Form 10-K, its Quarterly Reports on Form 10-Q, and its Current Reports on Form 8-K (and amendments to those reports) as soon as reasonably practicable after those reports are electronically filed with, or furnished to, the Securities and Exchange Commission ("SEC"). These filings may be obtained and printed free of charge at investors.embecta.com.

In addition, the written charters of the Audit Committee; the Compensation and Management Development Committee; the Corporate Governance and Nominating Committee; and the Technology, Quality and Regulatory Committee of the Board of Directors, Embecta's Corporate Governance Principles and its Code of Conduct, are available and may be printed free of charge at Embecta's website at https://investors.embecta.com/corporate-governance/documents-charters. Printed copies of these materials, this Annual Report on Form 10-K, and Embecta's reports and statements filed with, or furnished to, the SEC, may also be obtained, without charge, by contacting the Corporate Secretary, Embecta Corp., 300 Kimball Dr., Suite 300, Parsippany, New Jersey 07054, telephone 862-401-0000. In addition, the SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at www.sec.gov.

Embecta also routinely posts important information for investors on its website at investors.embecta.com. Embecta may use this website as a means of disclosing material, non-public information and for complying with its disclosure obligations under Regulation FD adopted by the SEC. Our website and the information contained therein or connected thereto shall not be deemed to be incorporated into this Annual Report.

Item 1A. Risk Factors.

You should carefully consider the following risks and other information in this Annual Report on Form 10-K in evaluating Embecta and Embecta common stock. The summary below provides an overview of many of the risks and uncertainties we encounter that are described in this Annual Report on Form 10-K that could materially and adversely affect Embecta's business, financial condition or results of operations. An investment in our common stock involves a variety of risks and uncertainties. Additional risks that we currently do not know about or that we currently believe to be immaterial may also impair our business, financial condition, operating results, liquidity, and future prospects. The risks we face include, but are not limited to, the following:

Risks Related to Embecta's Business

- The medical technology industry is very competitive.
- Embecta generates a significant amount of its profits and cash flows from a few key products, and any events that adversely affect the sale or profitability of these products could have an adverse impact on Embecta's sales, results of operations and cash flows.
- Technological breakthroughs in diabetes treatment or prevention may reduce demand for Embecta's products.
- Embecta obtains components and raw materials for its products from third parties, including BD. These third parties may fail to perform under their agreements with Embecta, or there may be a reduction or interruption in the manufacturing and supply of these components and raw materials. Any such failure to perform or a reduction or interruption in supply could have a material adverse effect on Embecta's business and operations.
- Embecta may experience difficulties and delays in the manufacturing of its products or sterilization operations, and any such difficulties and delays could adversely affect Embecta's business.
- A substantial portion of Embecta's revenue is derived from sales to a few customers. If these customers reduce the amount of product that they purchase from Embecta, reduce the amount that they are willing to pay for such products or increase charges to distribute such products, Embecta's business, financial condition and results of operations could be adversely affected.
- Embecta's products are subject to continuous reimbursement, coverage and access scrutiny by both private and government payers, including the scope of products covered, access and coverage among product brands and manufacturers, reimbursement limitations and price adjustment restrictions. A change in any of these factors could have an adverse impact on Embecta's financial condition and results of operations.
- Embecta may enter into strategic collaborations, in-licensing arrangements or alliances with third parties that may not result in the development of commercially viable products or the generation of revenue.
- Embecta's sales and marketing efforts rely upon independent distributors that are free to market products that compete with Embecta's products, and if Embecta is unable to maintain or expand its network of independent distributors, its business could be materially adversely affected.
- Embecta's future growth is dependent in part upon the development of new products, and there can be no assurance that such products will be developed or be successful.
- If the third parties on which Embecta relies to conduct its clinical trials and to assist it with pre-clinical development do not perform as contractually required or expected, or if market or clinical or other studies are unfavorable to its products in development, Embecta may not be able to obtain regulatory clearance or approval or commercialize its products.
- Embecta may be unable to maintain strong relationships with physicians and other healthcare professionals which could adversely affect its business.
- Embecta may not be able to successfully execute its acquisition strategy, which could adversely affect its financial condition and results of operations.
- Embecta's international operations subject it to certain business risks.
- Embecta's business and operations are subject to risks related to climate change.
- Embecta's intellectual property and proprietary technology are material to its business operations and are subject to infringement and other risks.
- Breaches of Embecta's information systems or cyberattacks could adversely affect our business.
- A disruption at one of our facilities could adversely affect our business and operating results.
- Insurance coverage may be inadequate or unavailable to cover any product liability losses we incur.
- Embecta is subject to a number of restrictive covenants under its indebtedness, including customary operating restrictions and financial covenants, which could restrict Embecta's ability to pay dividends or adversely affect its financing options and liquidity position.
- Embecta is subject to risks associated with public health threats, such as pandemics, which could have a material adverse effect on Embecta's financial condition and results of operations.

Risks Related to the Separation and Distribution from BD

- Embecta has a limited history of operating as an independent company, and its historical financial information may not be a reliable indicator of its future results.
- Since the Separation, Embecta's financial profile has changed, and it is a smaller, less diversified company than BD prior to the Separation.

- Embecta may not achieve some or all of the expected benefits of the Separation.
- In order to conduct its operations and meet its financial reporting and other obligations, Embecta relies on certain services provided by BD pursuant to the transaction documents entered into with BD in connection with the Separation. If Embecta is unable to extend the services on similar terms or replace the services that BD currently provides to it on terms that are at least as favorable to Embecta as the terms on which BD is providing these services, or if BD otherwise terminates any of the services, Embecta's business, financial condition and results of operations may be materially adversely affected.
- Following the end of the transition period, Embecta will be required to rebrand its products to remove the BD name, transfer or obtain new manufacturing, supply chain, regulatory and product licenses and registrations in the name of Embecta, which could adversely affect its ability to attract and maintain end users or which could result in delays or interruptions of Embecta's commercialization and distribution operations or the loss of customers or revenue, all of which could adversely affect its financial condition and results of operations.
- Embecta has incurred debt obligations that could adversely affect its business and profitability and its ability to meet other obligations.
- Embecta may be affected by significant restrictions under the tax matters agreement in order to avoid triggering significant tax-related liabilities.
- Embecta may be held liable to BD if it fails to perform under its agreements with BD.
- There could be significant income tax liability if the Separation or certain related transactions are determined to be taxable for United States federal income tax purposes.
- The transfer to Embecta of certain contracts, permits and other assets and rights may require the consents, approvals of, or provide other rights to, third parties and governmental authorities. If such consents or approvals are not obtained, Embecta may not be entitled to the full benefit of such contracts, permits and other assets and rights, which could increase its expenses or otherwise harm its business and financial performance.
- The closing of the Separation was deferred in certain jurisdictions, and may not occur at all in such jurisdictions, due to local regulatory requirements, which may adversely affect Embecta's business, financial condition and results of operations.
- Satisfaction of indemnification obligations following the distribution could have a material adverse effect on Embecta's financial condition, results of operations and cash flows.

Risks Related to Embecta's Common Stock

- The price and trading volume of Embecta's common stock may be volatile, and stockholders could lose all or part of their investment in Embecta.
- The material weakness in our internal control over financial reporting that has been identified and our ability to remediate such material weakness.
- Embecta cannot guarantee the timing, amount or payment of any dividends on its common stock.
- Anti-takeover provisions could enable Embecta's Board of Directors to resist a takeover attempt by a third-party and limit the power of its stockholders.
- Embecta's amended and restated certificate of incorporation designates the state courts within the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by Embecta stockholders, which could discourage lawsuits against Embecta and its directors and officers.

The risks described below may not be the only risks we face but are risks we believe may be material at this time. Other risks of which we are not yet aware, or that we currently believe are not material, may also materially adversely impact our business, financial condition or results of operations. If any of the events or circumstances described below occurs, our business, financial condition or results of operations could be adversely impacted and the value of an investment in our securities could decline. Investors and prospective investors should consider the risks described below and the information contained under the caption "Cautionary Statements Regarding Forward-Looking Statements" and elsewhere in this Annual Report on Form 10-K before deciding whether to invest in our securities. We may update these risk factors in our future periodic reports.

Risks Related to Embecta's Business

The medical technology industry is very competitive.

Embecta faces significant competition from a wide range of companies in each market in which its products are sold. These include large companies with multiple product lines and non-traditional entrants such as technology companies, some of

which may have greater financial and marketing resources than Embecta in the United States or other markets, as well as smaller, more specialized companies.

Embecta's ability to compete will also be affected by changing preferences and requirements of people with diabetes, as well as changes in the ways healthcare services are delivered. Efforts to contain healthcare costs by governments and the private sector are also resulting in increased emphasis on products that reduce costs, improve clinical results and expand access. Embecta's ability to remain competitive will depend on how well it will meet these changing market demands in terms of its product offerings and marketing approaches.

The medical technology industry is subject to rapid technological change and frequent introduction of new products. The development of new or improved products, processes or technologies by other companies (such as new technologies to administer insulin) that provide better features, pricing, clinical outcomes or economic value may make Embecta's existing or new products less competitive. In some instances, competitors, including pharmaceutical companies, also offer, or are attempting to develop, alternative therapies, including oral and once-weekly anti-diabetic drugs, GLP-1s and GLP-1 combination products, for disease states (including diabetes) that may be delivered without a medical device, such as pen needles. Lower cost producers have also created pricing pressure, particularly in emerging markets. There can be no assurance that Embecta's products will be commercially successful, and it is possible that its business will be adversely affected from time to time as a result of products developed by its competitors.

Consolidation among payers, retailers, wholesalers, healthcare systems, and other providers is resulting in greater purchasing power for these companies. Group purchasing organizations and integrated health delivery networks have also served to concentrate purchasing decisions for some customers, which has led to downward pricing pressure for medical device suppliers. Further consolidation in the industry could intensify competition among medical device suppliers and exert additional pressure on the demand for, and prices of, Embecta's products.

Embecta generates a significant amount of its profits and cash flows from a few key products, and any events that adversely affect the sale or profitability of these products could have an adverse impact on Embecta's sales, results of operations and cash flows.

Embecta's ability to generate profits and operating cash flow depends largely upon the continued profitability of its key products, such as its pen needles and syringes. For example, for the fiscal year ended September 30, 2024, sales of pen needles accounted for approximately $844 million, or 75%, of total net revenues. Any event that adversely affects the sale or profitability of this product could adversely affect Embecta's sales, results of operations and cash flows. These adverse events could include a decrease in the demand for such products, the pressure to decrease the price of such products, any increase in costs of manufacturing such products or other supply chain disruptions, increased availability and marketability of competitive products, increased competition from the introduction of new products related to the treatment of diabetes or removal from the market of these products for any reason.

Technological breakthroughs in diabetes treatment or prevention may reduce demand for Embecta's products.

The diabetes treatment industry is subject to technological change and product innovation. A number of companies and medical researchers are developing and commercializing new ways to deliver insulin to patients, including insulin administration technologies that do not require the use of a needle, that reduce the frequency of insulin administration, or that treat diabetes without the use of insulin or by delaying the use of insulin, such as oral and once-weekly anti-diabetic drugs, GLP-1s and GLP-1 combination products. If they are successful in developing and commercializing these technologies or treatment therapies, the demand for Embecta's products could decline. Furthermore, the National Institutes of Health and other supporters of diabetes research are continually seeking ways to prevent diabetes. Any technological breakthroughs in diabetes prevention or treatment could decrease demand for Embecta's products and have a material adverse effect on its business or results of operations.

Embecta obtains components, services and raw materials for its products from third parties, including BD. These third parties may fail to perform under their agreements with Embecta, or there may be a reduction or interruption in the manufacturing and supply of these components and raw materials. Any such failure to perform or a reduction or interruption in supply could have a material adverse effect on Embecta's business and operations.

Embecta relies on a number of third parties to supply and manufacture the components, services and raw materials for its products. For example, in connection with the Separation and prior to the distribution, Embecta and BD entered into a cannula supply agreement, whereby BD sells to Embecta cannulas for incorporation into Embecta's products for sale within the diabetes care sector. Cannulas are a component part of a wide variety of medical devices that use needles to deliver fluid into, or through which blood is drawn from, the body. BD retains ownership of all cannula production activities and all intellectual property rights of BD and its subsidiaries relating to cannula, the manufacture thereof and other critical cannula-related technology. Pricing under the cannula supply agreement is determined by BD based on several factors, including Embecta's yearly forecast, the cost of raw materials and other cost methodologies. The cannula

supply agreement is terminable by BD without cause by providing at least 36 months' written notice; however, such termination can be effective no earlier than ten years from the Separation. In the event of a change of control of Embecta, BD also has the right to terminate the cannula supply agreement. The cannula supply agreement will also terminate automatically, subject to a 36-month wind-down period, if Embecta's yearly forecast is below the required minimum purchase amount, and the parties will have other customary termination rights for material breach or bankruptcy of the other party. Embecta is also limited to a maximum number of cannulas that it can purchase under the cannula supply agreement. If BD fails to perform under this agreement or BD terminates this agreement in accordance with its terms and, in either case, Embecta cannot find a way to purchase cannula from another party or manufacture cannula, or if Embecta needs to purchase more cannula than it is permitted under cannula supply agreement, Embecta may have insufficient cannulas for its products, which could materially adversely affect Embecta's business, financial condition or results of operations.

In addition, in connection with the Separation, Embecta and BD entered into a lease agreement for a manufacturing facility location in Holdrege, Nebraska that Embecta leases from BD and several contract manufacturing agreements where BD provides certain manufacturing services to Embecta. If BD is unable to perform under these arrangements, terminates certain services or modifies its operations and Embecta cannot find substantially similar alternatives to perform these services or is forced to change its operations as a result, Embecta may incur additional costs, delays or other deficiencies in its operations, which could materially adversely affect Embecta's business, financial condition or results of operations.

Embecta also obtains other component parts and raw materials from other third parties. In many cases, Embecta does not have long-term supply agreements with suppliers of these component parts and raw materials, and its arrangements with these suppliers are on a purchase-order basis. Certain raw materials that we obtain from suppliers are subject to fluctuations in price and availability attributable to a number of factors, including general economic conditions, commodity price fluctuations, the demand by other companies for the same raw materials and the availability of complementary and substitute materials. In some cases, Embecta's agreements with suppliers can be terminated by either party by convenience upon short notice.

Certain raw materials and components used in the manufacture of pen needles and syringes, including cannulas, certain oil-based resins and rubber stoppers, are not always available from multiple sources. New laws or regulations adopted in response to climate change could also increase energy and transportation costs, as well as the costs of certain raw materials and components. In addition, for quality assurance, cost-effectiveness and other reasons, Embecta purchases certain raw materials and components from a single supplier. The price and supply of these materials and components may be affected or disrupted for reasons beyond Embecta's control. While Embecta works with suppliers to ensure continuity of supply, no assurance can be given that these efforts will be successful. In the event that any of its existing supply arrangements are terminated or there is a reduction or interruption of supply under these existing arrangements, Embecta expects that it will be able to enter into new arrangements with alternative suppliers, but these new arrangements may be on terms that are less favorable, including with respect to price and volume, and it may be costly or cause delays in Embecta's manufacturing process to transition to a new supplier, particularly in cases in which Embecta must comply with regulatory requirements relating to qualification of new suppliers. The termination, reduction or interruption in supply of these raw materials and components could adversely impact Embecta's ability to manufacture and sell certain of its products.

Third-party suppliers may encounter problems during manufacturing for a variety of reasons, including failure to follow specific protocols and procedures, failure to comply with applicable regulations, equipment malfunction, component part supply constraints, and environmental factors, any of which could delay or impede their ability to supply the components and raw materials for Embecta's products. Any such failure to perform or a reduction or interruption in supply could have a material adverse effect on Embecta's business and operations.

Embecta may experience difficulties and delays in the manufacturing of its products or sterilization operations, and any such difficulties and delays could adversely affect Embecta's business.

Embecta may experience difficulties and delays inherent in manufacturing its products, such as failure of Embecta or its suppliers to comply with applicable regulations and quality assurance guidelines, which failures may lead to: manufacturing suspensions, shutdowns or delays; delays related to the construction of new facilities or the expansion of existing facilities; and other manufacturing or distribution problems, including changes in manufacturing production sites and limits to manufacturing capacity resulting from regulatory requirements, changes in types of products produced and physical limitations that could affect supply. In addition, Embecta could experience difficulties or delays in manufacturing its products caused by the impact of natural disasters, global conflicts, health pandemics, and shipping delays at ports of entry or exit. Manufacturing difficulties can also result in product shortages, leading to lost sales and reputational harm. In addition, many of Embecta's products require sterilization prior to sale. In some instances, only a few facilities are qualified under applicable regulations to conduct this sterilization. To the extent Embecta or third parties (including BD) are unable to sterilize Embecta's products, whether due to lack of capacity, increased demand, regulatory requirements or changes or otherwise, Embecta may be unable to transition sterilization to other sites or modalities in a timely or cost effective manner, or at all, which could have an adverse impact on Embecta's business.

A substantial portion of Embecta's revenue is derived from sales to a few customers. If these customers reduce the amount of product that they purchase from Embecta, reduce the amount that they are willing to pay for such products or increase charges to distribute such products, Embecta's business, financial condition and results of operations could be adversely affected.

A substantial portion of Embecta's revenue is derived from sales to a few customers. For example, for the fiscal year ended September 30, 2024, gross sales to McKesson Corporation, Cardinal Health and Cencora, Embecta's three largest distributors, together represented approximately 41% of Embecta's worldwide gross sales. The costs charged by these and other distributors to distribute Embecta's products is also subject to negotiation, and such distributors may propose increases in such charges from time to time. In addition, for the fiscal year ended September 30, 2024, direct gross sales to the five largest retail pharmacies for Embecta's products together represented approximately 14% of Embecta's worldwide gross sales. If any of Embecta's largest customers reduce the amount of product that they purchase from Embecta, negotiate a reduced price for such products or increase the charges to distribute such products, each could have a material adverse effect on Embecta's business, financial condition and results of operations.

Embecta's products are subject to continuous reimbursement, coverage and access scrutiny by both private and government payers, including the scope of products covered, access and coverage among product brands and manufacturers, reimbursement limitations and price adjustment restrictions. A change in any of these factors could have an adverse impact on Embecta's financial condition and results of operations.

In the United States, both public and private payers continue to take aggressive steps to control their expenditures for medical devices by placing restrictions on how many and which brands of devices they will provide coverage for across the spectrum of available products. Important competitive factors include quality, price, price and inflation guarantees and demonstrated ability to supply markets. Any failure by Embecta to differentiate its products with existing payers based on these and other factors or establish new payer relationships may adversely affect its financial condition and results of operations.

In addition, consolidation and integration among healthcare institutions and providers significantly affects the competitive landscape for medical devices. Health plans, pharmacy benefit managers, wholesalers, and other supply chain stakeholders have been consolidating into fewer, larger entities, thus enhancing their purchasing strength and importance. Specifically, private third-party insurers and governments typically maintain formularies that specify coverage (the conditions under which drugs and medical devices are included on a plan's formulary) and reimbursement (including both the associated out-of-pocket cost to the consumer and payment to the distributor) to control costs by negotiating discounted prices, inflation guarantees and other terms in exchange for formulary inclusion.

Adverse formulary placement can lead to reduced usage of a medical device for the relevant patient population due to coverage restrictions, such as prior authorizations and formulary exclusions, or due to reimbursement limitations that result in higher consumer out-of-pocket cost, such as nonpreferred co-pay tiers, increased co-insurance levels, and higher deductibles. Consequently, medical device companies compete for formulary placement not only on the basis of product attributes but also by providing rebates. Price to the end customer is an increasingly important factor in formulary decisions, particularly in treatment areas in which the payer has taken the position that multiple branded products are therapeutically comparable (like that of diabetes). These downward pricing pressures could continue to negatively affect Embecta's business. In addition to formulary placement, changes in insurance designs continue to drive greater consumer cost-sharing through high deductible plans and higher co-insurance or co-pays, increasing consumer sensitivity to product choice.

Embecta is consistently managing the burden of continued pressures associated with payers' discount requirements to maintain positive formulary positions. If Embecta fails to maintain these formulary positions or reduces prices on its products to maintain these formulary positions, it could adversely affect Embecta's results of operations. In addition to the evolving payer market that continues to put price pressure on Embecta's products, new competitors have emerged. Competitors that are new to the pen needle and insulin syringe categories, along with some that have emerged to begin engaging with payers, have accelerated the focus on these product categories, providing payers more choices for formulary partners within these medical device categories.

In addition to the ongoing challenges faced across the United States, Embecta faces similar access, pricing and reimbursement trends outside of the United States. Although payers' preferences for particular devices varies regionally, key foundational considerations for choice include: product specifications, clinical evidence demonstrating efficacy, positive clinical outcomes, investment in proper injection technique training for customers and patients, and pricing. Embecta is challenged to deliver new, innovative and differentiated products, along with price concessions, in markets outside of the United States, and price guarantees in these regions are critical to maintain access to key distributors and end users. For example, in EMEA (which includes Europe, the Middle East and Africa), the demand for medical devices that are paid out of pocket by the end user is limited. Access to these products is largely defined by the availability and size of government reimbursement, or, in a limited number of countries, the ability of manufacturers to negotiate reimbursement

directly with insurance companies. In China, the most notable threat continues to be access through volume-based procurement and Group Purchasing Organizations ("GPOs"), with potential significant price erosion and cost containment within the healthcare landscape. These continued pricing pressures could adversely affect Embecta's financial condition and results of operations.

Embecta may enter into strategic collaborations, in-licensing arrangements or alliances with third parties that may not result in the development of commercially viable products or the generation of revenue.

In the ordinary course of its business, Embecta may enter into strategic collaborations, in-licensing arrangements or alliances to develop product candidates. Other companies, including those with substantially greater financial, marketing, sales, technology or other resources, may compete with us for these arrangements. These arrangements are subject to a variety of risks, including:

- Embecta may not identify or secure these collaborations in a timely manner, on a cost-effective basis, on acceptable terms or at all;
- these collaborations may not result in the development of products that achieve commercial success or result in any revenue to Embecta;
- Embecta may not exercise sole decision making authority with respect to material development, regulatory submission, or commercial decisions under these collaborations, resulting in gridlock with its partners, and its collaborators may have economic or business interests or goals that are, or that may become, inconsistent with its business interests or goals;
- Embecta may have limited control over the amount and timing of resources that its current collaborators or any future collaborators devote to its collaborators' or its future products;
- disputes between Embecta and its collaborators may result in litigation or arbitration that would increase Embecta's expenses and divert the attention of its management; and
- these collaborations may be terminated or dissolved in accordance with their terms prior to the development of any Embecta products or any realization by Embecta of any other benefits.

Embecta's sales and marketing efforts rely upon independent distributors that are free to market products that compete with Embecta's products, and if Embecta is unable to maintain or expand its network of independent distributors, its business could be materially adversely affected.

Embecta believes that a significant portion of its sales will continue to be from independent distributors for the foreseeable future, and it is possible that the percentage of its sales from independent distributors could increase. None of Embecta's independent distributors in the United States has been required to sell Embecta's products exclusively, and each of them may freely sell the products of Embecta's competitors. If Embecta is unable to maintain or expand its network of independent distributors, its sales may be negatively affected. For the fiscal year ended September 30, 2024, McKesson Corporation, Cardinal Health and Cencora, Embecta's three largest distributors, together represented approximately 41% of Embecta's worldwide gross sales. If any of Embecta's key independent distributors were to cease to distribute Embecta's products or reduce their promotion of such products as compared to the products of Embecta's competitors, Embecta may need to seek alternative independent distributors or increase its reliance on other independent distributors or its direct sales representatives, which alternative arrangements may not be sufficient to prevent a material reduction in sales of its products.

Embecta's future growth is dependent in part upon the development of new products, and there can be no assurance that such products will be developed or be successful.

A significant element of Embecta's strategy is to increase revenue growth by focusing on innovation and new product development. Even if Embecta submits an application to the FDA for clearance, there is no assurance that such clearance will be obtained or that Embecta will be able to market and sell such products successfully. New product development requires significant investment in research and development. The results of Embecta's product development efforts may be affected by a number of factors, including Embecta's ability to anticipate the needs of people with diabetes, successfully complete clinical and other trials, obtain regulatory clearance and approvals for its products, manufacture such products in a cost-effective manner, obtain appropriate intellectual property protection for such products, gain and maintain market acceptance of such products, secure distribution channels, and obtain access, coverage and reimbursement for such products. Even if cleared by the FDA or foreign regulatory agencies, future generations of our systems, expanded indications for use of future systems, our software platforms or any other system under development, may not be cleared for the indications that are necessary or desirable for successful commercialization. There can be no assurance that Embecta will be able to successfully develop or commercialize any products now in development or that Embecta may seek to fully develop or commercialize such products in the future.

If the third parties on which Embecta relies to conduct its clinical trials and to assist it with pre-clinical development do not perform as contractually required or expected, or if market or clinical or other studies are unfavorable to its products in development, Embecta may not be able to obtain regulatory clearance or approval or commercialize its products.

Embecta relies on third parties, such as contract research organizations, medical institutions, clinical investigators, contract laboratories and other third parties, to conduct some of its studies, including clinical trials, human factors studies and pre-clinical investigations. If these third parties do not successfully carry out their contractual duties or regulatory obligations or meet expected deadlines, or if the quality or accuracy of the data they obtain is compromised due to failure to adhere to the protocols or regulatory requirements or for other reasons, Embecta's pre-clinical development activities or clinical or other trials may be extended, delayed, suspended or terminated, and Embecta may not be able to obtain regulatory clearance or approval for, or successfully commercialize, its products on a timely basis, or at all, and Embecta's business and operating results may be adversely affected. Furthermore, such third parties may experience delays or challenges in conducting such studies and trials for reasons outside of their control, including, but not limited to, recruiting enough participants for the studies. In addition, Embecta faces the risk of potential unauthorized disclosure or misappropriation of its intellectual property by contract research organizations, which may reduce Embecta's trade secret protection and allow its potential competitors to access and exploit its proprietary technology.

In addition, if future clinical trials fail to support the efficacy or safety of Embecta's current or future products or if the data obtained from those and other studies are unfavorable or inadequate to support satisfactory conclusions about Embecta's current or future products, Embecta's commercialization efforts or sales may be adversely affected and may have a material adverse effect on its business, financial condition and results of operations. In addition, future clinical studies or other articles regarding Embecta's existing products or any competing products may be published that either support a claim, or are perceived to support a claim, that a competitor's product is clinically more effective or easier to use than Embecta's existing products or products in development or that any such product is not as effective as Embecta claims. Any of these events may negatively affect Embecta's sales efforts and result in decreased revenue.

Embecta's failure to maintain strong relationships with physicians and other healthcare professionals could adversely affect its business.

Embecta depends on its ability to maintain strong working relationships with physicians and other healthcare professionals in connection with research and development for some of its products. Embecta relies on these professionals to provide it with considerable knowledge and advice regarding the development and use of these products. If Embecta fails to maintain its working relationships with physicians and, as a result, no longer has the benefit of their knowledge and advice, Embecta's products may not be developed in a manner that is responsive to the needs and expectations of the professionals who use and support such products, which could have a material adverse effect on Embecta's business.

Embecta may not be able to successfully execute its acquisition strategy, which could adversely affect its financial condition and results of operations.

Embecta intends to explore strategic partnerships and acquisition opportunities that enable it to accelerate its growth. There is no assurance that future acquisitions will be available on attractive terms and Embecta's ability to consummate any acquisition will be subject to various risks and uncertainties, including the negotiation of agreements on satisfactory terms, obtaining applicable regulatory clearances and approvals and, after consummation, achieving anticipated synergies and other benefits. If Embecta does not successfully execute on its acquisition strategy, it could adversely affect its financial condition and results of operations.

Embecta's international operations subject it to certain business risks.

A substantial amount of Embecta's sales come from its operations outside the United States, and Embecta intends to continue to pursue growth opportunities outside of the United States, especially in emerging markets. Embecta's international operations subject it to certain risks relating to, among other things, fluctuations in foreign currency exchange, local economic and political conditions, competition from local companies, increases in trade protectionism, United States relations with the governments of the foreign countries in which Embecta operates, foreign regulatory requirements or changes in such requirements, changes in local healthcare payment systems and healthcare delivery systems, local product preferences and requirements, longer payment terms for account receivables than we experience in the United States, difficulty in establishing, staffing and managing foreign operations, changes to international trade agreements and treaties, changes in tax laws, weakening or loss of the protection of intellectual property rights in some countries and import or export licensing requirements. The success of Embecta's international operations also depends, in part, on its ability to make necessary infrastructure enhancements to, among other things, its production facilities and sales and distribution networks. These and other factors may adversely impact its ability to pursue its growth strategy in these regions.

In addition to the risks discussed elsewhere, other risks associated with doing business internationally, include, but are not limited to:

- political instability and actual or anticipated military or political conflicts;
- trade protection measures and barriers, such as tariffs, and import and export licensing, control and compliance requirements;
- negative consequences from changes in or interpretations of tax laws;
- difficulty in establishing, staffing and managing international operations;
- difficulties associated with foreign legal systems, including increased costs associated with enforcing contractual obligations in foreign jurisdictions;
- changes in regulatory requirements;
- adapting to the differing laws and regulations, business and clinical practices, and consumer preferences in foreign markets;
- difficulties in managing foreign relationships and operations, including any relationships that we establish with foreign partners, distributors or sales or marketing agents; and
- difficulty in collecting accounts receivable and longer collection periods.

In addition, the U.S. Foreign Corrupt Practices Acts (FCPA), the U.K. Bribery Act, and similar anti-corruption and anti-bribery laws enacted outside the United States generally prohibit companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or retaining business. Global enforcement of anti-corruption laws has increased substantially in recent years, with more enforcement proceedings by United States and foreign governmental agencies and the imposition of significant fines and penalties. Embecta's international operations, which often involve customer relationships with foreign governments or government-sponsored healthcare systems, create the risk that there may be unauthorized payments or offers of payments made by employees, consultants, sales agents or distributors. Because Embecta does business in the U.K., the U.K. Bribery Act also extends to its interaction with public and private sector entities and persons outside the U.K., including in the United States. Embecta's policies mandate compliance with these laws. Embecta operates in parts of the world that have experienced governmental corruption to some degree, and in certain circumstances strict compliance with anti-bribery laws may conflict with local customs and practices. Despite Embecta's training and compliance programs, its internal control policies and procedures may not always protect Embecta from reckless or criminal acts committed by its employees or agents. Any alleged or actual violations of these laws may subject Embecta to government investigations and significant criminal or civil sanctions and other liabilities, including exclusion from government contracting, which could negatively affect our reputation, could disrupt Embecta's business and have a material adverse effect on its results of operations, financial condition, and cash flow.

Changes in United States policy regarding international trade, including import and export regulation and international trade agreements, could also negatively impact Embecta's business. The United States has imposed tariffs and export controls on certain goods and products imported from China and certain other countries, which has resulted in retaliatory tariffs by China and other countries. Additional tariffs imposed by the United States on a broader range of imports, or further retaliatory trade measures taken by China or other countries in response, could result in an increase in supply chain costs that Embecta may not be able to offset or that otherwise adversely impact its results of operations. In addition, political tensions between the United States and China and certain other countries have escalated in recent years between and among these countries. Rising political tensions could reduce trade, investment and other economic activities between the two major economies. Any of these factors could have a material adverse effect on Embecta's business, prospects, financial condition and results of operations.

The departure of the United Kingdom ("U.K.") from the European Union ("EU") (commonly known as "Brexit") on January 31, 2020 created uncertainties affecting business operations in the United Kingdom, the EU and a number of other countries, including with respect to compliance with the regulatory regimes regarding the labeling and registration of the products Embecta sells in these markets. For example, the U.K. regulatory regime is currently similar to EU regulations, but the U.K. has enacted new legislation like the Medicines and Medical Devices Act. Under this legislation, the U.K. may adopt changed regulations that may diverge from the EU legislative regime for medicines, including their research, development and commercialization and has issued a consultation document with respect to future change. Embecta could face increased costs, volatility in exchange rates, market instability and other risks as a result of Brexit. In addition, any further divergence of U.K. and EU law, including changes in relation to international trade, tariff and import/export regulations as a result of Brexit or otherwise may impose unexpected duty costs or other non-tariff barriers on Embecta.

In 2015, the Italian parliament enacted legislation that, among other things, imposed a "payback" measure on medical device companies that supply goods and services to the Italian National Healthcare System. Under the measure, companies are required to make payments to the Italian government if medical device expenditures in a given year exceed regional expenditure ceilings established for that year. The payment amounts are calculated based on the amount by which the regional ceilings for the given year were exceeded. In response to decrees issued by the Italian Ministry of Health, the

various Italian regions issued invoices to medical device companies. Following the issuance of the invoices, numerous other medical device companies filed appeals with the Italian administrative courts challenging the enforceability of the payback measure, primarily on the basis that the law was unconstitutional. The Italian administrative courts referred the question regarding the constitutionality of the law to the Italian Constitutional Court, which in July 2024, issued a ruling upholding the law as constitutional. Following the ruling of the Italian Constitutional Court, the appeal before the Italian administrative court will proceed with respect to the remaining legal arguments asserted by the appellants with regard to the enforceability of the payback law. Since the law was enacted, Embecta has recognized an estimate for the amount of variable consideration but has not made any payments under the payback law. As litigation before Italian Courts is still pending, final resolution is unknown at this time, and it is possible that the amount of the Embecta's liability could differ from the amount currently accrued.

The military conflict between Russia and Ukraine has resulted in the implementation of sanctions by the United States and other governments against Russia and has caused significant volatility and disruptions to the global markets. It is not possible to predict the short- and long-term implications of this conflict, which could include but are not limited to further sanctions, uncertainty about economic and political stability, increases in inflation rate and energy prices, supply chain challenges, adverse effects on currency exchange rates and financial markets and disruption to its supplier, channels to market or customers. In addition, the United States government reported that United States sanctions against Russia in response to the conflict could lead to an increased threat of cyberattacks against United States companies. These increased threats could pose risks to the security of Embecta's Information Technology systems, networks and product offerings, as well as the confidentiality, availability and integrity of Embecta's data. In addition, the hostilities in Israel and the Middle East, including attacks on shipping vessels in the Red Sea, could develop to have a more widespread economic and geopolitical affect in the Middle East and Europe, and/or economic sanctions between or among countries, as well as general geopolitical issues in the Middle East. These disruptions have led to supply chain delays and price increases and may impact future oil production capacity, oil prices, and disruptions in supply chain and shipping routes in the Middle East. These impacts may further cause increases in resin costs, as well as energy costs. If these conflicts develop beyond these areas or further intensify, they could have an adverse impact on Embecta's business operations in the EU, the Middle East or other affected areas. Embecta is continuing to monitor the situations in Russia, Ukraine, Israel and globally as well as assess their potential impact on Embecta's business, including impacts to suppliers and customers. Although operations in Russia, Ukraine and Israel do not currently constitute a material portion of Embecta's business nor has Embecta assessed that the hostilities have had a material effect on its financial position or results of operations, a significant escalation or further expansion of the conflicts' current scope or related disruptions to the global markets could have a material adverse effect on Embecta's results of operations.

The U.S. Department of the Treasury's Office of Foreign Assets Control, and the Bureau of Industry and Security at the U.S. Department of Commerce, administer certain laws and regulations that restrict U.S. persons and, in some instances, non-U.S. persons, in conducting activities, and transacting business with or making investments in certain countries, governments, entities and individuals subject to U.S. economic sanctions. Due to Embecta's international operations, it is subject to such laws and regulations, which are complex, restrict its business dealings with certain countries and individuals, and are constantly changing. Further restrictions may be enacted, amended, enforced or interpreted in a manner that materially impacts Embecta's operations.

Violations of these regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts and revocations or restrictions of licenses, as well as criminal fines and imprisonment. Embecta has established procedures designed to assist with its compliance with such laws and regulations. However, Embecta has only limited experience dealing with these laws and regulations and it cannot guarantee that its procedures will effectively prevent it from violating these regulations in every transaction in which Embecta may engage. Any such violation could adversely affect Embecta's reputation, business, financial condition and results of operations.

Embecta's business and operations are subject to risks related to climate change.

The long-term effects of global climate change present risks to Embecta's business and operations. Extreme weather, natural disasters or other conditions caused by climate change could adversely impact its supply chain and the availability and cost of raw materials and components, energy supply, transportation or other inputs required for the operation of its business. Such conditions could also result in physical damage to products, plants and distribution centers, or our suppliers' facilities, as well as the infrastructure and facilities of hospitals, medical care facilities and other customers. Additionally, increased environmental regulation, including to address climate change, may result in increases in the costs to operate its business or restrict certain aspects of its activities. These events could adversely affect Embecta's operations and our financial performance.

Embecta's business could be negatively impacted by evolving regulations, policies and expectations relating to ESG initiatives, setting related goals, collecting data and disclosing related information.

There is an increasing focus from certain investors, customers, consumers, employees and other stakeholders concerning ESG matters. Additionally, public interest and legislative pressure related to public companies' ESG practices continue to grow. These changing rules, regulations and stakeholder expectations have resulted in, and are likely to continue to result in, increased general and administrative expenses and increased management time and attention spent complying with or meeting such regulations and expectations. A number of participants in the medical device industry are also joining voluntary ESG groups or organizations, such as the Responsible Business Alliance. These ESG provisions and initiatives are subject to change, can be unpredictable, and may be difficult and expensive for us to comply with, given the complexity of our supply chain and operations. If our ESG practices fail to meet regulatory requirements or investor, customer, consumer, employee or other stakeholders' evolving expectations and standards in areas including environmental stewardship, support for local communities, Board of Directors and employee diversity, human capital management, employee health and safety practices, product quality, supply chain management, corporate governance and transparency, our reputation, brand and employee retention may be negatively impacted, and our customers and suppliers may be unwilling to continue to do business with us. Further, statements about our ESG-related initiatives and goals, and progress against those goals, may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. In addition, we could be criticized for the scope or nature of such initiatives or goals, or for any revisions to these goals. If we do not adapt to or comply with new regulations, or fail to meet evolving investor, industry or stakeholder expectations and concerns regarding ESG issues, investors may reconsider their capital investment in our Company, and customers may choose to stop purchasing our products, which could have a material adverse effect on our reputation, business or financial condition.

Foreign currency exchange rate, inflation, commodity price, energy and oil prices and supply, and interest rate fluctuations may adversely affect Embecta's financial condition and results of operations.

Embecta is exposed to a variety of market risks, including the effects of changes in foreign currency exchange rates, commodity prices, energy resource prices and uninterrupted energy supply, and interest rates. Products manufactured in, and sold into, regions outside of the United States represent a significant portion of Embecta's operations. The Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K reflect translation of financial statements denominated in non-United States currencies to United States dollars as well as the foreign currency exchange gains and losses resulting from the re-measurement of assets and liabilities. A strengthening or weakening of the United States dollar in relation to the foreign currencies of the countries in which Embecta sells or manufacture its products, such as the euro, will affect its United States dollar-reported revenue and income. Changes in the relative values of currencies may, in some instances, have a significant effect on its results of operations.

Many of Embecta's products have significant resin content. Embecta also uses quantities of other commodities, such as rubber, corrugate and steel. Increases in the prices of these commodities, including due to inflation in the United States or in other markets, could increase the production and other input costs of Embecta's products. Embecta may not be able to pass on these costs to its customers, which could have a material adverse effect on its results of operations and cash flows.

The Russia and Ukraine conflict, the Israel-Hamas war, the possibility of military activity in countries near or adjacent to Israel, including attacks on shipping vessels in the Red Sea, and the growing geopolitical tensions between China and Taiwan, coupled with possible related supply chain shortages may affect the energy power and oil sector's networks and ability to supply their customers, including Embecta. These disruptions have led to supply chain delays and price increases and may lead to manufacturing shutdowns, raw material and component shortages, additional supply chain and logistics constraints, project delays, loss of productivity, divergent product standards and regulations, trade policies, labor shortages, commodity shortages, and additional price increases, among others. Embecta relies on uninterrupted energy to power its manufacturing facilities and any disruption could adversely affect its operations. In addition, increases in energy and oil prices could increase the production, raw materials and other costs of Embecta's operations and products.

Increases in interest rates may adversely affect the financial condition of Embecta's distributors and suppliers, thereby adversely affecting their ability to buy Embecta's products and supply the components or raw materials needed by Embecta, in each case adversely affecting Embecta's financial condition or results of operations. If the United States Federal Reserve decides to raise the benchmark interest rate, then Embecta could experience higher interest expense on its variable rate debt in fiscal year 2025. To the extent Embecta borrows under its revolving credit facility, it will also be subject to risks related to changes in interest rates.

Fluctuations in Embecta's effective tax rate and changes to tax laws may adversely affect it.

As a global company, Embecta is subject to taxation in numerous countries, states and other jurisdictions. Embecta's effective tax rate is derived from a combination of applicable tax rates in the various countries, states and other jurisdictions in which it operates. In preparing its financial statements, Embecta estimates the amount of tax that will

become payable in each of these jurisdictions and significant judgement is required in determining our worldwide provision for income taxes. Embecta's effective tax rate may, however, differ from the estimated amount due to numerous factors, including a change in overall profitability, geographical mix of earnings before income taxes, tax discrete items that are not recurring in nature, and changes in tax laws, including potential proposed tax legislation. The Organization for Economic Cooperation and Development ("OECD") has developed major reform of the international tax system with respect to a global minimum 15% tax rate. In December 2022, European Union member states agreed to adopt the OECD's minimum tax rules, which are expected to begin going into effect in tax years beginning on January 1, 2024 or later. Certain countries have enacted the law changes and other countries are considering changes to their tax laws; the impact of the changes will go into effect for the Company beginning in fiscal year 2025. The Company is evaluating the impact of these proposed and enacted changes. If any potential legislative proposals are ultimately enacted, they could materially impact Embecta's tax provision, cash tax liability and effective tax rate. Any of these factors could cause Embecta to experience an effective tax rate significantly different from previous periods or its current expectations, which could have an adverse effect on its business, financial condition, results of operations and cash flows.

If Embecta fails to protect its intellectual property or proprietary technology, such failure could adversely affect its business and results of operations.

Embecta relies primarily on patent, trademark and trade secret laws, as well as confidentiality and non-disclosure agreements covering its know-how and confidential information, to protect its proprietary technologies. Third parties, including its competitors, may contest or oppose its patents and trademarks and future patent and trademark applications, and if such patents or trademarks are successfully challenged, it may be easier for its competitors to offer the same or similar products or technologies or require Embecta to rebrand its products. Embecta can also lose the protection afforded by these intellectual property assets through patent expirations, legal challenges or governmental action. Patents attained by competitors may also adversely affect Embecta's competitive position. In addition, competitors may seek to invalidate patents on its products or claim that its products infringe upon their intellectual property, which could result in a loss of competitive advantage or the payment of significant legal fees, damage awards and past or future royalties, as well as injunctions against future sales of its products. Embecta has entered into confidentiality agreements and intellectual property assignment agreements with its officers, certain employees, consultants and potential collaborators regarding its intellectual property and proprietary technology. In the event of unauthorized use or disclosure or other breaches of those agreements, Embecta may not be provided with meaningful protection for its trade secrets, know-how or other proprietary information. Embecta also operates in countries that do not protect intellectual property rights to the same extent as in the United States, which could make it easier for competitors to compete with Embecta in those countries. The loss of a significant portion of its portfolio of intellectual property assets may have an adverse effect on its business and results of operations.

Embecta's products or processes may infringe the intellectual property rights of others, which may cause Embecta to pay unexpected litigation costs, damages, or settlement fees (including royalties) or prevent Embecta from selling its products.

Embecta cannot be certain that its products, both existing and in development, do not and will not infringe issued patents or other intellectual property rights of third parties. Embecta may be subject to legal proceedings and claims in the ordinary course of its business, including claims of alleged infringement of the intellectual property rights of third parties. Patentability, invalidity, freedom-to-operate or other opinions may be required to determine the scope and validity of third-party proprietary rights. The nature of claims contained in unpublished patent filings around the world is unknown to Embecta and it is not possible to know which countries patent holders may choose for an extension of their filings under the Patent Cooperation Treaty or other mechanisms. Embecta may also be subject to claims based on the actions of employees and consultants with respect to the usage or disclosure of intellectual property learned at other employers. Any such claims, whether or not meritorious, could result in litigation and divert the time and attention of its management team. Consequently, Embecta is unable to guarantee that it will be able to manufacture, use, offer for sale, sell or import any of its commercial products or products in development in the event of an infringement action. If Embecta is found liable for infringement, it may be required to enter into licensing agreements (which may not be available on acceptable terms or at all) or to pay damages or cease developing, making or selling certain products. Even if Embecta were able to obtain a license, the rights may be non-exclusive, which could potentially limit its competitive advantage. Ultimately, Embecta could be prevented from commercializing any products that it may commercialize or promote or be forced to cease some aspects of its business operations, if, as a result of actual or threatened patent infringement or other claims, it is unable to enter into licenses on acceptable terms. This inability to enter into licenses or the ability to exclude others from using proprietary rights could have a material adverse effect on Embecta's reputation, business, financial condition or results of operations. Embecta may also need to redesign some of Embecta's products or processes to avoid future infringement liability.

Breaches of Embecta's information systems and cyberattacks aimed at accessing Embecta's devices, products and services or related devices, products and services could have a material adverse effect on its operations.

Embecta faces various security threats on a regular basis, including ongoing cyber security threats to and attacks on our information technology infrastructure. Some of Embecta's products, and products in development may, include information systems that collect data, including sensitive medical information, regarding patients and patient therapy on behalf of Embecta's customers and some connect to Embecta's systems for maintenance and management purposes. Embecta uses its and certain third party, including BD's, information technology systems to manage or support a variety of business processes and activities, including sales, shipping, billing, customer service, procurement, supply chain, manufacturing, and accounts payable. In addition, Embecta uses enterprise information technology systems to record, process, and summarize transactions and other financial information and results of operations for internal reporting purposes and to comply with financial reporting, legal, and tax regulatory requirements. Embecta deploys defenses against such threats and attacks and works to secure the integrity of its data systems using techniques, hardware, and software typical of companies of its size and scope. Despite Embecta's security measures, however, its information technology and infrastructure may be vulnerable to attacks by increasingly sophisticated intruders or others who try to cause harm to or interfere with its normal use of its systems. They are also susceptible to breach due to employee error, malfeasance, or other disruptions. Embecta's suppliers, distributors, contractors, service providers, and other third parties with whom it does business also could be subject to cyber threats and attacks that are similar in frequency and sophistication. In many cases, Embecta has to rely on the controls and safeguards put in place by these suppliers, distributors, contractors, service providers, including BD, and other third parties to defend against, respond to, and report these attacks. Many of Embecta's information systems are cloud-hosted and managed by these third-party vendors, some of which may have access to confidential business, employee, healthcare professional, and/or customer information. Embecta's information technology systems may also be susceptible to damage, disruptions, or shutdowns due to computer viruses, attacks by computer hackers, failures during the process of upgrading or replacing software, databases or components thereof, power outages, hardware failures, telecommunication failures, user errors, or catastrophic events. Any failure by Embecta to maintain or protect its information technology systems and data integrity, including from cyberattacks, intrusions, disruptions, or shutdowns, could result in the unauthorized access to customer data and personally identifiable information, theft of intellectual property or other misappropriation of assets or the loss of key data and information, or otherwise compromise Embecta's confidential or proprietary information and disrupt its operations. The potential impact of future cyber incidents can vary widely in severity and scale. This could also impact Embecta's compliance with privacy and other laws and regulations and could result in actions by regulatory bodies or civil litigation. There can be no assurance that the various procedures and controls Embecta utilizes to mitigate these threats will be sufficient to prevent disruptions to its systems, in part because (i) cyberattack techniques change frequently and, at times, new techniques are not recognized until launched, and (ii) cyberattacks can originate from a wide variety of sources. For example, as multilateral sanctions and tensions continue to escalate against Russia by western nations and their allies in connection with the Russia-Ukraine war, retaliatory actions being undertaken by Russia and supporters of Russia in the form of cyberattacks have increased, including for example against certain U.S. infrastructure networks and hospital operations. Increasing costs associated with information security, such as increased investment in technology, the cost of compliance and costs resulting from consumer fraud could cause our business and results of operations to suffer materially. The methods and techniques used by cyber threat actors to gain entry into our network and access our computer systems, software and data may become more advanced with the use of Artificial Intelligence ("AI") and may become increasingly difficult or impossible to detect and prevent. As these threats continue to evolve, we may be required to invest significant additional resources to modify and enhance our information security and controls or to investigate and remediate any security vulnerabilities. While our technology infrastructure is designed to safeguard and protect personal and business information, we have limited ability to monitor the implementation of similar safeguards by our vendors. Embecta will continue to evaluate organization risk priorities and dedicate resources to protect against unauthorized access, and work to align to industry-leading cybersecurity frameworks to incorporate cybersecurity into its enterprise systems, manufacturing processes and products. Embecta's results of operations could be adversely affected if these systems are interrupted or damaged or fail for any extended period.

In addition, medical devices are increasingly connected to the internet, healthcare networks, and other medical devices to provide features that improve healthcare and increase the ability of healthcare providers to treat patients and patients to manage their conditions. As such, a cyberattack which intrudes, disrupts, or corrupts Embecta's devices, products, and services, or related devices, products, and services could impact the quality-of-care patients receive or the confidentiality of patient information. Additionally, modifying or using any such devices, products, or services in a way inconsistent with Embecta's FDA clearances and approvals may create risks to users and potential exposure to the Company.

Embecta needs to attract and retain key employees to be competitive.

Embecta's ability to compete effectively depends upon its ability to attract and retain executives and other key employees. Competition for experienced employees, particularly for persons with specialized skills, can be intense. Embecta's ability to recruit such talent will depend on a number of factors, including compensation and benefits, work location and work

environment. If Embecta cannot effectively recruit and retain qualified executives and employees, its business could be adversely affected.

Embecta's business may be adversely affected by work stoppages, union negotiations and labor disputes.

As of September 30, 2024, only certain employees, all outside of the United States and representing approximately 35% of our headcount, are represented by various unions, works council and other collective bargaining groups. As of September 30, 2024, approximately 44% of those employees within these groups have collective bargaining power. Historically, the effects of collective bargaining and other similar labor agreements have not been significant. However, if a larger number of Embecta's employees were to unionize, including in the wake of any future legislation or administrative regulation that makes it easier for employees to unionize, the effect could be significant.

A significant portion of Embecta's unionized employees have collective bargaining agreements. Any inability to negotiate acceptable new contracts and new terms and conditions under these collective bargaining arrangements could cause strikes or other work stoppages, including at our Ireland manufacturing facility, and new contracts could result in increased operating costs for Embecta. If any strikes or other work stoppages occur, or if additional employees become represented by a union, a disruption of Embecta's operations and higher labor costs could result. Labor relations matters affecting Embecta's suppliers of products and services could also adversely affect Embecta's business from time to time.

Embecta is subject to extensive regulation.

Embecta's operations are global and are affected by complex state, federal and international laws relating to healthcare, environmental protection, antitrust, anti-corruption, marketing, fraud and abuse (including anti-kickback and false claims laws), import and export control, product safety and efficacy, employment, privacy, financial transparency, conflict minerals and other areas. Violations of these laws can result in criminal or civil sanctions, including substantial fines and, in some cases, exclusion from participation in healthcare programs such as Medicare and Medicaid. Environmental laws, particularly with respect to the emission of greenhouse gases, such as taxes on fuel and energy, to mitigate the impacts of climate change, are becoming more stringent throughout the world, which may increase Embecta's costs of operations or necessitate closures of or changes to its manufacturing plants or processes or those of its suppliers, or result in liability to Embecta. Embecta is also subject to various laws and regulations relating to the safety and effectiveness of medical devices, including relating to design, development and manufacturing, product traceability and record keeping procedures, product complaints, complaint reporting, recalls and field safety corrective actions, advertising and promotion and clinical trials and post-market studies with respect to its products. Failure to comply with these laws may result in enforcement actions by the FDA or other similar regulatory agencies and other liability to Embecta. The enactment of additional laws or changes in existing laws may increase compliance costs or otherwise adversely impact Embecta's operations.

Embecta is also subject to numerous post-marketing regulatory requirements, which include quality system regulations related to the manufacture of its devices, labeling regulations, and medical device reporting regulations. The last of these regulations requires Embecta to report to the FDA if its devices cause or contribute to a death or serious injury, or malfunction in a way that would likely cause or contribute to a death or serious injury if the malfunction recurred. If Embecta fails to comply with present or future regulatory requirements that are applicable to it, it may be subject to enforcement action by the FDA, which may include any of the following sanctions:

- untitled letters, warning letters, fines, injunctions, consent decrees, and civil penalties;
- customer notification, or orders for repair, replacement, or refunds;
- voluntary or mandatory recall or seizure of our current or future products;
- administrative detention by the FDA of medical devices believed to be adulterated or misbranded;
- operating restrictions, suspension or shutdown of production;
- refusing our requests for 510(k) clearance of new products, new intended uses or modifications to Embecta's current products;
- rescinding 510(k) clearance or suspending that have already been granted; or
- criminal prosecution.

In addition, the EU has adopted the EU Medical Device Regulation (the "EU MDR"), which imposes stricter requirements for the marketing and sale of medical devices, including in the area of labeling requirements, clinical evidence requirements, quality systems and post-market surveillance. The EU MDR has been fully operational for previously approved self-certified medical devices (class I) since May 2021, and previously CE marked products must become compliant when their certification expires, with a transition period ending December 2027 for higher classification devices, or December 2028 for lower classification devices (i.e., class II and III). Additionally, the availability of EU notified body services certified to assist Embecta with validation of, and compliance with, the new requirements is limited, which may delay the marketing approval for some of Embecta's products under the EU MDR. Any such delays, or any failure to meet

these requirements could adversely impact our business in the EU and other non-EU regions that tie their product registrations to EU conformity requirements.

Healthcare reform may have a material adverse effect on Embecta's financial condition and results of operations.

Political, economic and regulatory developments have effected fundamental changes in the healthcare industry. In response to perceived increases in health care costs in recent years, there have been, and continue to be, proposals by the federal government, state governments, regulators, and third-party payors to control these costs and, more generally, to reform the U.S. health care system. Certain of these proposals could limit the prices Embecta is able to charge for its products or the amounts of reimbursement available for its products and could limit the acceptance and availability of its products.

The Patient Protection and Affordable Care Act (the "Affordable Care Act") substantially changed the way healthcare is financed by both government and private insurers. It also encourages improvements in the quality of healthcare products and services and significantly impacts the United States pharmaceutical and medical device industries by, among other things, imposing certain stringent compliance, recordkeeping, and reporting requirements on companies in various sectors of the life sciences industry, and enhanced penalties for non-compliance.

Embecta cannot predict at this time the full impact of the Affordable Care Act or other new legislation, agency priorities, rulemaking and healthcare reform measures from U.S. federal or state governments, foreign governments, or third-party payors that may be adopted or implemented in the future on Embecta's financial condition, results of operations and cash flows. Although several legislative initiatives to repeal and replace the Affordable Care Act have been proposed, and legal challenges to the constitutionality of the Affordable Care Act or its component parts have been made, the nature and effect of any modification or repeal of, or legislative substitution for, the Affordable Care Act, or any court decision regarding the Affordable Care Act's validity, is uncertain, and Embecta cannot predict the effect that any of these events would have on the longer-term viability of the act, or on Embecta's financial condition, results of operations or cash flows. However, any changes that create stricter and more costly compliance obligations or lower reimbursement for Embecta's products could materially and adversely affect its business, financial condition and results of operations. Future significant changes in the healthcare systems in the United States or elsewhere could also have a negative impact on the demand for Embecta's current and future products. These include changes that may reduce reimbursement rates for its products and changes that may be proposed or implemented by the current or future laws or regulations.

Certain modifications to Embecta's products may require new 510(k) clearances or other marketing authorizations and may require Embecta to recall or cease marketing its products.

Once a medical device is permitted to be legally marketed in the United States pursuant to a 510(k) clearance, a manufacturer may be required to notify the FDA of certain modifications to the device.

Manufacturers determine in the first instance whether a change to a product requires a new 510(k) clearance or premarket submission, but the FDA may review any manufacturer's decision. The FDA may not agree with Embecta's decisions regarding whether new clearances are necessary. Embecta has made modifications to its products in the past and has determined based on its review of the applicable FDA regulations and guidance that in certain instances new 510(k) clearances or other premarket submissions were not required. Embecta may make similar modifications or add additional features in the future that it believes does not require a new 510(k) clearance. If the FDA disagrees with Embecta's determinations and requires it to submit new 510(k) notifications, Embecta may be required to cease marketing or to recall the modified product until it obtains clearance, and it may be subject to significant regulatory fines or penalties.

Embecta may be subject to enforcement actions if it engages in improper marketing or promotion of its products.

Embecta's promotional materials and training methods must comply with applicable laws, regulations and regulatory authority's rules and guidelines, including the FDA and the Federal Trade Commission (the "FTC"). If the FDA, the FTC or another regulatory agency determines that Embecta's promotional or training material constitutes off-label, false or misleading, unfair or deceptive promotion of its products, it could request that Embecta modify its training or promotional materials or subject Embecta to regulatory or enforcement actions, including the issuance of an untitled letter, a warning letter, injunction, seizure, civil fine or criminal penalties. It is also possible that other federal, state or foreign enforcement authorities might take action if they consider Embecta's promotional, educational or training materials to constitute off-label, false or misleading, unfair or deceptive promotion of its products, which could result in significant fines or penalties under other statutory authorities, such as laws prohibiting false claims for reimbursement, and reputational harm.

Embecta is subject to complex and evolving laws and regulations regarding privacy and data protection, many of which are subject to change and uncertain interpretation, which could result in claims, changes to its business practices, penalties, increased cost of operations or declines in user growth or engagement, or otherwise adversely affect its business.

Embecta is subject to complex and frequently changing laws in the United States and elsewhere regarding privacy and the processing, collection, use, storage and protection of personal information, and noncompliance with these laws could result in substantial fines or litigation. For instance, the EU has also adopted the General Data Protection Regulation ("GDPR"), which applies to personal data involved in Embecta's operations in the EU or products and services that Embecta offers to EU users involving personal data. The GDPR contains a range of compliance obligations that could require Embecta to change its existing business practices policies, and significantly increases financial penalties for noncompliance.

In the state of California, the California Consumer Privacy Act ("CCPA"), which provides certain privacy rights and consumer protection for residents of the state became effective in 2020, and the California Privacy Rights Act, which amends and expands the CCPA, went into effect on January 1, 2023. These consumer rights include the right to know what personal information is collected, the right to know whether the data is sold or disclosed and to whom, the right to request a company to delete the personal information it has collected, the right to opt-out of the sale of personal information and the right to non-discrimination in terms of price or service when a consumer exercises a privacy right. California's and other states' laws apply more broadly and now or in the future may reach data we hold that relates to employees and healthcare providers, not just customers. In addition, data security protection laws passed by the federal government and many states require notification to data subjects, including customers and others, when there is a security breach of personal data. The CCPA also created a private right of action with statutory damages for certain data breaches, thereby potentially increasing risks associated with a data breach. The effects of state data protection laws are significant and may cause Embecta to incur substantial costs and expenses to ensure ongoing compliance. If Embecta fails to comply with these regulations, it could be subject to civil sanctions, including fines and penalties for noncompliance.

In addition, foreign data protection, privacy, and other laws and regulations can be more restrictive than those in the United States. Data localization laws in some countries generally mandate that certain types of data collected in a particular country be stored and/or processed within that country. Embecta could be subject to audits in Europe and around the world, particularly in the areas of consumer and data protection, as Embecta continues to grow and expand its operations. Legislators and regulators may make legal and regulatory changes, or interpret and apply existing laws, in ways that make Embecta's products less useful to users, require us to incur substantial costs, expose us to unanticipated civil or criminal liability, or cause us to change Embecta's business practices. These changes or increased costs could affect Embecta's business and results of operations.

Furthermore, AI-based solutions, including generative AI, are increasingly being used in the medical device industry, including by Embecta, with the expectation to use such systems and tools that incorporate AI-based technologies in the future for internal and external purposes. The use of AI solutions, such as ChatGPT, Co-Pilot, Grammarly, and Transvoyant by Embecta's employees or third parties on which we rely could lead to the public disclosure of confidential information (including personal data or proprietary information) in contravention of Embecta's internal policies, data protection or other applicable laws, or contractual requirements. The misuse of AI solutions could also result in unauthorized access and use of personal data of Embecta's employees, clinical and other trial participants, collaborators, or other third parties. In addition, the legal and regulatory landscape surrounding AI technologies is rapidly evolving and uncertain, including in the areas of intellectual property, cybersecurity, and privacy and data protection. Evolving rules, regulations, and industry standards governing AI may require us to incur significant costs to modify, maintain, or align our business practices, services and solutions to comply with U.S. and non-U.S. rules and regulations, the nature of which cannot be determined at this time and may be inconsistent from jurisdiction to jurisdiction. Several jurisdictions where we operate are considering or have proposed or enacted legislation and policies regulating AI and non-personal data, such as the European Union's AI Act and the U.S.'s Executive Order on AI. These regulations may impose significant requirements on how we deploy and use AI and handle data. While we attempt to identify and mitigate ethical and legal issues presented by its use, we may be unsuccessful in identifying or resolving issues before they arise. Failure to appropriately respond to this evolving landscape may also result in legal liability, fines, penalties, regulatory action, loss of trade secrets or other intellectual property, brand and reputational harm, or lead to outcomes with unintended biases or other consequences. On the other hand, if Embecta is unable to use AI, it could make our business less efficient and result in competitive disadvantages. Any of these events could have a material adverse effect on our business, financial condition and results of operations.

A disruption at one of Embecta's facilities could adversely affect our business and operating results.

Although Embecta operates in multiple locations, manufacturing of its pen needles and syringes is conducted, and its components for such products are primarily stored, at its facilities in the United States, Ireland and China. Political or financial instability, currency fluctuations, the outbreak of pandemics, labor unrest, transport capacity and costs, port security, supply chain disruptions, wars, weather conditions, natural disasters, or other events that could slow or disrupt

port activities and affect foreign trade are beyond Embecta's control and could materially disrupt its supply of product from any of these locations, increase its costs, and/or adversely affect its results of operations. Further, there may be increased pressure for United States medical device companies to reduce dependency on China for their supply chain and reevaluating nearshoring strategies. Embecta takes precautions to ensure that its third-party contractors and logistics entities safeguard Embecta's assets, including insurance, health and safety protocols, and off-site storage of computer data. However, a natural or other disaster, such as a fire or flood, could cause substantial delays in Embecta's operations, damage or destroy its manufacturing equipment and/or inventory and cause it to incur additional expenses. The insurance Embecta maintains may not be adequate to cover its losses in any particular case. With or without insurance, damage to Embecta's facilities, manufacturing equipment, inventory or other property or to any of its suppliers, may have a material adverse effect on Embecta's business, financial condition and results of operations.

A significant amount of Embecta's inventories of finished goods are stored in distribution centers around the world, but primarily in various distribution centers in the United States, Europe and Asia. Embecta takes precautions to safeguard these facilities and data infrastructure. However, vandalism, terrorism, unplanned power outages, cyberattacks or a natural disaster, such as an earthquake, fire or flood, or other catastrophic event, could damage or destroy Embecta's inventories of component supplies and finished goods, cause substantial delays in its operations, result in the loss of key information, result in reduced sales, and cause Embecta to incur additional expenses. Embecta's insurance coverage may not be sufficient to provide coverage with respect to the damages incurred in any particular case, and its insurance carrier may deny coverage with respect to all or a portion of its claims. Regardless of the level of insurance coverage or other precautions taken, damage to these facilities may have a material adverse effect on is business, financial condition and results of operations.

Insurance coverage may be inadequate or unavailable to cover any product liability losses Embecta incurs.

Embecta's business exposes it to potential product liability claims that are inherent in the design, manufacture, testing, inspection, and sale of medical devices. Embecta is subject to product liability lawsuits alleging that component failures, manufacturing flaws, manufacturing defects, negligence in manufacturing, design defects, negligence in design, or inadequate disclosure of product-related risks, warnings, or product-related information resulted in an unsafe condition, injury or death to customers. The risk of one or more product liability claims or lawsuits may be even greater after Embecta launches new products with new features or enters new markets where it has no prior experience selling its products and relies on newly-hired staff or new independent distributors or contractors to provide new customer training and customer support. In addition, the misuse of Embecta's products or the failure of customers to adhere to operating guidelines could cause significant harm to customers, including death, which could result in product liability claims. Product liability lawsuits and claims, safety alerts or product recalls, with or without merit, regardless of any available insurance coverage, could cause Embecta to incur substantial costs, and could place a significant strain on its financial resources, divert the attention of management from Embecta's core business, harm Embecta's reputation and adversely affect its ability to attract and retain customers, any of which could have a material adverse effect on Embecta's business, financial condition and results of operations.

Embecta is subject to a number of restrictive covenants under its indebtedness, including customary operating restrictions and financial covenants, which could restrict Embecta's ability to pay dividends or adversely affect its financing options and liquidity position.

Embecta's current indebtedness contains, and any future indebtedness may contain, customary operating restrictions and financial covenants. This indebtedness may adversely affect Embecta's ability to operate or grow its business or could have other material adverse consequences, including by:

- limiting Embecta's ability to obtain additional financing in the future for working capital, capital expenditures and acquisitions;
- limiting Embecta's ability to refinance its indebtedness on terms acceptable to Embecta or at all;
- restricting Embecta's operations or development plans;
- requiring Embecta to dedicate a significant portion of its cash flows from operations to paying amounts due under its indebtedness, thereby reducing funds available for other corporate purposes;
- impeding Embecta's ability to pay dividends;
- making Embecta more vulnerable to economic downturns; or
- limiting Embecta's ability to withstand competitive pressures.

Any of these restrictions on Embecta's ability to operate its business in its discretion could adversely affect its business by, among other things, limiting Embecta's ability to adapt to changing economic, financial or industry conditions and to take advantage of corporate opportunities, including opportunities to obtain debt financing, repurchase stock, refinance or pay principal on Embecta's outstanding debt, dispose of property, complete acquisitions for cash or debt, or make other investments. In addition, events beyond Embecta's control, including prevailing economic, financial, and industry

conditions, could affect Embecta's ability to satisfy applicable financial covenants, and Embecta cannot assure you that it will satisfy them.

Any failure to comply with the restrictions of Embecta's current indebtedness, or any future financing agreements, including as a result of events beyond Embecta's control, may result in an event of default under these agreements, which in turn may result in defaults or acceleration of obligations under these agreements and other agreements, giving Embecta's lenders and other debt holders the right to terminate any commitments they may have made to provide Embecta with further funds and to require Embecta to repay all amounts then outstanding.

Embecta is subject to risks associated with public health threats, such as pandemics, which could have a material adverse effect on Embecta's financial condition and results of operation.

Embecta is subject to risks associated with public health threats, such as pandemics. Public health threats have the potential to significantly impact Embecta's supply chain if the manufacturing plants that produce its products, raw materials or product components, the distribution centers where Embecta manages its inventory or the operations of its logistics and other service providers, including third parties that sterilize its products, are disrupted, temporarily closed or experience worker shortages for a sustained period of time.

For example, Embecta's manufacturing sites in China, Ireland and the United States, where Embecta manufactures a significant amount of products, largely avoided any significant disruption due to the COVID-19 pandemic. However, notwithstanding that each of these communities has experienced a relative recovery in COVID-19 transmission and a lessening of restrictions related to COVID-19, a future outbreak of a public health threat, including COVID-19, at any of Embecta's manufacturing sites in China, Ireland and/or the United States or in the surrounding communities, could lead to suspensions or delays in the manufacturing of Embecta's products, which could have a material adverse effect on Embecta's business and results of operations.

Moreover, any resurgence in COVID-19 infections, including due to new variants of the virus for which current vaccines may not be effective, and public health measures could result in the imposition of new governmental lockdowns, quarantine requirements or other restrictions to slow the spread of the virus. The extent to which fear of exposure to or actual effects of COVID-19, new variants, disease outbreak, epidemic or a similar widespread health concern impacts our business will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the speed and extent of geographic spread of the disease, the duration of the outbreak, travel restrictions, the efficacy of vaccination and treatment; impact on the U.S. and international healthcare systems, the U.S. economy and worldwide economy, the timing, scope and effectiveness of U.S. and international governmental response, and the impact on the health, well-being and productivity of our employee. These could result in closures or other restrictions that significantly disrupt Embecta's operations or those of distributors or suppliers in Embecta's supply chain, which could adversely affect Embecta's financial condition.

Risks Related to the Separation from BD

Embecta has a limited history of operating as an independent company, and its historical financial information may not be a reliable indicator of its future results.

Certain historical information about Embecta in this Annual Report on Form 10-K refers to the diabetes care business as operated by and integrated with BD. Certain historical financial information of Embecta's fiscal year 2022 included in this Annual Report on Form 10-K is derived from the accounting records of BD. Accordingly, certain historical financial information included in this Annual Report on Form 10-K does not necessarily reflect the financial condition, results of operations or cash flows that we would have achieved in previous fiscal years as a separate, publicly traded company during such periods or those that Embecta will achieve in the future primarily as a result of the factors described below:

- Generally, prior to the Separation, Embecta's working capital requirements and capital for its general corporate purposes, including capital expenditures and acquisitions, were historically satisfied as part of the corporate-wide cash management policies of BD. On a going forward basis, Embecta's results of operations and cash flows may be more volatile, and it may need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements, which may or may not be available and may be more costly.
- Prior to the Separation, Embecta's business was operated by BD as part of its broader corporate organization, rather than as an independent company. BD or one of its affiliates performed various corporate functions for us, such as legal, treasury, accounting, auditing, human resources, investor relations, and finance. The historical financial results for the periods prior to the Separation reflect allocations of corporate expenses from BD for such functions, which are likely to be less than the expenses we would have incurred had we operated as a separate publicly traded company.

- Embecta's business shared economies of scope and scale in costs, employees, vendor relationships and customer relationships with BD. While we have sought to minimize the impact on Embecta when separating these arrangements, there is no guarantee these arrangements will continue to capture these benefits in the future. While Embecta has entered into transition agreements that govern certain commercial and other relationships between it and BD, those arrangements may not capture the benefits to Embecta's business that resulted from being integrated with the other affiliates of BD.
- Prior to the Separation, Embecta's business utilized the advantage of BD's overall size and scope to procure more advantageous arrangements. As a standalone company, Embecta may be unable to obtain similar arrangements to the same extent as BD did, or on terms as favorable as those BD obtained, prior to completion of the Separation.
- The cost of capital for Embecta's business may be higher than when Embecta was integrated with BD and leveraged BD's cost of capital.
- Other significant changes may occur in Embecta's cost structure, management, effective tax rate, financing and business operations as a result of operating as a company separate from BD. For additional information about the past financial performance of its business and the basis of presentation of the historical combined financial statements, see Item 7 and Item 8 of this Annual Report on Form 10-K.

Since the Separation, Embecta's financial profile has changed, and it is a smaller, less diversified company than BD prior to the Separation.

The Separation has resulted in Embecta being a smaller, less diversified company than BD. As a result, Embecta may be more vulnerable to changing market conditions, which could have a material adverse effect on its business, financial condition and results of operations. In addition, the diversification of Embecta's revenues, costs, and cash flows has diminished as a standalone company, such that its results of operations, cash flows, working capital and financing requirements may be subject to increased volatility and its ability to fund capital expenditures and investments, pay dividends and service debt may be diminished. We also have less capital allocation efficiency and flexibility, as Embecta no longer has access to cash flows from BD to fund Embecta's business.

Embecta may not achieve some or all of the expected benefits of the Separation.

Embecta may not be able to achieve the full strategic and financial benefits expected to result from the Separation, or such benefits may be delayed or not occur at all. The Separation is expected to provide the following benefits, among others: (1) enabling management of Embecta to more effectively pursue the distinct operating priorities and strategies of its business; (2) permitting Embecta to allocate financial resources to meet the unique needs of its business, which will allow us to intensify our focus on distinct strategic priorities and to more effectively pursue our own distinct capital structures and capital allocation strategies; (3) allowing Embecta to more effectively articulate a clear investment thesis to attract a long-term investor base suited to our business and providing investors with a distinct and targeted investment opportunity; (4) creating an independent equity security tracking Embecta's underlying business, affording Embecta with direct access to the capital markets and facilitating its ability to consummate future acquisitions or other transactions using its common stock; and (5) permitting Embecta to more effectively recruit, retain and motivate employees through the use of stock-based compensation that more closely aligns management and employee incentives with specific business goals and objectives related to Embecta's business.

Embecta may not achieve these and other anticipated benefits for a variety of reasons, including, among others: (1) the ongoing transition and separation activities may demand significant management resources and require significant amounts of management's time and effort, which may divert management's attention from operating and growing Embecta's business; (2) Embecta may be more susceptible to market fluctuations, and other adverse events than if it were still a part of BD because Embecta's business is less diversified than BD's businesses prior to the completion of the Separation; (3) as a standalone company, Embecta may be unable to obtain certain goods, services and technologies at prices or on terms as favorable as those BD obtained prior to completion of the Separation; (4) under the terms of the tax matters agreement that Embecta entered into with BD, it is restricted from taking certain actions that could cause the distribution or certain related transactions to fail to qualify as tax-free to BD and BD shareholders, or could result in certain other taxes to BD,; and (6) the contractual arrangements between Embecta and BD are on less favorable terms than the prior existing intercompany arrangements from which Embecta benefited, and such arrangements may be inadequate to provide for the ongoing operation and growth of Embecta's business. If Embecta fails to achieve some or all of the benefits expected to result from the Separation, or if such benefits are delayed, it could have a material adverse effect on its competitive position, business, financial condition, results of operations and cash flows.

In order to conduct its operations and meet its financial reporting and other obligations, Embecta relies on certain services provided by BD pursuant to the transaction documents entered into with BD in connection with the Separation. If Embecta is unable to extend the services on similar terms or replace the services that BD currently provides to it on terms that are at least as favorable to Embecta as the terms on which BD is providing these services, or if BD otherwise terminates any of the services, Embecta's business, financial condition and results of operations may be materially adversely affected.

Embecta's ability to effectively manage and operate its business depends significantly on the systems provided by BD. For example, Embecta currently relies upon BD to perform certain activities in markets in which it is unable to independently import, distribute, buy or sell certain products pending its receipt of required licenses, permits, and regulatory registrations. Embecta also relies on the services provided by BD to meet its financial reporting and other obligations. This includes relying on certain services from BD for material financial consolidation and reporting design and operation disclosure controls and procedures.

Once all the transaction agreements, or any extension thereto, expire or terminate, if Embecta is unable to extend or replace the services that BD currently provides to it under these transaction agreements, until it is able to extend such services, complete the steps necessary to perform these services itself or otherwise materially replace these services on substantially similar terms and conditions, Embecta may not be able to effectively operate its business or maintain effective financial and management controls and reporting systems. This could impair Embecta's ability to effectively sell, distribute and commercialize its products, generate revenue, comply with local regulatory regulations, meet SEC reporting obligations and internal control over financial reporting, maintain its stock exchange listing, service its existing indebtedness and comply with the debt covenants under its existing indebtedness. Any such occurrence may have a material adverse effect on Embecta's business, financial condition and results of operations.

In addition, Embecta may not be successful in timely, effectively or efficiently implementing these systems and services or in transitioning from BD's systems to Embecta's systems. Embecta will continue to engage in the process of creating its own, or engaging third parties separate from BD to provide, systems and services to replace many of the systems and services that BD currently provides to Embecta once the transaction agreements, or any extension thereto, expires or is terminated including, for example, information technology infrastructure, enterprise resource planning ("ERP") and other systems, logistics, employee, customer, vendor and accounting support services, distribution and regulatory support and services and accounting and reporting systems. Embecta expects this process to be complex, time-consuming and costly. Embecta may incur temporary interruptions in business operations if it cannot transition effectively from BD's existing operating systems, logistics, distribution and regulatory support, databases and programming languages that support these functions to its own systems. The failure to implement the new systems and transition data successfully and cost-effectively could disrupt Embecta's business operations, including preventing Embecta from paying suppliers and employees, receiving revenue from its customers, entering into new agreements, selling or delivering products in certain jurisdictions, complying with financial reporting and other obligations and performing administrative or other services on a timely basis, which could adversely affect Embecta's financial condition and results of operations. In addition, Embecta's costs for the operation of these systems may be higher than the amounts reflected in its historical combined financial statements.

Following the end of the transition period, Embecta will be required to rebrand its products to remove the BD name, transfer or obtain new manufacturing, supply chain, regulatory and product licenses and registrations in the name of Embecta, which could adversely affect its ability to attract and maintain customers and end users or which could result in delays or interruptions of Embecta's commercialization and distribution operations or the loss of customers and revenue, all of which could adversely affect its financial condition and results of operations.

Embecta has historically marketed its products using the "BD" name and logo, which is a globally recognized brand with a strong reputation for high-quality products among people with diabetes and Embecta's distributors. Under the terms of the agreements entered into with BD in connection with the Separation and Distribution, Embecta received a temporary license to use the "BD" and "Becton Dickinson" name and logo on its products and marketing, certain legal entities and relevant regulatory registrations. Following the expiration of this license, Embecta will be required to rebrand and update, as applicable, its products and marketing, manufacturing, supply chain, and regulatory registrations and licenses using the "Embecta" name or other names and marks and remove the "BD" name and logo on its products and marketing, registrations and licenses. These new names and brands may not benefit from the same recognition and association with product quality as the BD name, which could adversely affect Embecta's ability to attract and maintain its customers and end users, who may prefer to use products with a stronger brand identity.

The failure to timely transfer, or in certain instances obtain new, registrations and licenses in the "Embecta" name could result in delays or interruptions in Embecta's ability to continuously commercialize, import, export, market, promote, sell and otherwise distribute its products to its customers. This could result in customer dissatisfaction and turnover to our competitors, which could further result in loss of revenue for Embecta. In addition, Embecta will be required to closely collaborate with its customers, and ensure the proper changes, modifications, system inputs, supply chain logistics, administration, and adjudication operations are properly transitioned within the customer's internal infrastructure,

processes and systems, in order to successfully achieve the transition. Embecta's or its customer's inability to properly achieve these transitions could result in disruptions to Embecta's product end-to-end product flow management and end-user access to products, which could adversely affect Embecta's financial condition and results of operations.

Embecta has incurred debt obligations that could adversely affect its business and profitability and its ability to meet other obligations.

Embecta currently has approximately $1,601 million in aggregate principal amount of indebtedness outstanding as of September 30, 2024 (not including undrawn commitments of $500 million under its revolving credit facility). Embecta may also incur additional indebtedness in the future.

This significant amount of debt could potentially have important consequences to Embecta and its debt and equity investors, including:

- requiring a substantial portion of its cash flow from operations to make interest payments;
- making it more difficult to satisfy debt service and other obligations;
- increasing the risk of a future credit ratings downgrade of its debt, which could increase future debt costs and limit the future availability of debt financing;
- increasing its vulnerability to general adverse economic and industry conditions;
- reducing the cash flow available to fund capital expenditures and other corporate purposes and to grow its business;
- limiting Embecta's flexibility in planning for, or reacting to, changes in its business and the industry;
- placing Embecta at a competitive disadvantage relative to its competitors that may not be as highly leveraged with debt; and
- limiting Embecta's ability to borrow additional funds as needed or take advantage of business opportunities as they arise, pay cash dividends or repurchase ordinary shares.

To the extent that Embecta incurs additional indebtedness, the foregoing risks could increase. In addition, Embecta's actual cash requirements in the future may be greater than expected. Its cash flow from operations may not be sufficient to repay all of the outstanding debt as it becomes due, and Embecta may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to refinance its debt.

Embecta may be affected by significant restrictions under the tax matters agreement, in order to avoid triggering significant tax-related liabilities.

Under current United States federal income tax law, a spin-off that otherwise qualifies for tax-free treatment can be rendered taxable to the parent corporation and its stockholders as a result of certain post-spin-off transactions, including certain acquisitions of shares or assets of the spun-off corporation. Under the tax matters agreement that Embecta entered into with BD, Embecta is restricted from taking certain actions that could prevent the distribution and certain related transactions from being tax-free for United States federal income tax purposes, or could result in certain other taxes to BD. In addition, under the tax matters agreement, Embecta may be required to indemnify BD and its affiliates against any tax-related liabilities incurred by them as a result of the acquisition of Embecta's stock or assets, even if Embecta does not participate in or otherwise facilitate the acquisition, or as a result of certain other actions taken by Embecta. Furthermore, Embecta will be subject to specific restrictions on discontinuing the active conduct of its trade or business, the issuance or sale of stock or other securities (including securities convertible into Embecta stock but excluding certain compensatory arrangements), and sales of assets outside the ordinary course of business. Such restrictions may reduce Embecta's strategic and operating flexibility. For more information, see the section entitled "Agreements Related to the Separation" in Item 1 of this Annual Report on Form 10-K.

Embecta may be held liable to BD if it fails to perform under its agreements with BD, and the performance of such services may negatively affect Embecta's business and operations.

In connection with the Separation, Embecta and BD entered into various Separation Agreements that provide for the performance of certain services by each company for the benefit of the other for a period of time after the Separation. If Embecta does not satisfactorily perform its obligations under these agreements, it may be held liable for any resulting losses suffered by BD, subject to certain limits. In addition, during the transition services periods under the transition services agreement, Embecta's management and employees may be required to divert their attention away from its business in order to provide services to BD, which could adversely affect Embecta's business.

Embecta's agreements with BD may be on terms that are less beneficial to Embecta than the terms may have otherwise been from unaffiliated third parties.

The Separation Agreements were prepared in the context of the Separation while Embecta was still a wholly owned subsidiary of BD. Accordingly, during the period in which the terms of those agreements were prepared, Embecta did not have an independent Board of Directors or a management team that was independent of BD. As a result, the terms of those agreements may not reflect terms that would have resulted from arm's-length negotiations between unaffiliated third parties.

If there is a determination that the distribution or certain related transactions are taxable for United States federal income tax purposes, BD and its stockholders could incur significant tax liabilities, and Embecta could incur significant liabilities pursuant to its indemnification obligations under the tax matters agreement.

BD received a private letter ruling from the Internal Revenue Service ("IRS") to the effect that, among other things, the Separation and the Distribution will qualify as a transaction that is tax-free for United States federal income tax purposes under Sections 368(a)(1)(D), 355, and 361 of the Internal Revenue Code of 1986, as amended (the "Code"). It was a condition to the distribution that BD receive (i) a private letter ruling from the IRS, satisfactory to the BD Board of Directors, regarding certain United States federal income tax matters relating to the Separation and Distribution and (ii) an opinion of its outside tax counsel, satisfactory to the BD Board of Directors, regarding the qualification of the contribution of assets from BD to Embecta and the distribution, taken together, as a "reorganization" within the meaning of Sections 368(a)(1)(D) and 355 of the Code and such opinion has not been withdrawn or rescinded. The opinion of its outside tax counsel and the private letter ruling are based upon and rely on, among other things, various facts and assumptions, as well as certain representations, statements and undertakings of BD and Embecta, including facts, assumptions, representations, statements and undertakings relating to the past and future conduct of the companies' respective businesses and other matters. If any of these facts, assumptions, representations and statements are or become inaccurate or incomplete, or if any such undertaking is not complied with, BD may not be able to rely on the opinion of its outside tax counsel or the private letter ruling, and the conclusions reached therein could be jeopardized.

Notwithstanding BD's receipt of a private letter ruling from the IRS and the opinion of its outside tax counsel, the IRS could determine on audit that the distribution or certain related transactions are taxable for United States federal income tax purposes if it determines that any of the facts, assumptions, representations, statements and undertakings upon which the private letter ruling or the opinion was based are incorrect or have been violated, or if it disagrees with any of the conclusions in the opinion. Accordingly, notwithstanding BD's receipt of a private letter ruling from the IRS and the opinion of its outside tax counsel, there can be no assurance that the IRS will not assert that the distribution or certain related transactions do not qualify for tax-free treatment for United States federal income tax purposes, or that a court would not sustain such a challenge. In the event the IRS were to prevail in such a challenge, BD and BD's shareholders could incur significant tax liabilities.

Under the tax matters agreement that Embecta entered into with BD, Embecta generally is required to indemnify BD for any taxes incurred by BD that arise as a result of any representations made by Embecta being inaccurate or Embecta taking or failing to take, as the case may be, certain actions, including in each case those provided in connection with the private letter ruling from the IRS or the opinion of its outside tax counsel that result in the distribution and certain related transactions failing to qualify as tax-free for United States federal income tax purposes or result in certain other taxes to BD, which indemnity is also applicable in connection with the Extension. Any such indemnification could materially adversely affect Embecta's financial condition, results of operations and cash flows. For a more detailed discussion, see "Agreements Related to the Separation" in Item 1 of this Annual Report on Form 10-K.

The transfer to Embecta of certain contracts, permits and other assets and rights may require the consents, approvals of, or provide other rights to, third parties and governmental authorities. If such consents or approvals are not obtained, Embecta may not be entitled to the full benefit of such contracts, permits and other assets and rights, which could increase its expenses or otherwise harm its business and financial performance.

The separation and distribution agreement provides that certain contracts, permits and other assets and rights are to be transferred from BD or its subsidiaries to Embecta or its subsidiaries in connection with the Separation. The transfer of certain of these contracts, permits and other assets and rights may require consents or approvals of third parties or governmental authorities or provide other rights to third parties. In addition, in some circumstances, Embecta and BD are joint beneficiaries of contracts, and Embecta and BD may need the consents of third parties in order to split or separate the existing contracts or the relevant portion of the existing contracts to Embecta or BD.

Some parties may use consent requirements or other rights to seek to terminate contracts or obtain more favorable contractual terms from us, which, for example, could take the form of unfavorable price increases. This could require us to expend additional resources in order to obtain the services or assets previously provided under the contract, or require us to seek arrangements with new third parties or obtain letters of credit or other forms of credit support. If Embecta is unable to

obtain required consents or approvals, it may be unable to obtain the benefits, permits, assets and contractual commitments that are intended to be allocated to Embecta as part of its Separation from BD, and Embecta may be required to seek alternative arrangements to obtain services and assets that may be more costly and/or of lower quality. The termination or modification of these contracts or permits or the failure to timely complete the transfer or separation of these contracts or permits could negatively affect Embecta's business, financial condition, results of operations and cash flows.

The closing of the Separation was deferred in certain jurisdictions, and may not occur at all in such jurisdictions, due to local regulatory requirements, which may adversely affect Embecta's business, financial condition and results of operations.

The closing of the transfer of certain assets related to the Diabetes Care Business in certain jurisdictions, including India, as contemplated by the Separation and Distribution Agreement did not occur at the Separation and may not occur due to local regulatory requirements. If Embecta is unable to obtain required approval of local regulators or otherwise comply with such local regulatory requirements to effect the Separation in these jurisdictions, it may be unable to obtain the assets that are intended to be allocated to Embecta as part of its separation from BD. The failure to timely complete the transfer of these local assets or interruptions resulting from these foreign transfers could negatively affect Embecta's business, financial condition, results of operations and cash flows.

Satisfaction of indemnification obligations could have a material adverse effect on Embecta's financial condition, results of operations and cash flows.

Pursuant to the Separation and Distribution Agreement and certain other agreements Embecta entered into with BD in connection with the separation and distribution, BD agreed to indemnify Embecta for certain liabilities, and Embecta will agree to indemnify BD for certain liabilities as discussed further in "Agreements Related to the Separation" in Item 1 of this Annual Report on Form 10-K. Indemnities that Embecta will be required to provide BD could negatively affect Embecta's business, particularly with respect to indemnities provided in the tax matters agreement.

The indemnity from BD may not be sufficient to protect Embecta against the full amount of such liabilities if, for example, BD is not able to fully satisfy its indemnification obligations. Moreover, even if Embecta ultimately succeeds in recovering from BD any amounts for which it is held liable, Embecta may be temporarily required to bear these losses itself, requiring Embecta to divert cash that would otherwise have been used in furtherance of its operating business. In addition, third parties could also seek to hold Embecta responsible for any of the liabilities that BD has agreed to retain. Each of these risks could have a material adverse effect on Embecta's financial condition, results of operations and cash flows.

Risks Related to Embecta Common Stock

The price of Embecta common stock may fluctuate significantly, and stockholders could lose all or part of their investment in Embecta.

We cannot predict the prices at which shares of Embecta common stock may trade. Given the competitiveness of the life sciences and medical device industry, the prices at which shares of Embecta common stock trade may fluctuate more significantly than might otherwise be typical, even with other market conditions, including general volatility, held constant. This volatility could negatively impact Embecta's ability to raise additional capital or utilize equity as consideration in any acquisition transactions Embecta may pursue, and could make it more difficult for existing stockholders to sell their shares of the common stock at a price they consider acceptable or at all. The market price of Embecta common stock may fluctuate significantly due to a number of factors, some of which may be beyond our control, including:

- actual or anticipated fluctuations in Embecta's operating results, including those associated with the Interim Business Continuity Processes;
- Embecta's liquidity and ability to obtain additional capital, including the market's reaction to any capital-raising transaction Embecta may pursue;
- changes in earnings estimated by securities analysts or Embecta's ability to meet those estimates;
- the operating and stock price performance of comparable companies;
- sales of substantial amounts of Embecta's common stock, or the perception that substantial amounts of Embecta's common stock may be sold, by stockholders in the public market;
- changes to the regulatory and legal environment under which Embecta operates;
- any negative decisions by the FDA or similar regulatory bodies inside and outside of the United States regarding Embecta's products and product candidates;
- actual or anticipated fluctuations in commodities prices;
- analyst research reports, recommendation and changes in recommendations, price targets, and withdrawals of coverage;

- changes in the diabetes care landscape, including changes to consumer habits and market dynamics for means and methods of insulin delivery or alternative means of diabetes management without the use of insulin or by delaying the use of insulin; and
- domestic and worldwide economic conditions.

In addition, the stock market in general, and the market for stock of companies in the life sciences and medical device industries in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of comparable companies. In the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against a company. This type of litigation, if instituted against Embecta, could result in substantial costs and a diversion of its management's attention and resources.

Your percentage of ownership in Embecta may be diluted in the future.

In the future, your percentage ownership in Embecta may be diluted because of equity issuances for acquisitions, capital market transactions or otherwise, including any equity awards that Embecta will grant to its directors, officers and employees. Embecta employees will have stock-based awards granted from time to time based on various employee benefit plans. Such awards will have a dilutive effect on Embecta's earnings per share, which could adversely affect the market price of Embecta common stock.

If our remedial measures are insufficient to address material weaknesses in our internal control over financial reporting, our ability to report financial information could be adversely affected, it could result in a material misstatement in our financial statements not being prevented or detected, it could harm our business, it could cause investors to lose confidence in the accuracy and completeness of our financial reports, and the market price of our common stock may decline.

Internal controls related to our account reconciliations and analyses are critical to maintaining adequate oversight of our financial reporting and providing reasonable assurance with respect to our financial reports. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. As a public company, we are required to comply with the Sarbanes-Oxley Act and other rules that govern public companies. In particular, we are required to certify our compliance with Section 404 of the Sarbanes-Oxley Act, which requires us to furnish annually a report by management on the effectiveness of our internal control over financial reporting. In addition, our independent registered public accounting firm is required to report on the effectiveness of our internal control over financial reporting. As disclosed in Item 9A of this Annual Report on Form 10-K, in the process of assessing our internal control over financial reporting, management identified deficiencies in internal controls related to certain account reconciliations and analyses. Subsequent to the first and second phases of our ERP implementation, we instituted new internal controls, processes, and procedures ("Control Activities"). Specifically, these newly designed Control Activities were executed for the first time in fiscal year 2024. Management has concluded that these newly designed Control Activities were not designed properly or operating effectively to ensure the appropriate level of management review, precision, and adequate evidence to confirm the completeness and accuracy of data used in the account reconciliations and analyses resulting in a material weakness. Specifically, management determined that we did not maintain effective controls over account reconciliations and analyses, thus constituting a material weakness in our internal control over financial reporting.

As a result of this material weakness, management concluded that our internal control over financial reporting was not effective as of September 30, 2024. As described in Item 9A of this Annual Report on Form 10-K, we are implementing additional controls intended to remediate the material weakness.

There can be no assurance that our remediation efforts will be successful. If we are unable to remediate the material weakness timely and sufficiently or are otherwise unable to maintain effective internal control over financial reporting in the future, our ability to report financial information timely and accurately could be adversely affected, we may fail to meet our reporting requirements, and investors may lose confidence in the accuracy and completeness of our financial reports. As a result, our business may be harmed, and the market price of our common stock could decline. In addition, we could become subject to investigations by the stock exchange on which our securities are listed, the SEC or other regulatory authorities, which could require additional financial and management resources. In addition, even if we are successful in strengthening our controls and procedures, those controls and procedures may not be adequate to prevent or identify irregularities or ensure the fair and accurate presentation of our financial statements included in our periodic reports filed with the SEC.

Embecta cannot guarantee the timing, amount or payment of dividends on its common stock.

Embecta currently expects that it will pay a regular cash dividend. However, the timing, declaration, amount and payment of any dividends will be within the discretion of Embecta's Board of Directors, and will depend upon many factors,

including Embecta's financial condition, earnings, capital requirements of its operating subsidiaries, covenants associated with certain of Embecta's debt service obligations, legal requirements, regulatory constraints, industry practice, ability to access capital markets, and other factors deemed relevant by Embecta's Board of Directors. Moreover, Embecta cannot guarantee that it will continue to pay any dividends in the future and cannot guarantee the amount of any such dividends.

Anti-takeover provisions could enable Embecta's Board of Directors to resist a takeover attempt by a third-party and limit the power of its stockholders.

Embecta's amended and restated certificate of incorporation and amended and restated bylaws contain, and Delaware law contains, provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the bidder and to encourage prospective acquirers to negotiate with Embecta's Board of Directors rather than to attempt a hostile takeover. These provisions include, among others:

- until the annual stockholder meeting in 2026, Embecta's Board of Directors will be divided into three classes, with each class consisting, as nearly as may be possible, of one-third of the total number of directors, which could have the effect of making the replacement of incumbent directors more time consuming and difficult;
- as long as the Board of Directors is classified, Embecta directors can be removed by stockholders only for cause;
- vacancies occurring on the Board of Directors can only be filled by a majority of the remaining members of Embecta's Board of Directors or by a sole remaining director;
- stockholders do not have the right to call a special meeting or act by written consent;
- Embecta's Board of Directors has the power to designate and issue, without any further vote or action by the Embecta stockholders, shares of preferred stock from time to time in one or more series; and
- stockholders have to follow certain procedures and notice requirements in order to present certain proposals or nominate directors for election at stockholder meetings.

In addition, Embecta will be subject to Section 203 of the Delaware General Corporate Law, which could have the effect of delaying or preventing a change of control that you may favor. Section 203 provides that, subject to limited exceptions, persons that acquire, or are affiliated with persons that acquire, more than 15% of the outstanding voting stock of a Delaware corporation may not engage in a business combination with that corporation, including by merger, consolidation or acquisitions of additional shares, for a three-year period following the date on which that person or any of its affiliates becomes the holder of more than 15% of the corporation's outstanding voting stock.

We believe these provisions will protect Embecta stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with Embecta's Board of Directors and by providing the Board with more time to assess any acquisition proposal. These provisions are not intended to make Embecta immune from takeovers; however, these provisions will apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that Embecta's Board of Directors determines is not in the best interests of Embecta and its stockholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors.

In addition, an acquisition or further issuance of Embecta common stock could trigger the application of Section 355(e) of the Code, causing the distribution to be taxable to BD. Under the tax matters agreement, Embecta would be required to indemnify BD for the resulting tax, and this indemnity obligation might discourage, delay or prevent a change of control that Embecta stockholders may consider favorable.

Embecta's amended and restated certificate of incorporation designates the state courts within the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by Embecta stockholders, which could discourage lawsuits against Embecta and its directors and officers.

Embecta's amended and restated certificate of incorporation provides that, unless Embecta (through approval of the Board of Directors) consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (1) any derivative action brought on behalf of Embecta, (2) any action asserting a claim of breach of a fiduciary duty owed by any director or officer or other employee of Embecta to Embecta or Embecta's stockholders, (3) any action asserting a claim against Embecta or any director or officer or other employee of Embecta arising pursuant to, or seeking to enforce any right, obligation or remedy under, any provision of the Delaware General Corporation Law ("DGCL") or Embecta's amended and restated certificate of incorporation or amended and restated bylaws (as either may be amended from time to time), (4) any action asserting a claim against Embecta or any director or officer or other employee of Embecta governed by the internal affairs doctrine, which is a conflict of laws principle which recognizes that only one state should have the authority to regulate a corporation's internal affairs or (5) any action as to which the DGCL (as it may be amended from time to time) confers jurisdiction on the Court of Chancery of the State of Delaware. If and only if the Court of Chancery of the State of Delaware dismisses any such action for lack of subject matter jurisdiction, such action may be brought in another state court sitting in the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware). These

exclusive forum provisions will apply to all covered actions, including any covered action in which the plaintiff chooses to assert a claim or claims under federal law in addition to a claim or claims under Delaware law. These exclusive forum provisions will not apply to actions asserting only federal law claims under the Securities Act of 1933, as amended, (the "Securities Act") or the Securities Exchange Act of 1934, as amended (the "Exchange Act") regardless of whether the state courts in the State of Delaware have jurisdiction over those claims. Although Embecta believes the exclusive forum provision benefits it by providing increased consistency in the application of law in the types of lawsuits to which it applies, the provision may limit the ability of Embecta stockholders to bring a claim in a judicial forum that such stockholders find favorable for disputes with Embecta or its directors or officers, and it may be costlier for Embecta stockholders to bring a claim in the Court of Chancery of the State of Delaware than other judicial forums, each of which may discourage such lawsuits against Embecta and its directors and officers.

Although Embecta's amended and restated certificate of incorporation includes this exclusive forum provision, it is possible that a court could rule that this provision is inapplicable or unenforceable. Alternatively, if a court were to find this exclusive forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings described above, Embecta may incur additional costs associated with resolving such matters in other jurisdictions, which could negatively affect its business, results of operations and financial condition.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity

Cybersecurity Risk Management and Strategy

We rely on industry-standard software applications, IT systems, computing infrastructure, and cloud service providers (collectively referred to as "Information Systems") to perform essential operations. Many of these systems are managed, hosted, provided, or utilized by third parties, including BD, to support our business activities.

We have implemented administrative, physical, and technical safeguards and processes to assess, identify, and manage material risks from known cybersecurity threats to our Information Systems and operations. However, our Information Systems could be disrupted, degraded, destroyed, or manipulated intentionally or accidentally by our employees, third parties with authorized access, or cyber threat actors, which could negatively and adversely impact key business processes. The size and complexity of our Information Systems, as well as those of our third-party providers, make them potentially vulnerable to such service interruptions. Additionally, we and our third-party providers have experienced and expect to continue experiencing phishing attempts, network scanning attempts, and other unauthorized access attempts to our computers, Information Systems, networks, and devices. These increasingly sophisticated attacks are carried out by groups and individuals with various motives and expertise, including state and quasi-state actors, criminal groups, hackers, and others. Such attacks could result in the loss of confidentiality, integrity, and/or availability of our data and Information Systems.

Security risks to both the Company and its customers data and information are continuously evaluated and monitored. We actively monitor security 24 hours a day and seven days a week through our global Security Operations Center. We have implemented a multi-layered defense-in-depth approach using technologies that meet or exceed industry standards. Additionally, we expect our vendors to adhere to our data privacy and security standards and we evaluate their ability to comply as part of our vendor assessment process. This includes assessing internal and external threats to the security, confidentiality, integrity, and availability of Embecta and third party provider data and systems, as well as other risks to our operations. Embecta utilizes the ISO 27001 framework, which incorporates the National Institute of Standards and Technology and Center for Internet Security frameworks, and various risk management frameworks to proactively evaluate its cybersecurity controls, risks, and overall program effectiveness. As part of our risk management process, we engage external providers to conduct periodic internal and external penetration testing and security assessments. Additionally, under our third-party risk management program, we assess vendor cybersecurity risks, including those associated with our cloud vendors and other third-parties. We maintain security and privacy policies and procedures that align with industry-standard control frameworks and comply with applicable regulatory requirements, laws, and standards. Enterprise cybersecurity policies undergo an annual review and approval by our Information Security Risk Committee ("ISRC").

Embecta has established a Cyber Security Incident Response Team, a cross-functional team composed of representatives from our Information Technology, Information Security, Product Security, Privacy, Legal, and Human Resources groups. This team is responsible for the response to security threats by implementing our detailed incident response plan. Our incident response plan includes processes, procedures, and playbooks for assessing potential internal and external threats, developing remediation plans, and facilitating post-incident recovery; all designed to safeguard the confidentiality, integrity and availability of both Company and customer data.

Governance

Cybersecurity risk management is integrated into our broader Enterprise Risk Management (“ERM”) framework to promote a Company-wide culture of awareness and proactive risk management. Our ERM framework is overseen by the Audit Committee and Board of Directors. Our Chief Information Officer ("CIO") and Vice President of IT Infrastructure and Security ("VP IT") are responsible for updating the Audit Committee and Board of Directors on Embecta’s cyber risk. The CIO and VP IT have oversight of cybersecurity strategy, policy, standards, architecture, and processes that protect Embecta’s enterprise network, Information Systems and information assets, and product technologies. The ISRC oversees our cybersecurity governance and manages various controls, ensuring accountability at all levels of the organization, including senior management and the executive leadership team. The ISRC meets quarterly, oversees enterprise and cybersecurity risk management and reports to the ERM team and the Audit Committee. These committees receive updates on cybersecurity-related topics throughout the year including any major cybersecurity incidents. Additionally, the Board of Directors receives periodic updates on information security and cybersecurity matters from our CIO and VP IT.

Our information security organization is led by our VP IT, who has over fifteen years of relevant experience, serving in various IT leadership roles within the medical device and medical technology industry. The VP IT is responsible for all aspects of our cybersecurity program, including cybersecurity engineering and architecture, cybersecurity operations, monitoring, incident response, threat intelligence, identity and access management, cybersecurity risk and compliance, and vulnerability management. Our VP IT reports to our CIO, who has over twenty years of experience in information technology and process leadership, including leading teams with global cybersecurity responsibilities. Our CIO reports to the Chief Financial Officer.

Item 2. Properties.

Embecta's corporate headquarters is located in Parsippany, New Jersey, USA. The Company also maintains secondary regional headquarters at leased office facilities in Eysins, Switzerland, Shanghai, China and Singapore. The Company has a global research and development center in a leased office/lab facility located in Andover, Massachusetts, USA. Embecta has three manufacturing facilities located in Ireland, the United States, and China which occupy an aggregate of approximately 800,000 square feet of space.

Item 3. Legal Proceedings.

We are from time to time subject to claims and litigation arising in the ordinary course of business. These claims and litigation may include, among other things, allegations of violations of United States and foreign health regulation and privacy laws and related regulations, as well as claims or litigation relating to product liability, intellectual property, breach of contract and tort, environmental, securities and employment matters. We operate in multiple jurisdictions and, as a result, claims in one jurisdiction may lead to claims or regulatory penalties in other jurisdictions. There can be no assurance as to the ultimate outcome of a legal proceeding; however, we intend to defend vigorously against any pending or future claims and litigation, other than matters deemed appropriate for settlement. We accrue a liability for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts accrued for those claims. As of September 30, 2024, we were not a party to or subject to any material proceedings.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Embecta's common stock is listed on the Nasdaq Global Select Market ("Nasdaq") under the symbol "EMBC". As of October 31, 2024, there were approximately 6,500 stockholders of record. This number does not include beneficial owners who hold Embecta's common stock in nominee or "street name" accounts through brokers or banks.

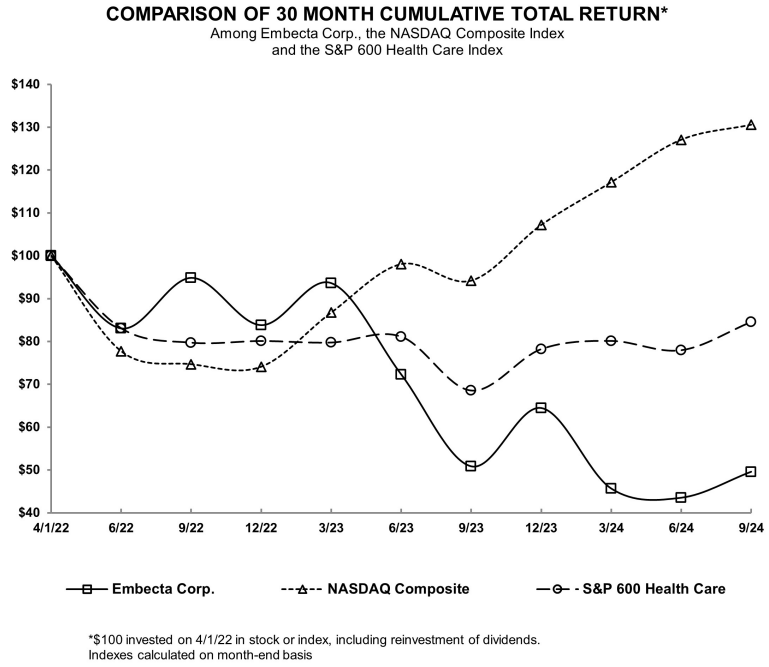
During the fiscal year ended September 30, 2024, Embecta did not repurchase any of its outstanding common stock.

Dividends

1. On November 21, 2023, Embecta's Board of Directors declared a quarterly dividend of $0.15 for each issued and outstanding share of Embecta's common stock. The dividend was paid on December 15, 2023 to stockholders of record at the close of business on December 4, 2023.
2. On February 9, 2024, Embecta's Board of Directors declared a quarterly dividend of $0.15 for each issued and outstanding share of Embecta's common stock. The dividend was paid on March 15, 2024 to stockholders of record at the close of business on February 28, 2024.
3. On May 9, 2024, Embecta's Board of Directors declared a quarterly dividend of $0.15 for each issued and outstanding share of Embecta's common stock. The dividend was paid on June 14, 2024 to stockholders of record at the close of business on May 28, 2024.
4. On August 9, 2024, Embecta's Board of Directors declared a quarterly dividend of $0.15 for each issued and outstanding share of Embecta's common stock. The dividend was paid on September 13, 2024 to stockholders of record at the close of business on August 27, 2024.
5. On November 26, 2024, Embecta's Board of Directors declared a quarterly dividend of $0.15 for each issued and outstanding share of Embecta's common stock. The dividend is payable on December 18, 2024 to stockholders of record at the close of business on December 6, 2024.

Performance Graph

The following graph compares the cumulative total stockholder returns for the period from the Separation Date of April 1, 2022 to September 30, 2024 for (i) Embecta's common stock; (ii) the Nasdaq Composite Index; and (iii) the S&P Smallcap 600 Health Care Index. The graph assumes an investment of $100 on April 1, 2022 through the last trading day of the year ended September 30, 2024. The calculation of cumulative stockholder return includes reinvestment of dividends in the common stock and in each index. The performance shown is not necessarily indicative of future performance.



Unregistered Sales Of Equity Securities And Use Of Proceeds

We did not sell any unregistered equity securities during the three months ended September 30, 2024.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis should be read in conjunction with the Consolidated Financial Statements and accompanying notes presented in Item 8 of this Annual Report on Form 10-K. Within the tables presented throughout this discussion, certain columns may not add due to the use of rounded numbers for disclosure purposes. Percentages and earnings per share amounts presented are calculated from the underlying amounts. Dollar amounts are in millions except per share amounts or as otherwise specified. References to years throughout this discussion relate to our fiscal years, which end on September 30.

Company Overview

We are a leading global medical device company focused on providing solutions to improve the health and well-being of people living with diabetes. In the 100-year history of our business, we believe that our products have become some of the most widely recognized and respected brands in diabetes management in the world. We estimate that our products are used by approximately 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 BD developed the first dedicated insulin syringe. Since then, we have built a world-class organization with a unique manufacturing, supply chain and commercial footprint.

We have a broad portfolio of marketed products, including a variety of pen needles, syringes and safety injection devices. Our pen needles are sterile, single-use, medical devices, designed to be used in conjunction with pen injectors that inject insulin or other diabetes medications. We also sell safety pen needles, which have shields on both ends of the cannula that automatically deploy after the injection 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 have a sliding safety shield that can be activated with one-hand after the injection to help prevent needlestick exposure and injury during injection and disposal.

We primarily sell our products to wholesalers and distributors that sell to retail and institutional channels who in turn sell to patients or use the products to deliver insulin injections to patients.

Separation from BD

Pursuant to the Separation and Distribution Agreement, the Separation from BD was completed on April 1, 2022. On March 22, 2022, the record date for the distribution, 57,012,925 issued and outstanding shares of Embecta common stock were distributed pro-rata to BD stockholders as of the close of business, determined by applying a ratio of one share of Embecta common stock for every five shares of BD common stock. "Regular-way" trading of Embecta common stock began on April 1, 2022, under the ticker symbol "EMBC".

Periods Prior to Separation

Prior to the Separation, the Company was referred to as the Diabetes Care Business. For periods prior to April 1, 2022, the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K include certain assets, liabilities, revenues, and expenses that were historically held at the BD corporate level, but are specifically identifiable or otherwise allocable to the Diabetes Care Business.

Periods Post Separation

For the periods subsequent to April 1, 2022, as a standalone publicly traded company, Embecta presents its financial statements on a consolidated basis. The Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K have been prepared in accordance with accounting principles generally accepted in the United States of America.

Key Trends Affecting Our Results of Operations

Competition. The regions in which we conduct our business and the medical devices industry in general are highly competitive. We face significant competition from a wide range of companies in a highly regulated industry. These include large companies with multiple product lines, some of which may have greater financial and marketing resources than us, as well as smaller more specialized companies. Non-traditional entrants, such as technology companies, are also entering into the diabetes care industry and its adjacent markets, some of which may have greater financial and marketing resources than us.

Pricing Pressures. We face significant pricing pressures from competitors in the pen needle and insulin syringe categories who not only can provide competitive products at lower costs, but also provide payors and customers with more choices for formulary partners in these categories. In addition, the increased scrutiny by regulators on healthcare spending, which accelerated in light of the COVID-19 pandemic, along with a shift towards volume-based procurement and group purchasing organizations, which generally values lower cost over product features, benefits and quality, have placed significant pressure on Embecta to lower price in both developed and emerging markets. These trends may reduce our operating margins, which are only partially offset by our ability to differentiate our products and sell at higher prices.

Commoditization of Injection Devices. Given the growing demand for medical devices to assist in the treatment of diabetes and difficulties around access to diabetes care due to complex and costly insurance plans, patient care is increasingly focused on providing more affordable products, which has led to the commoditization of more traditional injection delivery devices, such as insulin syringes and pen needles. Existing and new local and regional low-cost providers, in combination with a shift from insulin vials to insulin pens, have made the pen needle category highly competitive. This has forced providers to provide clinical evidence to differentiate their products.

Changes in Clinical Practice. Introduction of new drugs and increased penetration of oral and once-weekly anti-diabetic drugs (e.g., SGLT-2s), GLP-1s and GLP-1 combination products have delayed initiation of insulin therapy and contributed to less demand for our products. New drug therapies, including weekly insulin, are targeted to challenge the current diabetes treatment paradigm, including the frequency insulin is dosed (weekly vs. daily injections) and amount of insulin used. Additionally, insulin therapy in developed markets continues to transition to infusion pumps.

Decentralization of Chronic Care. Many countries are facing an aging population and a rapidly growing number of people living with diabetes. While healthcare investments in certain regions continue to grow, there is an increased burden on

physicians and longer wait times for patients. Healthcare delivery for non-emergency diabetes care is expected to continue shifting outside of hospitals to primary care providers, which could have a material impact on our results of operations.

Political and Economic Instability in Emerging Markets. We operate in a number of emerging markets, many of which are subject from time to time to significant political and economic disruptions. However, the number of countries we provide products to and our proactive channel management strategies help us manage this variability.

Recent Developments

We continue to face increases in the cost and disrupted availability of raw materials, components, and other inputs necessary to manufacture and distribute our products due to constraints and inflation within the global supply chain, as well as increases in the cost and time to distribute our products. To date we have been able to successfully mitigate this disruption and provide uninterrupted supply to our customers by increasing our inventory levels and taking other measures.

In December 2023, we submitted our first 510(k) premarket filing to the FDA for our proprietary disposable insulin delivery system. In September, 2024, we announced that we received 510(k) clearance from the FDA. On November 22, 2024, the Company's Board of Directors approved a plan to discontinue internal and external investment in the research and development of our patch pump program. As a result of this decision, we will undergo an organizational restructuring (the "Restructuring Plan"). In addition, we intend to discontinue our commercial operation plans for the insulin delivery system, including the previous intended limited launch.

We estimate that we will incur approximately $25 million - $30 million in pre-tax cash-based charges primarily associated with employee severance payments and benefits related to the workforce reduction. We expect that the majority of the restructuring charges related to the workforce reduction will be incurred in the first quarter of fiscal year 2025 and that the implementation of the workforce reduction, including cash payments, will be substantially complete by the end of the second quarter of fiscal year 2025.

We estimate that we will incur approximately $10 million - $15 million of additional pre-tax non-cash charges related to asset impairments and asset write-offs. These preliminary estimates may be revised following the completion of the ongoing analysis of the expected additional pre-tax non-cash charges associated with the implementation of the Restructuring Plan.

The estimates of the pre-tax cash charges and additional charges that we expect to incur in connection with the Restructuring Plan, and the timing thereof, are subject to a number of assumptions and actual amounts may differ materially from estimates. In addition, we may incur other pre-tax cash charges or additional charges not currently contemplated due to unanticipated events that may occur, including in connection with the implementation of the Restructuring Plan.

On March 28, 2024, we entered into (i) a second amendment (the “TSA Amendment”) to the TSA, dated as of March 31, 2022 and previously amended as of July 1, 2022 by and between Embecta and BD, and (ii) a second amendment (the “LSA Amendment”) to the LSA, dated January 1, 2022 and previously amended as of November 20, 2023, by and between Embecta and BD. Pursuant to the TSA and the LSA, originally entered into in connection with the Separation, Embecta and BD and their respective affiliates provide each other, on an interim, transitional basis, the Business Continuity Processes. Under the TSA Amendment and the LSA Amendment, BD granted Embecta, among other things, a limited extension until November 1, 2024 of certain services in a limited set of markets to support the Business Continuity Processes.

We continue to monitor the conflict in Ukraine and the associated sanctions and other restrictions. We also are monitoring the Israel-Hamas war and Houthi attacks on commercial shipping vessels and other naval vessels. As of December 11, 2024, there is no material impact to our business operations and financial performance as a result of the aforementioned conflicts. However, the full impact of the conflicts on our business operations and financial performance remains uncertain and will depend on future developments, including the severity and duration of the conflicts and their impact on regional and global economic conditions. We will continue to monitor these conflicts and assess the related restrictions and other effects on our business. See Item 1A of this Annual Report on Form 10-K for further details.

In addition, our revenues and results of operations have been affected by various fluctuations in macroeconomic conditions and regulatory and policy changes, both on a global level and in particular markets, which include inflation and slowing economic growth and contractions, a rising interest rate environment, supply chain interruptions, tariff policy changes, volatility in capital markets and the availability of credit, tax rates and the rate of exchange between the United States dollar and foreign currencies. The nature and extent of the impact of these factors among others varies by region and remains uncertain and unpredictable and may affect our business.

Results of Operations

For a discussion of Results of Operations of fiscal year 2023 compared to fiscal year 2022 see our Annual Report on Form 10-K for the year ended September 30, 2023.

For the fiscal years ended September 30, 2024 and 2023, our Consolidated Statements of Income are as follows:

	2024	2023
Revenues	$ 1,123.1	$ 1,120.8
Cost of products sold	387.9	370.9
Gross Profit	735.2	749.9
Operating expenses:		
Selling and administrative expense	365.1	341.3
Research and development expense	78.8	85.2
Impairment expense	—	2.5
Other operating expenses	124.5	99.4
Total Operating Expenses	568.4	528.4
Operating Income	166.8	221.5
Interest expense, net	(112.3)	(107.0)
Other income (expense), net	(10.3)	(8.8)
Income Before Income Taxes	44.2	105.7
Income tax provision	(34.1)	35.3
Net Income	$ 78.3	$ 70.4
Net Income per common share:		
Basic	$ 1.36	$ 1.23
Diluted	$ 1.34	$ 1.22

Year Ended September 30, 2024 Summary (on a comparative basis)

Key financial results for the year ended September 30, 2024 were as follows:

- Revenue increased by $2.3 million to $1,123.1 million from $1,120.8 million;
- Gross profit decreased by $14.7 million to $735.2 million, compared to $749.9 million. Gross profit as a percent of revenue was 65.5%, as compared to 66.9% in the prior year comparative period;
- Operating income decreased by $54.7 million to $166.8 million from $221.5 million; and
- Net income increased by $7.9 million to $78.3 million from $70.4 million.

Revenues

Our revenues increased by $2.3 million, or 0.2%, to $1,123.1 million for the year ended September 30, 2024 as compared to revenues of $1,120.8 million for the year ended September 30, 2023. The increase in revenues was primarily driven by $27.7 million associated with favorable changes in price. This was partially offset by $14.5 million of unfavorable changes in volume, $6.1 million associated with the negative impact of foreign currency translation primarily due to the strengthening of the U.S. dollar, $4.6 million of unfavorable gross-to-net adjustments primarily attributed to the recognition of incremental Italian payback accruals resulting from two July 22, 2024 rulings by the Constitutional Court of Italy, and a $0.2 million decrease in contract manufacturing revenues related to sales of non-diabetes products to BD.

Cost of products sold

Cost of products sold increased by $17.0 million, or 4.6%, to $387.9 million for the year ended September 30, 2024 as compared to $370.9 million for the year ended September 30, 2023. Cost of products sold as a percentage of revenues were 34.5% for the year ended September 30, 2024 as compared to 33.1% for the year ended September 30, 2023. The increase in cost of products sold was primarily driven by the impact of inflation on the costs of certain raw materials (including freight), direct labor, and overhead, the impact of negative year-over-year manufacturing variances primarily attributable to

the as planned temporary shutdown of our Suzhou, China facility as it relates to production for the domestic Chinese market, and unfavorable impacts due to foreign exchange rates. We intend to continue to work to improve productivity to help partially offset these increased costs. This was partially offset by the impact of profit in inventory adjustments as a result of inventory that was sold to external customers that was manufactured in anticipation of our ERP system and other Business Continuity Processes that went live during fiscal 2024.

Operating expenses in 2024 and 2023 were as follows:

(Millions of dollars)	2024	2023	Increase 2024 vs. 2023
Selling and administrative expense	$ 365.1	$ 341.3	$ 23.8
% of revenues	*32.5%*	*30.5%*	
Research and development expense	$ 78.8	$ 85.2	$ (6.4)
% of revenues	*7.0%*	*7.6%*	
Impairment expense	$ —	$ 2.5	nm
Other operating expense	$ 124.5	$ 99.4	$ 25.1

nm = not meaningful

Selling and administrative expenses

Our selling and administrative expenses increased by $23.8 million, or 7.0%, to $365.1 million for the year ended September 30, 2024 as compared to $341.3 million for the year ended September 30, 2023. The increase year over year was primarily driven by an increase in compensation and benefit costs due to increased headcount on average in the current period in addition to increased outbound freight and warehousing costs. This was partially offset by lower TSA and LSA costs incurred from BD in the current year period.

Research and development expenses

Our research and development expenses decreased by $6.4 million, or 7.5%, to $78.8 million for the year ended September 30, 2024 as compared to $85.2 million for the year ended September 30, 2023. The decrease was primarily driven by timing of expenses incurred in connection with our insulin patch pump platform.

On November 22, 2024, the Company's Board of Directors approved a plan to discontinue internal and external investment in the research and development of the Company's patch pump program. The Company will refocus its research and development strategy on its core business. We expect our research and development expense to decrease sequentially in fiscal year 2025 compared to fiscal year 2024.

Impairment expense

During the year ended September 30, 2024, the Company did not record any impairment charges.

During the year ended September 30, 2023, the Company recorded impairment charges of $2.5 million related to the abandonment of certain manufacturing equipment in China that is no longer in use that was inherited as part of the Separation from BD. These assets were previously included as a component of *Machinery, equipment and fixtures* within *Property, Plant and Equipment* in our Consolidated Balance Sheets in Item 8 of this Annual Report on Form 10-K. The impairment charges are recognized within *Impairment expense* in the Consolidated Statements of Income.

Other operating expenses

We incurred other operating expenses of $124.5 million and $99.4 million for the years ended September 30, 2024 and 2023, respectively.

The costs incurred primarily relate to accounting, auditing, legal services, marketing, supply chain, employee retention, costs associated with the implementation of our new ERP system and other Business Continuity Processes, and certain other costs to establish certain stand-alone functions to assist with the transition to being a stand-alone entity. These costs also include certain severance costs related to the optimization of certain business functions as we transition to being a stand-alone entity. We expect the amount of those costs to be less in fiscal year 2025 as compared to fiscal year 2024.

For the year ended September 30, 2024, we recognized costs associated with the amortization of cloud computing arrangements. For the year ended September 30, 2023, there was no amortization of implementation costs associated with cloud computing arrangements due to the timing of when these projects were placed into service.

Other operating expenses are as follows:

	Twelve months ended September 30,	
	2024	2023
Costs related to the Separation	$ 118.2	$ 98.3
Amortization of cloud computing arrangements	6.3	—
Other	—	1.1
Total	$ 124.5	$ 99.4

Interest expense, net

Interest expense, net increased to $112.3 million for the year ended September 30, 2024, from $107.0 million for the year ended September 30, 2023 primarily as a result of higher interest rates on our variable rate debt which is attributable to increases in SOFR that impacted our Term Loan. This was partially offset by an increase in interest income from amounts held in interest bearing accounts and money market funds. We are unable to predict future Federal Reserve interest rate decisions and the impact to interest expense on our variable rate debt. See "Liquidity and Capital Resources" below and Note 13 to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K for a further description of our long-term debt.

Other income (expense), net

Other income (expense), net was $(10.3) million and $(8.8) million for the years ended September 30, 2024 and 2023, respectively. The change in Other income (expense), net year over year is driven by higher losses due to unfavorable impacts from foreign exchange in the year ended September 30, 2024 offset by lower amounts paid to BD for income taxes incurred in deferred jurisdictions where BD is considered the primary obligor in the current period compared with the year ended September 30, 2023.

Income tax provision (benefit)

The Company's income tax provision (benefit) decreased to $(34.1) million for the year ended September 30, 2024 from $35.3 million for the year ended September 30, 2023. This decrease was primarily due to a reduction in withholding taxes on unremitted earnings of foreign subsidiaries related to the expiration of a two-year stock holding period requirement in Switzerland, the recognition of deferred tax assets from Switzerland tax reform, changes in the geographical mix of earnings and overall lower pre-tax earnings; partially offset by an increase in uncertain tax positions and non-deductible expenses.

LIQUIDITY AND CAPITAL RESOURCES

For discussion on Liquidity and Capital Resources pertaining to the fiscal years 2023 and 2022 see our Annual Report on Form 10-K for the fiscal year ended September 30, 2023.

We believe that our cash and our cash equivalents and cash from operations, together with our borrowing capacity under our revolving credit facility, will provide sufficient financial flexibility to fund seasonal and other working capital requirements, capital expenditures, debt service requirements and other obligations, cash dividends on common shares and additional growth opportunities for the foreseeable future. However, should it become necessary, we believe that our credit profile should provide us with access to additional financing in order to fund normal business operations, make interest payments, fund growth opportunities and satisfy upcoming debt maturities.

Debt-Related Activities

In February 2022, and in connection with the Separation, Embecta issued $500.0 million aggregate principal amount of 5.00% senior secured notes due February 15, 2030 (the "5.00% Notes"). Interest payments on the 5.00% Notes are due semi-annually in February and August until maturity. Interest payments began in August 2022.

In March 2022, Embecta entered into a credit agreement, providing for a Term Loan B Facility (the "Term Loan") in the amount of $950.0 million, with a seven-year term that matures in March 2029 and a Revolving Credit Facility in an aggregate principal amount of up to $500.0 million, with a five-year term that matures in 2027. The interest rate on the Term Loan is 300 basis points over the secured overnight financing rate (“SOFR”), with a 0.50% SOFR floor. Principal and interest payments on the Term Loan began on June 30, 2022. Such quarterly principal payments are calculated as 0.25% of the initial principal amount, with the remaining balance payable upon maturity. Principal amounts repaid under the Term Loan may not be reborrowed by us. The Company may from time to time voluntarily prepay the Term Loan in whole or in part without premium or penalty subject to certain exceptions. Borrowings under the Revolving Credit Facility bear interest, at Embecta’s option, initially at an annual rate equal to (a) in the case of loans denominated in United States dollars (i) the SOFR or (ii) the alternate base rate or (b) in the case of loans denominated in Euros, the EURIBOR rate, in each case plus an applicable margin specified in the credit agreement. A commitment fee applies to the unused portion of the Revolving Credit Facility, equal to 0.25% per annum. As of September 30, 2024, no amount has been drawn on the Revolving Credit Facility.

Additionally, Embecta has outstanding $200.0 million of senior secured notes (the "6.75% Notes"), which carry an interest rate of 6.75% and are due February 2030. Interest payments on the 6.75% Notes are due semi-annually in February and August until maturity. Interest payments began in August 2022.

The following is a summary of Embecta's total debt outstanding as of September 30, 2024:

Term Loan	$	901.3
5.00% Notes		500.0
6.75% Notes		200.0
Total principal debt issued	$	1,601.3
Less: current debt obligations		(9.5)
Less: debt issuance costs and discounts		(26.5)
Long-term debt	$	1,565.3

The schedule of principal payments required on long-term debt for the next five years and thereafter is as follows:

2025	$	9.5
2026		9.5
2027		9.5
2028		9.5
2029		863.3
Thereafter		700.0

Certain measures relating to our total debt outstanding as of September 30, 2024 were as follows:

Total debt	$	1,574.8
Short-term debt as a percentage of total debt		0.6 %
Weighted average cost of total debt		6.8 %

The credit agreement and the indentures for the 5.00% Notes and the 6.75% Notes contain customary financial covenants, including a total net leverage ratio covenant, which measures the ratio of (i) consolidated total net debt to (ii) consolidated earnings before interest, taxes, depreciation and amortization, and subject to other adjustments, must meet certain defined limits which are tested on a quarterly basis in accordance with the terms of the credit agreement and indentures governing the 5.00% Notes and the 6.75% Notes. In addition, the credit agreement contains covenants that limit, among other things, our ability to prepay, redeem or repurchase our subordinated and junior lien debt, incur additional debt, make acquisitions, merge with other entities, pay dividends or distributions, redeem or repurchase equity interests, and create or become subject to liens. As of September 30, 2024, we were in compliance with all of such covenants. The credit agreement and the senior secured notes are secured by substantially all assets of Embecta and each subsidiary guarantor, subject to certain exceptions.

In September 2024, the Company made a discretionary prepayment of $25.0 million on the Term Loan. Debt extinguishment charges as a result of this prepayment were not material to the Company's Consolidated Statements of Income.

For additional information related to the Company's debt related activities, refer to Note 13 within the *Notes to Consolidated Financial Statements* within this Form 10-K.

Leases

Maturities of our finance lease and operating lease liabilities as of September 30, 2024 by fiscal year are as follows:

	Finance Lease	Operating Leases	Total
2024	3.7	6.2	9.9
2025	3.7	3.4	7.1
2026	3.8	1.8	5.6
2027	3.9	1.8	5.7
2028	3.9	1.7	5.6
Thereafter	32.3	7.3	39.6
Total lease payments	$ 51.3	$ 22.2	$ 73.5

For additional information related to our leases, refer to Note 18 within the *Notes to Consolidated Financial Statements* of this Form 10-K.

Factoring Agreements

In conjunction with the Separation, we entered into Factoring Agreements (the "Factoring Agreements") with BD. Embecta owed BD a service fee calculated as 0.1% of annual revenues related to countries subject to the Factoring Agreements, in exchange for the services provided by BD pursuant to the Factoring Agreements.

As of March 31, 2024, all Factoring Agreements between Embecta and BD had expired and terminated as a result of our implementation and onboarding of certain Business Continuity Processes in North America, and certain jurisdictions in Europe and Asia.

Access to Capital and Credit Ratings

In May 2024 and June 2024, Moody’s Investor Services and Standard & Poor’s Ratings Services published updates to our credit ratings. Our Moody's Investors Services credit rating is B1 and our Standard & Poor's Rating Services credit rating is B+.

Cash and equivalents and restricted cash were $274.2 million as of September 30, 2024 as compared to $326.5 million as of September 30, 2023.

The primary sources and uses of cash that contributed to the $52.3 million decrease were:

September 30, 2023 Cash and equivalents and restricted cash balance	$ 326.5
Cash provided by operating activities	35.7
Cash used for investing activities	(15.8)
Cash used for financing activities	(73.4)
Effect of exchange rate changes on cash and equivalents and restricted cash	1.2
September 30, 2024 Cash and equivalents and restricted cash balance	$ 274.2

Net cash provided by operating activities was primarily attributable to:

Net income	$	78.3
Non-cash adjustments related to depreciation and amortization, plant and equipment, stock-based compensation, and deferred income taxes		5.1
Change in in accounts payable and accrued expenses		60.0
Change in trade receivables		(174.7)
Change in inventories		(16.5)
Change in amounts due from/due to Becton, Dickinson and Company		58.9
Change in prepaid expenses and other		39.5
Change in income and other net taxes payable		13.2
Change in other assets and liabilities, net		(28.1)
Net cash provided by operating activities	$	35.7

Update to the unaudited Consolidated Statements of Cash Flows Reported in Earnings Release

On November 26, 2024, we furnished a Current Report on Form 8-K that included as an exhibit a press release announcing our financial results for the fourth fiscal quarter and the fiscal year ended September 30, 2024 (the "Earnings Release"). Subsequent to furnishing the Earnings Release, the Company identified certain further revisions within the Consolidated Statements of Cash Flows that results in changes to the operating assets and liabilities related to *Prepaid expenses and other* and *Income and other net taxes payable* for fiscal 2024 that were reported in the Condensed Consolidated Statements of Cash Flows including in the Earnings Release. The updated amounts for these line items are included in the audited Consolidated Statements of Cash Flows included in the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K. Fiscal 2024 Net Cash Provided by Operating Activities of $35.7 million as presented in the Earnings Release remains unchanged from the amount presented on this Annual Report on Form 10-K.

The change in accounts payable and accrued expenses is primarily due to timing attributable to payments to vendors during the fiscal year ended September 30, 2024.

As a result of the implementation of certain Business Continuity Processes, including our ERP system that went live in November 2023 for our North America business operations and in March 2024 for our EMEA and Greater Asia business operations as well as the expiration and termination of the Factoring Agreements between Embecta and BD, we are now responsible for the collection of any outstanding trade receivables in those respective regions. The increase in trade receivables is a direct result of this impact, and we expect to convert these outstanding trade receivables into cash in line with contractual customer payment terms.

The change in inventories is driven by actions taken to increase raw material purchases and finished goods in the current fiscal year in anticipation of our ERP system and other Business Continuity Processes that went live during fiscal year 2024.

The change in amounts due from/due to Becton, Dickinson and Company primarily relates to the expiration and termination of the Factoring Agreement between Embecta and BD as we are now responsible for the collection of any outstanding trade receivables on a global basis.

The change in prepaid expenses and other are primarily driven by a reduction in payments to BD for future payments made to third parties on our behalf as a result of our implementation of certain Business Continuity Processes, including our ERP system, that went live in fiscal 2024.

The change in income and other net taxes payable was primarily due to the timing of required tax payments.

The change in other assets and liabilities, net is primarily due to costs capitalized during fiscal 2024 associated with the implementation of our ERP system.

All other movements related to working capital were due to timing of payments and receipts of cash in the ordinary course of business.

Net cash used for investing activities was comprised of capital expenditures of $15.8 million for the fiscal year to support our business and operations.

Net cash used for financing activities was primarily attributable to:

Dividend payments	(34.5)
Payments on long-term debt	(34.6)
Payments related to tax withholding for stock-based compensation	(3.0)
Payments on finance lease	(1.3)
Net cash used for financing activities	$ (73.4)

Contractual Obligations

Our contractual obligations as of September 30, 2024, which require material cash requirements in the future, consist of purchase obligations and lease obligations. Purchase obligations are enforceable and legally binding obligations for purchases of goods and services which include inventory purchase commitments. Over the next several years, we expect to incur material costs associated with operating and maintaining our information technology infrastructure. Lease obligations include lease agreements for which a contract has been signed even if the lease has not yet commenced.

As of September 30, 2024, total payments due for purchase obligations and lease obligations aggregate to approximately $211 million and $74 million, respectively. Contractual obligations due within the next twelve months approximate $112 million related to purchase commitments and $10 million related to lease obligations.

Critical Accounting Policies

The following discussion supplements the descriptions of our accounting policies contained in Note 3 to the Consolidated Financial Statements contained in Item 8 of this Annual Report on Form 10-K. Financial Statements and Supplementary Data. The preparation of the Consolidated Financial Statements requires management to use estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements. Some of those judgments can be subjective and complex and, consequently, actual results could differ from those estimates. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. For any given estimate or assumption made by management, it is possible that other people applying reasonable judgment to the same facts and circumstances could develop different estimates. Actual results that differ from management's estimates could have an unfavorable effect in our Consolidated Financial Statements. Management believes the following critical accounting policies reflect the more significant judgments and estimates used in the preparation of the Consolidated Financial Statements:

Revenue Recognition

Our revenues are primarily recognized when the customer obtains control of the product sold, which is generally upon shipment or delivery, depending on the delivery terms specified in the distribution or sales agreement.

Our gross revenues are subject to a variety of deductions, which include rebates, chargebacks, sales discounts and sales returns. These deductions represent estimates of the related obligations, and judgment is required when determining the impact of these revenue deductions on gross revenues for a reporting period. Rebates are based upon prices determined under our agreements with the end-user customers. Additional factors considered in the estimate of our rebate liability include the quantification of inventory that is either in stock at or in transit to our distributors, as well as the estimated lag time between the sale of product and the payment of corresponding rebates.

Income Taxes

Income taxes are accounted for using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement and tax basis of assets and liabilities at the applicable tax rates.

We maintain valuation allowances where it is more likely than not that all or a portion of a deferred tax asset will not be realized. Changes in valuation allowances are included in the tax provision in the period of change. In determining whether a valuation allowance is warranted, we evaluate factors such as prior earnings history, expected future earnings, carryback and carryforward periods, and tax strategies that could potentially enhance the likelihood of the realization of a deferred tax asset.

From time to time, the Company engages in transactions in which tax consequences may be subject to uncertainty. The Company conducts business and files tax returns in numerous jurisdictions based on its interpretation of tax laws and regulations. In evaluating the Company's tax provision, the Company establishes a reserve for uncertain tax positions unless such positions are determined to be more likely than not of being sustained upon examination based on the technical

merits. The Company's policy is to recognize, when applicable, interest and penalties on uncertain tax positions as part of income tax expense.

Prior to the Separation, our operations were included in the tax returns of BD. Income taxes as presented in the Consolidated Financial Statements attribute current and deferred income tax assets and liabilities of BD to us in a manner that is systematic, rational, and consistent with the asset and liability method prescribed by the accounting guidance for income taxes. Our income tax provision prior to the Separation was prepared using the separate return method. The separate return method applies the accounting guidance for income taxes to the standalone financial statements as if we were a separate taxpayer and a standalone enterprise. We believe the assumptions supporting the allocation and presentation of income taxes on a separate return basis are reasonable.

Additional disclosures regarding our accounting for income taxes are provided in Note 15 to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K.

Cautionary Statements Regarding Forward-Looking Statements

This Annual Report on Form 10-K contains statements that constitute forward-looking statements under the Private Securities Litigation Reform Act of 1995 and other securities laws. Forward-looking statements include those containing such words as "anticipates," "believes," "can," "could," "estimates," "expects," "forecasts," "goal," "guidance," "intends," "may," "outlook," "plans," "possible," "projects," "seeks," "sees," "should," "targets," "will," "would," or other words of similar meaning. All statements that reflect 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), restructuring expenses and charges, and statements regarding Embecta's strategy for growth, future product development, anticipated product and regulatory clearances, approvals, and launches, competitive position and expenditures. Forward-looking statements are based upon our present intent, beliefs or expectations, are not guarantees of future performance and are subject to numerous risks, uncertainties, and changes in circumstances that are difficult to predict. Although 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 adoption of new drug therapies for treatment of diabetes, 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.
- The risk that Embecta is unable to replace the services, including the Business Continuity Processes, that BD currently provides to it on substantially similar terms as the terms on which BD is providing these services under the transaction agreements or that BD terminates such services.
- Any failure by BD to perform its obligations under the various separation agreements entered into in connection with the Separation and distribution, including the cannula supply agreement.
- 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.
- Increases in operating costs, including fluctuations in the cost and availability of oil-based resins, other raw materials, and energy 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.
- Embecta's ability to obtain clearance from the FDA of any product, to market and sell such products successfully, to anticipate the needs of people with diabetes, and future business decisions by Embecta and its competitors.
- 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, as well as regional, national and foreign economic factors, including inflation, deflation, and fluctuations in interest rates, and their potential effect on its operating performance.
- The impact of changes in United States, federal laws, and policy that could affect fiscal and tax policies, healthcare and international trade, including import and export regulation, tariffs, and international trade agreements. 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 future impact of pandemics or geopolitical instability 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 of the Separation from BD.
- Risks associated with indebtedness and our use of indebtedness available to us.
- The risk that dis-synergy costs, costs of restructuring transactions and other costs incurred in connection with the Separation will exceed Embecta's estimates.
- The impact of the Separation on Embecta's businesses and the risk that the Separation may be more difficult, time-consuming or costly than expected, including the impact on its resources, systems, including ERP, procedures and controls, diversion of management's attention and the impact on relationships with customers, suppliers, employees and other business counterparties.
- The expectations related to the costs, profitability, timing and the estimated financial impact of, and charges associated with, the Restructuring Plan.
- The risk that we may not complete strategic collaborative partnerships and acquisition opportunities that enable us to accelerate our growth or strategic collaborative opportunities that give us access to innovative technologies, complementary product lines, and new markets.
- The risks associated with the material weakness identified in our internal control over financial reporting and our ability to remediate such material weakness.

There can be no assurance that the transactions or uncertainties described above will in fact be consummated or occur in the manner described or at all. As a result, you should not place undue reliance upon our forward-looking statements. 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 Item 1A, "Risk Factors," or in our other filings with the SEC. Any forward-looking statement speaks only as of the date on which it is made, and Embecta expressly disclaims and assumes no obligation to update or revise such statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

In addition to the items noted below, the information required by this item is included in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, and in Notes 3, 13 and 16 to the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K, and is incorporated herein by reference.

Foreign Currency Exchange and Other Rate Risks

We operate on a global basis and are exposed to the risk that changes in foreign currency exchange rates could adversely affect our financial condition, results of operations and cash flows.

From time to time, we enter into foreign currency forward exchange contracts with major financial institutions to manage currency exposures for transactions denominated in a currency other than an entity's functional currency. As a result, the impact of foreign currency gains/losses recognized in earnings are partially offset by gains/losses on the related foreign currency forward exchange contracts in the same reporting period. Refer to Note 16, *Financial Instruments and Fair Value Measurements* of the Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K for further information.

Consequently, foreign currency exchange contracts would not subject us to material risk due to exchange rate movements, because gains and losses on these contracts offset gains and losses on the assets, liabilities or transactions being hedged.

Interest Rate Risk

Debt - Our interest rate risk as of September 30, 2024 relates primarily to our Term Loan. The interest rate is set at 300 basis points over SOFR, with a 0.50% SOFR floor. Based on our outstanding borrowings at September 30, 2024, a 100 basis points change in interest rates would have impacted interest expense on the Term Loan by $9.0 million on an annualized basis. To the extent we borrow on our revolving credit facility, we will be subject to risks related to changes in SOFR. Refer to Note 13 to the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K for further information.

Item 8. Financial Statements and Supplementary Data.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Embecta Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Embecta Corp. (the Company) as of September 30, 2024 and 2023, the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the three years in the period ended September 30, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at September 30, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of September 30, 2024, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated December 11, 2024 expressed an adverse opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Measurement of uncertain tax positions

Description of the Matter

As described in Notes 3 and 15 to the consolidated financial statements, the Company recorded a consolidated income tax benefit totaling $34.1 million for the year ended September 30, 2024, and a liability for unrecognized tax benefits totaling $13.6 million at September 30, 2024. In addition, as of September 30, 2024, the Company recorded total of deferred tax assets and liabilities of $140.9 million and $24.7 million, respectively. The Company conducts business and files tax returns in numerous jurisdictions based on its interpretation of tax laws and regulations and engages in transactions for which the tax consequences may be subject to uncertainty. The Company uses significant judgment to (1) determine whether, based on the technical merits, its tax position is more likely than not to be sustained upon examination and (2) measure the amount of the tax benefit that qualifies for recognition.

Given the multi-jurisdictional nature of the business, the complexity of the tax laws and legal rulings across the various countries the Company operates in, auditing management's accounting for uncertain tax positions required a high degree of auditor judgment and increased extent of effort, including the need to involve our tax subject matter professionals.

How We Addressed the Matter in Our Audit

With the support of our tax subject matter professionals, our audit procedures included assessing the technical merits of the Company's tax positions, including assessing correspondence with relevant tax authorities and evaluating third-party advice obtained. We evaluated changes in tax law that occurred during the year and assessed the Company's interpretation of those changes under the relevant jurisdictional tax law. We also evaluated the Company's significant assumptions, and the completeness and accuracy of the data, used to determine the amount of tax benefits recognized and tested the accuracy of such calculations. Further, we evaluated the Company's income tax disclosures included in Note 15 in relation to these matters.

/s/ ERNST & YOUNG LLP

We have served as the Company's auditor since 2021.

New York, New York

December 11, 2024

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Embecta Corp.

Opinion on Internal Control Over Financial Reporting

We have audited Embecta Corp's internal control over financial reporting as of September 30, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). In our opinion, because of the effect of the material weakness described below on the achievement of the objectives of the control criteria, Embecta Corp. (the Company) has not maintained effective internal control over financial reporting as of September 30, 2024, based on the COSO criteria.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment. Management has identified a material weakness in certain of the Company's financial reporting processes.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of September 30, 2024 and 2023, the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the three years in the period ended September 30, 2024, and the related notes. This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the 2024 consolidated financial statements, and this report does not affect our report dated December 11, 2024, which expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ ERNST & YOUNG LLP

New York, New York

December 11, 2024

Consolidated Statements of Income
Embecta Corp.
Years Ended September 30

	2024	2023	2022
Revenues	$ 1,123.1	$ 1,120.8	$ 1,129.5
Cost of products sold[1]	387.9	370.9	354.6
Gross Profit	$ 735.2	$ 749.9	$ 774.9
Operating expenses:			
Selling and administrative expense	365.1	341.3	294.8
Research and development expense	78.8	85.2	66.9
Impairment expense	—	2.5	58.9
Other operating expenses	124.5	99.4	44.7
Total Operating Expenses	$ 568.4	$ 528.4	$ 465.3
Operating Income	$ 166.8	$ 221.5	$ 309.6
Interest expense, net	(112.3)	(107.0)	(46.2)
Other income (expense), net	(10.3)	(8.8)	(6.8)
Income Before Income Taxes	$ 44.2	$ 105.7	$ 256.6
Income tax provision (benefit)	(34.1)	35.3	33.0
Net Income	$ 78.3	$ 70.4	$ 223.6
Net Income per common share:			
Basic	$ 1.36	$ 1.23	$ 3.92
Diluted	$ 1.34	$ 1.22	$ 3.89

[1] For the period prior to the Separation, this income statement line includes cost of products sold from related party inventory purchases. Refer to Note 4 for further detail.

See notes to the Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income
Embecta Corp.
Years Ended September 30

	2024	2023	2022
Net Income	$ 78.3	$ 70.4	$ 223.6
Other Comprehensive Income (Loss), net of tax			
Benefit plan net loss and prior service credit, net of amortization	(1.7)	(1.6)	—
Foreign currency translation adjustments	18.0	17.4	(64.2)
Total Other Comprehensive Income (Loss), net of tax	$ 16.3	$ 15.8	$ (64.2)
Comprehensive Income	$ 94.6	$ 86.2	$ 159.4

See notes to the Consolidated Financial Statements.

Consolidated Balance Sheets
Embecta Corp.
September 30

	2024	2023
Assets		
Current Assets		
Cash and equivalents	$ 267.5	$ 326.3
Restricted cash	6.7	0.2
Trade receivables, net (net of allowance for doubtful accounts of $2.8 million and $1.0 million as of September 30, 2024 and September 30, 2023, respectively)	193.0	16.7
Inventories:		
Materials	40.4	32.1
Work in process	4.8	8.1
Finished products	126.3	111.9
Total Inventories	$ 171.5	$ 152.1
Amounts due from Becton, Dickinson and Company	53.8	142.4
Prepaid expenses and other	68.5	111.4
Total Current Assets	$ 761.0	$ 749.1
Property, Plant and Equipment, Net	290.4	300.2
Goodwill and Intangible Assets	23.7	24.7
Deferred Income Taxes and Other Assets	210.2	140.4
Total Assets	$ 1,285.3	$ 1,214.4
Liabilities and Equity		
Current Liabilities		
Accounts payable	$ 91.0	$ 53.5
Accrued expenses	134.2	118.1
Amounts due to Becton, Dickinson and Company	42.5	73.1
Salaries, wages and related items	66.7	62.1
Current debt obligations	9.5	9.5
Current finance lease liabilities	3.4	3.6
Income taxes	26.7	33.6
Total Current Liabilities	$ 374.0	$ 353.5
Deferred Income Taxes and Other Liabilities	54.1	57.2
Long-Term Debt	1,565.3	1,593.9
Non Current Finance Lease Liabilities	30.2	31.5
Contingencies (Note 7)		
Embecta Corp. Equity		
Common stock, $0.01 par value Authorized - 250,000,000 Issued and outstanding - 57,707,285 as of September 30, 2024 and 57,333,353 as of September 30, 2023	0.6	0.6
Additional paid-in capital	52.5	27.9
Accumulated deficit	(498.6)	(541.1)
Accumulated other comprehensive loss	(292.8)	(309.1)
Total Equity	$ (738.3)	$ (821.7)
Total Liabilities and Equity	$ 1,285.3	$ 1,214.4

See notes to the Consolidated Financial Statements.

Consolidated Statements of Equity
Embecta Corp.

	Common Stock						
	Shares	Par Value	Additional Paid-In Capital	Accumulated Deficit	Net Investment from Becton, Dickinson and Company	Accumulated Other Comprehensive (Loss) Income	Total
Balance at October 1, 2021	—	—	—	—	864.8	(270.5)	594.3
Net transfers to Becton, Dickinson and Company including Separation adjustments	—	—	—	—	(390.3)	9.8	(380.5)
Issuance of common stock in connection with the Separation and reclassification of Net Investment from Becton, Dickinson and Company	57,012,925	0.6	—	(613.7)	613.1	—	—
Net consideration paid to Becton, Dickinson, and Company in connection with Separation	—	—	—	—	(1,266.0)	—	(1,266.0)
Net income attributable to Embecta Corp.	—	—	—	45.2	178.4	—	223.6
Other comprehensive loss, net of taxes	—	—	—	—	—	(64.2)	(64.2)
Stock-based compensation plans	—	—	10.0	—	—	—	10.0
Dividends declared ($0.15 per share)	—	—	—	(8.6)	—	—	(8.6)
Issuance of shares related to stock-based compensation plans	42,402	—	—	—	—	—	—
Balance at September 30, 2022	57,055,327	$ 0.6	$ 10.0	$ (577.1)	$ —	$ (324.9)	$ (891.4)
Balance at October 1, 2022	57,055,327	0.6	10.0	(577.1)	—	(324.9)	(891.4)
Net income	—	—	—	70.4	—	—	70.4
Other comprehensive income, net of taxes	—	—	—	—	—	15.8	15.8
Stock-based compensation plans	—	—	21.5	—	—	—	21.5
Dividends declared ($0.60 per share)	—	—	—	(34.4)	—	—	(34.4)
Issuance of shares related to stock-based compensation plans	278,026	—	(3.6)	—	—	—	(3.6)
Balance at September 30, 2023	57,333,353	$ 0.6	$ 27.9	$ (541.1)	$ —	$ (309.1)	$ (821.7)
Balance at October 1, 2023	57,333,353	$ 0.6	$ 27.9	$ (541.1)	$ —	$ (309.1)	$ (821.7)
Net income	—	—	—	78.3	—	—	78.3
Other comprehensive income, net of taxes	—	—	—	—	—	16.3	16.3
Stock-based compensation plans	—	—	26.3	—	—	—	26.3
Dividends and dividend equivalents declared ($0.60 per share)	—	—	1.3	(35.8)	—	—	(34.5)
Issuance of shares related to stock-based compensation plans	373,932	—	(3.0)	—	—	—	(3.0)
Balance at September 30, 2024	57,707,285	$ 0.6	$ 52.5	$ (498.6)	$ —	$ (292.8)	$ (738.3)

See notes to the Consolidated Financial Statements.

Consolidated Statements of Cash Flows
Embecta Corp.
Years Ended September 30

	2024	2023	2022
Operating Activities			
Net income	$ 78.3	$ 70.4	$ 223.6
Adjustments to net income to derive net cash provided by operating activities:			
Depreciation and amortization	36.2	32.6	31.7
Amortization of debt issuance costs	6.9	6.4	3.2
Amortization of cloud computing costs	6.3	—	—
Impairment of property, plant and equipment	—	2.5	58.9
Stock-based compensation	26.3	21.5	18.7
Deferred income taxes	(70.6)	14.3	(26.5)
Change in operating assets and liabilities:			
Trade receivables, net	(174.7)	7.0	122.7
Inventories	(16.5)	(28.8)	(23.4)
Due from/due to Becton, Dickinson and Company	58.9	(23.2)	(47.0)
Prepaid expenses and other	39.5	(14.2)	(44.0)
Accounts payable, accrued expenses and other current liabilities	60.0	7.9	76.9
Income and other net taxes payable	13.2	(12.6)	10.3
Other assets and liabilities, net	(28.1)	(16.1)	7.1
Net Cash Provided by Operating Activities	$ 35.7	$ 67.7	$ 412.2
Investing Activities			
Capital expenditures	(15.8)	(26.5)	(23.6)
Acquisition of intangible assets	—	—	(0.4)
Net Cash Used for Investing Activities	$ (15.8)	$ (26.5)	$ (24.0)
Financing Activities			
Proceeds from the issuance of long-term debt	—	—	1,450.0
Payments on long-term debt	(34.6)	(9.5)	(4.8)
Payment of long-term debt issuance costs	—	—	(33.3)
Payment of revolving credit facility fees	—	—	(5.6)
Payments related to tax withholding for stock-based compensation	(3.0)	(3.6)	—
Payments on finance lease	(1.3)	(1.2)	(1.8)
Dividend payments	(34.5)	(34.4)	(8.6)
Net consideration paid to Becton, Dickinson and Company in connection with the Separation	—	—	(1,266.0)
Net transfers to Becton, Dickinson and Company	—	—	(177.9)
Net Cash Used for Financing Activities	$ (73.4)	$ (48.7)	$ (48.0)
Effect of exchange rate changes on cash and equivalents and restricted cash	1.2	3.1	(9.3)
Net Change in Cash and equivalents and restricted cash	$ (52.3)	$ (4.4)	$ 330.9
Opening Cash and equivalents and restricted cash	326.5	330.9	—
Closing Cash and equivalents and restricted cash	$ 274.2	$ 326.5	$ 330.9

See notes to the Consolidated Financial Statements.

Note 1 — Background

Embecta Corp. ("Embecta" or the "Company") is a leading global medical device company focused on providing solutions to improve the health and well-being of people living with diabetes. The Company has a broad portfolio of marketed products, including a variety of pen needles, syringes and safety devices, which are complemented by a proprietary digital application designed to assist people with managing their diabetes. The Company primarily sells products to wholesalers and distributors that sell to retail and institutional channels who in turn sell to patients or use the products to deliver insulin injections to patients.

On April 1, 2022 (the "Separation Date"), Embecta and Becton, Dickinson and Company ("BD") entered into a Separation and Distribution Agreement (the "Separation and Distribution Agreement"). Pursuant to the Separation and Distribution Agreement, BD agreed to spin off its diabetes care business (the "Diabetes Care Business") into Embecta, a new, publicly traded company (the "Separation").

The Separation occurred by means of a pro-rata distribution (the "Distribution") of all of Embecta's issued and outstanding shares of common stock on the basis of one share of Embecta common stock, par value $0.01 per share, for every five shares of BD common stock, par value $1.00 per share, held as of the close of business on March 22, 2022, the record date for the distribution. Embecta is now a standalone publicly traded company and, on April 1, 2022, regular-way trading of Embecta common stock commenced on the Nasdaq Global Select Market under the ticker symbol "EMBC".

In connection with the Separation, BD and Embecta entered into various agreements to provide a framework for the relationship between BD and Embecta after the Separation, including, but not limited to, a separation and distribution agreement, a transition services agreement, a tax matters agreement, an employee matters agreement, a cannula supply agreement, contract manufacturing agreements, an intellectual property matters agreement, a logistics services agreement, distribution agreements, factoring and receivables agreements, local support and service agreements and other transaction documents. As of October 31, 2024, all of the factoring and trade receivables agreements and the distribution agreements and local support and services agreements have expired and terminated.

Note 2 — Basis of Presentation

On April 1, 2022, the Company became a standalone publicly traded company, and its financial statements are now presented on a consolidated basis. Prior to the Separation on April 1, 2022, the Company's historical combined financial statements were prepared on a standalone basis and were derived from BD's consolidated financial statements and accounting records. The financial statements for all periods presented, including the historical results of the Company prior to April 1, 2022, are now referred to as "Consolidated Financial Statements", and have been prepared pursuant to the rules and regulations for reporting on Form 10-K.

Periods Prior to Separation

Prior to the Separation, the Company was referred to as the Diabetes Care Business. The assets, liabilities, revenue and expenses of the Diabetes Care Business were reflected in the 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. The Consolidated Financial Statements did not purport to reflect what the Company's results of operations, comprehensive income, financial position, equity or cash flows would have been had the Company operated as a standalone public company during the periods presented.

The Diabetes Care Business had historically functioned together with the other businesses controlled by BD. Accordingly, the Diabetes Care Business relied on BD's corporate and other support functions for its business. Therefore, for the period prior to the Separation, certain corporate and shared costs were allocated to the Diabetes Care Business based on a specific identification basis or, when specific identification was not practicable, a proportional cost allocation method, including:

i. expenses related to BD support functions, including expenses for facilities, executive oversight, treasury, finance, legal, human resources, shared services, compliance, procurement, information technology and other corporate functions.
ii. certain manufacturing and supply costs incurred by BD, including facility management, distribution, logistics, planning and global quality.
iii. certain costs incurred by BD's Medication Delivery Solutions organizational unit in relation to selling and marketing activities, and related administrative support functions.
iv. certain costs incurred by BD for activities related to device research and development, as well as medical and regulatory affairs.
v. stock-based compensation expenses (see Note 10).

vi. certain compensation expenses maintained on a centralized basis such as certain employee benefit expenses.

Management believes these cost allocations were a reasonable reflection of the utilization of services provided to, or the benefit derived by, the Diabetes Care Business during the period prior to the Separation, though the allocations may not be indicative of the actual costs that would have been incurred had the Diabetes Care Business operated as a standalone public company. Actual costs that may have been incurred if the Diabetes Care Business had been a standalone company would depend on a number of factors, including the chosen organizational structure, whether functions were outsourced or performed by Diabetes Care Business employees, and strategic decisions made in areas such as manufacturing, selling and marketing, research and development, information technology and infrastructure.

BD utilized a centralized approach to cash management and the financing of its operations. Cash generated by the Diabetes Care Business was routinely transferred into accounts managed by BD's centralized treasury function and cash disbursements related to operations prior to the Separation were funded as needed by BD. Balances held by the Diabetes Care Business with BD for cash transfers and loans were reflected as *Amounts due to Becton, Dickinson and Company* prior to the Separation. All other cash and equivalents and related transfers between BD and the Diabetes Care Business were generally held centrally through accounts controlled and maintained by BD and were not specifically identifiable to the Diabetes Care Business. Accordingly, such balances were accounted for through *Net Investment from Becton, Dickinson and Company*. BD's third-party debt and related interest expense were not attributed to the Diabetes Care Business because the business was not the legal obligor of the debt and the borrowings were not specifically identifiable to the business.

For the Diabetes Care Business, transactions with BD affiliates were included in the Consolidated Statements of Income and related balances were reflected as *Amounts due to Becton, Dickinson and Company or Amounts due from Becton, Dickinson and Company*. Other balances between the Diabetes Care Business and BD were considered to be effectively settled in the Consolidated Financial Statements at the time the transactions were recorded.

As the separate legal entities that made up the Diabetes Care Business were not historically held by a single legal entity, *Net Investment from Becton, Dickinson and Company* was shown in lieu of stockholders' equity in these Consolidated Financial Statements. *Net Investment from Becton, Dickinson and Company* represented BD's interest in the recorded assets of the Diabetes Care Business and the cumulative investment by BD through the date of the Separation, inclusive of operating results.

For periods prior to the Separation, income tax expense and tax balances in the Consolidated Financial Statements were calculated on a separate tax return basis. The separate tax return method applies the accounting guidance for income taxes to the standalone financial statements as if the Company was a separate taxpayer and a standalone enterprise. Management believes the assumptions supporting the allocation and presentation of income taxes on a separate return basis are reasonable.

The provision for income taxes for the period prior to the Separation was calculated by applying an estimated effective income tax rate for the full year to ordinary income adjusted by the tax impact of discrete items.

As of the Separation Date

Certain assets and liabilities, including patents and unrecognized tax benefits that were included in the Consolidated Balance Sheet prior to the Separation, have been retained by BD post-Separation and therefore were transferred to BD through *Net Investment from Becton, Dickinson and Company* in the Company's Consolidated Financial Statements.

In connection with the Separation, additional pension assets, deferred tax assets, other compensation obligations, and certain other assets and liabilities were transferred to the Company through *Net Investment from Becton, Dickinson and Company*, and the Company recorded these in the Consolidated Balance Sheet.

As part of the Separation, *Net Investment from Becton, Dickinson and Company* was reclassified as *Common Stock* and *Accumulated Deficit*.

Periods Post Separation

Following the Separation, certain functions continue to be provided by BD under the Transition Services Agreements or are being performed using Embecta's own resources or third-party service providers. Additionally, under manufacturing and supply agreements, the Company manufactures certain products for BD, or its applicable affiliate and BD manufactures certain products for the Company. The Company incurred certain costs in its establishment as a standalone public company and expects to incur ongoing additional costs associated with operating as an independent, publicly traded company.

All intercompany transactions and accounts within Embecta have been eliminated.

Note 3 — Summary of Accounting Policies

Revenue Recognition

The Company recognizes revenue from product sales and considers performance obligations satisfied when the customer obtains control of the product, which is generally upon shipment or delivery, depending on the delivery terms specified in the sales agreement. The Company acts as the principal in its customer arrangements and therefore records revenue on a gross basis. When arrangements include multiple performance obligations, the total transaction price of the contract is allocated to each performance obligation based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. The point in time upon which shipment or delivery occurs is the most faithful depiction of when control of the goods transfers to the customer. Variable consideration such as rebates, chargebacks, sales discounts, and sales returns are estimated and treated as a reduction of revenue in the same period the related revenue is recognized. These estimates are based on contractual terms, historical practices and current trends, and are adjusted as new information becomes available. Revenues exclude any taxes that the Company collects from customers and remits to tax authorities.

Additional disclosures regarding the Company's accounting for revenue recognition are provided in Note 8.

Cash and Equivalents

Cash and equivalents include all highly liquid investments with a maturity of three months or less at the date of acquisition. Interest income on Cash and equivalents is recorded as earned.

Restricted Cash

Restricted cash consists of cash not readily available for use in the Company's operating activities and is primarily pledged as collateral for bank guarantees related to certain customer performance guarantees and property leases internationally, which are further discussed in Note 16.

Trade Receivables

The Company grants credit to customers in the normal course of business and the resulting trade receivables are stated at their net realizable value. The allowance for doubtful accounts represents the Company's estimate of probable credit losses relating to trade receivables and is determined based on historical experience, current conditions, reasonable and supportable forecasts and other specific account data. Amounts are written off against the allowances for doubtful accounts when the Company determines that a customer account is uncollectible.

Inventories

Inventories are stated at the lower of approximate cost or net realizable value determined on the first-in, first-out basis.

Cloud Computing Arrangements

The Company capitalizes costs incurred to implement cloud computing arrangements that are service contracts within *Prepaid expenses and other* and *Deferred Income Taxes and Other Assets* in the Company's Consolidated Balance Sheets based on the expected period that amortization will be recognized. Implementation costs associated with cloud computing arrangements are capitalized when incurred during the application development phase. Once the implementation of a cloud computing arrangement is complete and ready for its intended use, the Company amortizes the costs over the expected term of the hosting arrangement using the straight-line method to the same income statement line as the associated cloud operating expenses.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation is principally provided on the straight-line basis over estimated useful lives, which range from 20 to 45 years for buildings, 4 to 13 years for machinery and equipment and 1 to 20 years for leasehold improvements. Depreciation expense was $34.9 million in 2024, $31.5 million in 2023, and $31.0 million in 2022.

Property, plant and equipment are periodically reviewed when impairment indicators are present to assess recoverability or a decision has been made to abandon efforts associated with construction in progress assets. Recoverability is determined by comparing the carrying values of the assets or asset groups to the undiscounted cash flows to be generated from the use and eventual disposition of such assets or asset groups. If the asset's or asset group's carrying value exceeds such undiscounted cash flows, the assets or asset groups are not recoverable and an impairment loss is recognized based on the amount by which the carrying value of the asset or asset group exceeds its calculated fair value.

Capitalized Interest

The interest cost on capital projects is capitalized and included in the cost of the project. Capitalization commences with the first expenditure for the project and continues until the project is substantially complete and ready for its intended use. When no debt is incurred specifically for a project, interest is capitalized on project expenditures using the weighted average cost of the Company's outstanding borrowings. For the fiscal years ended September 30, 2024, 2023 and 2022 the Company capitalized $3.7 million, $4.6 million and $5.2 million of interest expense, respectively, into *Property, Plant and Equipment, Net*. For the fiscal year ended September 30, 2023 the Company capitalized $0.9 million of interest expense into *Deferred Income Taxes and Other Assets.* Interest expense capitalized into *Deferred Income Taxes and Other Assets* during the fiscal year ended September 30, 2024 is not material to the Company's Consolidated Financial Statements.

Advertising Costs

Advertising costs are expensed as incurred and included in S*elling and administrative expense*. The Company recorded advertising costs of $9.0 million, $15.5 million, and $11.6 million in 2024, 2023, and 2022, respectively.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the consideration transferred over the fair value of net assets of businesses acquired. The Company has one reporting unit. Goodwill is evaluated for impairment as of July 1 each year, or more frequently if impairment indicators exist, by first assessing qualitative factors to determine whether it is more likely than not that fair value is less than carrying value. If the Company concludes it is more likely than not that fair value is less than carrying value, a quantitative fair value test is performed. If carrying value is greater than fair value, a goodwill impairment charge will be recorded for the difference (up to the carrying value of goodwill). The Company completed the annual goodwill impairment test as of July 1, 2024 and concluded that no impairment to goodwill was necessary as the fair value of the Company's one reporting unit was significantly in excess of the carrying value.

No goodwill impairments were identified during the fiscal years ended September 30, 2024, 2023, or 2022, and no accumulated impairment losses are recorded.

Amortized intangible assets primarily consist of patents and customer relationships. Patents are generally amortized over 20 years using the straight-line method. Customer relationship assets are generally amortized over periods ranging from 10 to 15 years, using the straight-line method. Other intangibles with finite useful lives are amortized over periods principally ranging from 1 to 40 years, using the straight-line method. Finite-lived intangible assets are periodically reviewed when impairment indicators are present to assess recoverability from future operations using undiscounted cash flows. The carrying values of these finite-lived assets are compared to the undiscounted cash flows they are expected to generate and an impairment loss is recognized in operating results to the extent any finite-lived intangible asset's carrying value exceeds its calculated fair value.

Foreign Currency and Derivative Financial Instruments

Assets and liabilities denominated in their functional currencies are translated into U.S. dollars at the exchange rate on the balance sheet date. Revenues and expenses are translated at average rates of exchange prevailing during the period. The United States dollar results that arise from such translation are included in *Accumulated other comprehensive loss*.

The Company utilizes derivative instruments to manage market risks associated with fluctuations in certain foreign currency exchange rates. The Company utilizes foreign currency forward contracts to protect against market risks arising in the normal course of business.

At the end of the reporting period, foreign-currency-denominated assets and liabilities are remeasured into the functional currencies of the reporting entities at current market rates. The change in value from this remeasurement is reported as a foreign exchange gain or loss for that period in *Other income (expense), net*.

The Company recorded transactional foreign exchange losses of $4.4 million during the fiscal year ended September 30, 2024. For the fiscal years ended September 30, 2023 and 2022, transactional foreign exchange impacts were not material to the Company's Consolidated Statements of Income.

Shipping and Handling Costs

The Company considers its shipping and handling costs to be contract fulfillment costs and records them within selling and administrative expense. Shipping and handling costs were $41.3 million, $36.9 million, and $27.4 million in 2024, 2023, and 2022, respectively.

Contingencies

The Company establishes accruals for future losses which are both probable and can be reasonably estimated (and in the case of environmental matters, without considering possible third-party recoveries). Additional disclosures regarding the Company's accounting for contingencies are provided in Note 7.

Stock-Based Compensation

Prior to the Separation, certain of the Company's employees historically participated in BD's stock-based compensation plans. Stock-based compensation expense was either allocated to the Company based on a proportionate cost allocation method or recorded based on specific identification. Effective April 1, 2022, the Company established the 2022 Employee and Director Equity Based Compensation Plan, as amended on February 7, 2024 (the "Plan"). The Plan provides for the grant of various types of awards, including restricted stock unit ("RSU") awards, stock appreciation rights, stock options, performance-based awards and cash awards. Under the Plan, the exercise price of awards, if any, is set on the grant date and generally may not be less than the fair market value per share on that date. The Company measures stock-based compensation for equity awards at fair value on the date of grant and records stock-based compensation as a charge to earnings net of the estimated impact of forfeited awards. For awards that ultimately settle in cash, we treat them as liability awards and mark the award to market each reporting period and recognize any adjustment in our Consolidated Statements of Income. The Company recognizes stock-based compensation cost only for those stock-based awards that are estimated to ultimately vest over their requisite service period, based on the vesting provisions of the individual grants. The cumulative effect on current and prior periods of a change in the estimated forfeiture rate is recognized as compensation cost in earnings in the period of the change (see Note 10).

Benefit Plans

Prior to the Separation, the defined benefit plans in which the Company participated related primarily to plans sponsored by BD and for which other businesses of BD also participate (the "Shared Plans"). The Company accounted for the Shared Plans as multiemployer plans and therefore the related assets and liabilities were not reflected in the Consolidated Balance Sheets. For such periods prior to the Separation, the Consolidated Statements of Income reflect a proportional allocation of net periodic benefit cost for the Shared Plans associated with the Company. The Company's participation in the defined pension and postretirement benefit plans sponsored by BD concluded upon the completion of the Separation on April 1, 2022. At and after Separation, Embecta became the plan sponsor for certain non-United States defined benefit pension plans (see Note 19).

Research and Development

Research and development costs are expensed as incurred.

Income Taxes

Income taxes are accounted for using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement and tax basis of assets and liabilities at the applicable tax rates.

The Company maintains valuation allowances where it is more likely than not that all or a portion of a deferred tax asset will not be realized. Changes in valuation allowances are included in the tax provision in the period of change. In determining whether a valuation allowance is warranted, the Company evaluates factors such as prior earnings history, expected future earnings, carryback and carryforward periods, and tax strategies that could potentially enhance the likelihood of the realization of a deferred tax asset.

From time to time, the Company engages in transactions in which tax consequences may be subject to uncertainty. The Company conducts business and files tax returns in numerous jurisdictions based on its interpretation of tax laws and regulations. In evaluating the Company's tax provision, the Company establishes a reserve for uncertain tax positions unless such positions are determined to be more likely than not of being sustained upon examination based on the technical merits. The Company's policy is to recognize, when applicable, interest and penalties on uncertain tax positions as part of income tax expense.

While the Company believes it has identified all reasonable exposures and the reserve it has established is appropriate under the circumstances, it is possible that additional exposures exist and that exposures may be settled at amounts different than the amounts reserved. It is also possible that changes in facts and circumstances could cause the Company to either materially increase or reduce the carrying amount of its tax reserve.

The Tax Cuts and Jobs Act was enacted on December 22, 2017 and introduced an additional United States tax on the earnings of non-United States subsidiaries which are referred to as Global Intangible Low Taxed Income ("GILTI"). The Company has elected to treat GILTI as a period cost.

Prior to the Separation, the Company's operations were included in the tax returns of BD. Income taxes as presented in the Consolidated Financial Statements attribute current and deferred income tax assets and liabilities of BD to the Company in a manner that is systematic, rational, and consistent with the asset and liability method prescribed by the accounting guidance for income taxes. The Company's income tax provision prior to the Separation was prepared using the separate return method. The separate return method applies the accounting guidance for income taxes to the standalone financial

statements as if the Company were a separate taxpayer and a standalone enterprise. The Company believes the assumptions supporting the allocation and presentation of income taxes on a separate return basis are reasonable.

Additional disclosures regarding the Company's accounting for income taxes are provided in Note 15.

Segment Data

The Company operates and reports its financial information as one segment. In making this determination, the Company (i) determines its Chief Operating Decision Maker ("CODM"), (ii) identifies and analyzes potential business components, (iii) identifies its operating segments and (iv) determines whether there are multiple operating segments requiring presentation as reportable segments. The Company's decision to report as one segment is based upon the following: (1) its internal organizational structure; (2) the manner in which its operations are managed; and (3) the criteria used by the Company's President, its CODM, to evaluate performance of the Company's business and allocate resources and capital.

Fair Value Measurements

A fair value hierarchy is applied to prioritize inputs used in measuring fair value. The three levels of inputs used to measure fair value are detailed below. Additional disclosures regarding the Company's fair value measurements are provided in Note 16.

Level 1—Inputs to the valuation methodology which represent unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2—Inputs to the valuation methodology which include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability.

Level 3—Inputs to the valuation methodology which are unobservable and significant to the fair value measurement.

Leases

The Company determines whether an arrangement contains a lease at inception. If a lease is identified in an arrangement, the Company recognizes a right-of-use asset and liability in the Company's Consolidated Balance Sheets and determines whether the lease should be classified as a finance or operating lease. The Company does not recognize assets or liabilities for leases with lease terms of less than 12 months.

A lease qualifies as a finance lease if any of the following criteria are met at the inception of the lease: (i) there is a transfer of ownership of the leased asset to Embecta by the end of the lease term, (ii) the Company holds an option to purchase the leased asset that the Company is reasonably certain to exercise, (iii) the lease term is for a major part of the remaining economic life of the leased asset, (iv) the present value of the sum of lease payments equals or exceeds substantially all of the fair value of the leased asset, or (v) the nature of the leased asset is specialized to the point that it is expected to provide the lessor no alternative use at the end of the lease term. All other leases are recorded as operating leases.

Finance and operating lease assets and liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term using the discount rate implicit in the lease. If the implicit rate is not readily determinable, the Company utilizes its incremental borrowing rate at the lease commencement date. Operating lease assets are further adjusted for prepaid or accrued lease payments. Operating lease payments are expensed using the straight-line method as an operating expense over the lease term. Finance lease assets are amortized to depreciation expense using the straight-line method over the shorter of the useful life of the related asset or the lease term. Finance lease payments are bifurcated into (i) a portion that is recorded as imputed interest expense and (ii) a portion that reduces the finance liability associated with the lease.

For lease arrangements that are recognized on the Company's Consolidated Balance Sheets, the right-of-use asset and lease liability is initially measured at the commencement date based upon the present value of the lease payments due under the lease. These payments represent the combination of the fixed lease and fixed non-lease components that are due under the arrangement. Variable lease payments are expensed as incurred. If a lease includes an option to extend or terminate the lease, the Company reflects the option in the lease term if it is reasonably certain the Company will exercise the option.

Finance leases are recorded in *Property, Plant and Equipment, Net*, *Current finance lease liabilities*, and *Non Current Finance Lease Liabilities* and operating leases are recorded in *Deferred Income Taxes and Other Assets*, *Accrued expenses*, and *Deferred Income Taxes and Other Liabilities* in the Company's Consolidated Balance Sheets.

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 for the period prior to the Separation, depreciable and amortizable lives, sales returns and allowances, rebate accruals, restructuring costs, inventory reserves and taxes on income as reflected in the Consolidated Financial Statements. Actual results could differ from these estimates.

Supplemental Disclosures Of Cash Flow Information

Cash paid for interest related to debt during the fiscal year ended September 30, 2024, 2023 and 2022 was $117.7 million, $111.0 million and $38.9 million, respectively. Cash paid for income taxes, net of refunds, for the fiscal years ended September 30, 2024, 2023 and 2022 was $29.1 million, $30.4 million and $15.6 million, respectively.

Recently Issued Accounting Standards Not Yet Adopted

In November 2023, the Financial Accounting Standards Board issued Accounting Standards Update ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which modifies the disclosure and presentation requirements of reportable segments. This update is effective for the Company beginning with its fiscal year 2025 reporting and for interim reporting beginning with its fiscal year 2026. While this accounting standard will increase disclosures, it will not have a material impact on the Company's Consolidated Financial Statements.

In December 2023, the Financial Accounting Standards Board issued Accounting Standards Update 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, to enhance the transparency and decision usefulness of income tax disclosures. This update is effective for the Company beginning with its fiscal year 2026 reporting. While this accounting standard will increase disclosures, it will not have a material impact on the Company's Consolidated Financial Statements.

In November 2024, the Financial Accounting Standards Board issued Accounting Standards Update 2024-03, Disaggregation of Income Statement Expenses (Subtopic 220-40), to improve disclosures about an entity's expenses including more detailed information about the components of expenses in commonly presented expense captions. This update is effective for the Company beginning with its fiscal year 2028 reporting and for interim reporting beginning with its fiscal year 2029. While this accounting standard will increase disclosures, it will not have a material impact on the Company's Consolidated Financial Statements.

Note 4 — Third Party Arrangements and Related Party Disclosures

Pursuant to the Separation, BD ceased to be a related party to Embecta and accordingly, no related party transactions or balances are reported subsequent to April 1, 2022.

In connection with the Separation, the Company entered into the Separation and Distribution Agreement, which contains provisions that, among other things, relate to (i) assets, liabilities and contracts to be transferred, assumed and assigned to each of Embecta and BD (including certain deferred assets and liabilities) as part of the Separation, (ii) cross-indemnities principally designed to place financial responsibility for the obligations and liabilities of Embecta's business with Embecta and financial responsibility for the obligations and liabilities of BD's remaining businesses with BD, (iii) procedures with respect to claims subject to indemnification and related matters, (iv) the allocation among Embecta and BD of rights and obligations under existing insurance policies with respect to occurrences prior to completion of the Separation, as well as the right to proceeds and the obligation to incur certain deductibles under certain insurance policies, and (v) procedures governing Embecta's and BD's obligations and allocations of liabilities with respect to ongoing litigation matters that may implicate each of BD's business and Embecta's business.

Agreements that Embecta entered into with BD that govern aspects of Embecta's relationship with BD following the Separation include, but are not limited to:

- Transition Services Agreements ("TSA") - Pursuant to the TSA, as amended, Embecta and BD and their respective affiliates provide each other, on an interim, transitional basis, various services, including, but not limited to, information technology, human resources, procurement, quality and regulatory affairs, medical affairs, tax and treasury services. The agreed-upon charges for such services are generally intended to allow the servicing party to charge a price comprised of out-of-pocket costs and expenses and a predetermined profit in the form of a mark-up of such out-of-pocket costs and expenses. Such services provided pursuant to the TSA were to terminate no later than April 1, 2024, 24 months following the Separation. On March 28, 2024, BD granted a limited extension until November 1, 2024 of certain services under the TSA and the Logistics Services Agreement ("LSA") in a limited set of markets (the "Extension") to support the Interim Business Continuity Processes.
- Trade Receivables Factoring Agreements - Embecta and BD entered into trade receivables factoring agreements (the "Factoring Agreements"), under which Embecta transferred certain net trade receivable assets to BD, and paid a service fee calculated as 0.1% of annual revenues related to countries subject to the Factoring Agreements in exchange for the services provided by BD. Per the terms of the Factoring Agreements, the Company and its relevant subsidiaries sold receivables to the corresponding BD subsidiary in the same jurisdiction and such BD

subsidiary collected the receivables from Company's customers. The BD subsidiary assumed the credit risk in respect of the receivables, and accordingly deducted a factoring fee from the purchase price of such receivables. Accordingly, Embecta accounted for the transfer as sales of trade receivables by recognizing an increase to *Cash and equivalents* and a decrease to *Trade Receivables, net* in the Consolidated Balance Sheets when proceeds from the transactions are received. The transfers are presented in the Consolidated Statements of Cash Flows as operating activities and the related service fee is presented as a component of *Other income (expense), net* in the Consolidated Statements of Income. The Trade Receivables Factoring Agreements terminated and expired as of March 31, 2024.

- Distribution Agreements - Embecta and BD entered into distribution agreements for certain territories, principally in the Asia Pacific Region and Latin America, whereby a subsidiary of BD was appointed as a distributor of Embecta or its relevant subsidiaries to support certain commercial operations of the diabetes care business on a transitional basis in these regions for a maximum of two years. The distribution agreements each continued until either (1) certain governmental approvals needed to distribute products in the defined territory are obtained and order-to-cash processes and other services of the Company for such territory are migrated to an alternative commercial arrangement between the parties or (2) the applicable services are transitioned to a third-party distributor or independently performed by Embecta, but in any event no longer than the maximum term of two years, except certain such agreements may be extended in connection with the Extension. All distribution agreements in the Asia Pacific Region and Latin America terminated and expired in October 2024. Embecta paid BD a return of 1.5% to 2.0% of net revenue for each territory.
- Cannula Supply Agreement - Embecta and BD entered into a cannula supply agreement whereby BD sells to Embecta cannulas for incorporation into Embecta's existing syringes and pen needles, safety syringes and safety pen needles, and products currently under development. BD retains ownership of all cannula technology, cannula production activities and the intellectual property rights therein. Embecta is limited to a maximum number of cannulas that it can purchase under the cannula supply agreement, which will be an absolute upper limit of cannulas per year and yearly limits that vary with annual demand. The cannula supply agreement is terminable by Embecta without cause by providing at least 36 months' written notice; however, such termination can be effective no earlier than five years from the Separation. The cannula supply agreement will be terminable by BD without cause by providing at least 36 months' written notice; however, such termination can be effective no earlier than ten years from the Separation. However, in the event of a change of control of Embecta, BD has the right to terminate the cannula supply agreement in its sole discretion. The cannula supply agreement will also terminate automatically, subject to a 36-month wind-down period, if Embecta's yearly forecast is below the required minimum purchase amount, and the parties have other customary termination rights for material breach or bankruptcy of the other party.
- Tax Matters Agreement - Pursuant to the tax matters agreement, Embecta agreed to certain covenants that contain restrictions intended to preserve the tax-free status of the distribution and certain related transactions. Embecta may take certain actions prohibited by these covenants only if Embecta obtains and provides to BD an opinion from a United States tax counsel or accountant of recognized national standing, in either case satisfactory to BD, to the effect that such action would not jeopardize the tax-free status of the distribution and certain related transactions, or if Embecta obtains prior written consent of BD. Embecta is barred from taking any action, or failing to take any action, where such action or failure to act adversely affects or could reasonably be expected to adversely affect the tax-free status of the distribution and certain related transactions or result in certain other taxes to BD, for all relevant time periods.
- Logistics Services Agreement - Embecta and BD entered into the LSA, as amended, whereby BD provides Embecta with certain order-to-cash and logistics services to support certain commercial operations for a maximum term of two years, which BD agreed to extend pursuant to the Extension. Embecta pays BD (i) reimbursable costs, including all shipping costs, selling costs, general administration costs, costs of goods, research and development services costs, and other income and expenses related solely to the diabetes care business, that are incurred by BD directly, as allocated costs or as costs payable to a third party and (ii) a monthly administrative fee of 1.0% of net revenue (which increased to 1.25% of net revenue after January 1, 2024).
- Other agreements that Embecta entered into with BD include, but are not limited to, the employee matters agreement ("EMA"), an intellectual property matters agreement, local support services agreements, certain other manufacturing arrangements and a process services agreement and lease agreement for a manufacturing facility located in Holdrege, Nebraska. See Note 18 for more information on the lease agreement for Holdrege.

As it pertains to the Distribution Agreements noted above, Embecta determined it was the principal under these arrangements and was entitled to all the benefits, and was liable for all the risks, related to the inventory and receivables. Additionally, Embecta had latitude in pricing, had the ability to direct BD regarding decisions over inventory, and was responsible for all credit and collections risks and losses associated with the related receivables when there was no factoring agreement in place. As such, Embecta recognized these sales on a gross basis.

On March 28, 2024, the Company entered into (i) a second amendment (the "TSA Amendment") to the TSA, dated as of March 31, 2022 and previously amended as of July 1, 2022 by and between Embecta and BD, and (ii) a second amendment (the "LSA Amendment") to the LSA, dated January 1, 2022 and previously amended as of November 20, 2023, by and between Embecta and BD. Under the TSA Amendment and the LSA Amendment, BD granted Embecta, among other things, the Extension.

As of March 31, 2024, all Factoring Agreements between Embecta and BD had expired and terminated as a result of the Company's implementation and onboarding of certain systems and services, including, but not limited to, information technology, procurement, quality and regulatory affairs, medical affairs, tax and treasury services, distribution logistics, and shared services infrastructure support for order-to-cash, source-to-pay, and record-to-report, which, for clarity, includes enterprise resource planning ("ERP") systems ("Business Continuity Processes") in North America, and certain jurisdictions in Europe and Asia.

The amounts due from BD under the above agreements were $53.8 million and $10.9 million at September 30, 2024 and are reflected in *Amounts due from Becton, Dickinson and Company* and *Trade receivables, net*, respectively. The amount due to BD under these agreements was $42.5 million at September 30, 2024 and is included in *Amounts due to Becton, Dickinson and Company*.

The closing of the transfers of certain assets and liabilities related to the Diabetes Care Business in certain jurisdictions, including Mexico, India, Brazil, and Colombia, as contemplated by the Separation and Distribution Agreement did not occur at Separation. The transfers of the relevant local assets and liabilities in Mexico, Brazil, and Colombia closed in October 2024. The transfer of the relevant local assets and liabilities in India are expected to close at a future date. As of September 30, 2024, the Company estimates that amounts due from BD related to certain assets and liabilities in these jurisdictions are $7.0 million and are reflected in *Prepaid expenses and other*. As of September 30, 2024, the Company estimates that amounts due to BD related to certain assets and liabilities in these jurisdictions is $6.3 million and are reflected in *Accrued expenses*.

Prior to the Separation, the Company did not operate as a standalone business and the Consolidated Financial Statements were derived from the consolidated financial statements and accounting records of BD. The following disclosures summarize activity between the Company and BD up to the Separation, including the affiliates of BD that were not part of the Separation.

Corporate and Medical Segment Allocations from BD

Prior to the Separation, BD provided significant corporate, finance, human resources, information technology, facilities, and legal services, among others (collectively, "General Corporate Expenses") to the Company. Some of these services continue to be provided by BD to the Company on a temporary basis under the TSA. For purposes of these Consolidated Financial Statements for the periods prior to the Separation, the General Corporate Expenses have been allocated to the Company.

The allocations of General Corporate Expenses are reflected in the Consolidated Statements of Income as follows:

	Year ended September 30,
	2022
Cost of products sold	$ 2.3
Selling and administrative expense	47.9
Research and development expense	3.5
Other (income) expense, net	(0.6)
Total General Corporate Expenses	$ 53.1

These expenses were 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 Consolidated Financial Statements, including the assumptions regarding allocating General Corporate Expenses from BD, are reasonable. Nevertheless, the Consolidated Financial Statements for periods prior to the Separation may not include all of the actual expenses that would have been incurred and may not reflect the Company's Consolidated 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.

Related party transactions

The following transactions represent activity in the ordinary course of business between the Company and BD prior to the Separation for certain materials for use in production of certain medical products that were not at arm's length. The following table summarizes such former related party purchases as follows:

	Year ended September 30,
	2022
Purchases from BD	$ 28.0

All significant intercompany transactions between the Company and BD prior to the Separation have been included in the Consolidated Financial Statements and are considered to be effectively settled for cash at the time the transaction is recorded. For the period prior to the Separation, the total net effect of the settlement of these intercompany transactions is reflected in the Consolidated Statements of Cash Flows as a financing activity and in the Consolidated Balance Sheets as *Net Investment from Becton, Dickinson and Company.*

Prior to the Separation, net transfers to BD were included within *Net Investment from Becton, Dickinson and Company*. in the Consolidated Statements of Equity and represent the net effect of transactions between the Company and BD.

The following table summarizes the components of the net transfers to BD as follows:

	Year ended September 30,
	2022
Cash pooling and general financing activities[(1)]	$ 255.9
Corporate and segment allocations, excluding non-cash stock-based compensation	(50.4)
Taxes deemed settled with BD	(16.2)
Other Separation related adjustments, net	(11.4)
Net transfers to BD as reflected in the Consolidated Statements of Cash Flows	177.9
Share-based compensation expense	(8.5)
Pension expense	(3.6)
Net consideration paid to BD in connection with the Separation	1,266.0
Related party senior secured notes	197.0
Other transfers to (from) BD, net	84.1
Net transfers to BD	$ 1,712.9

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

Related Party Senior Secured Notes

On March 31, 2022, Embecta issued $200.0 million of senior secured notes to BD (the "Related Party Notes"). The Related Party Notes issued to BD were not issued for cash and instead were subject to a debt-for-debt exchange which occurred on April 1, 2022. As of April 1, 2022 t he Related Party Notes were reclassified to *Long-Term Debt* in the Consolidated Balance Sheets as the Related Party Notes are third party debt for periods post Separation. Refer to Note 13 for further information.

Note 5 — Collaboration Agreement

In March 2023, the Company entered into a collaboration agreement with a third-party to develop and commercialize an interoperable automated glycemic controller ("iAGC") to complement the Company's insulin patch pump currently in development. The Company believes that both parties are active participants in the operating activities of the collaboration and exposed to certain risks and rewards depending on commercial success. The transaction included an upfront payment

of $2.5 million for project costs, which was expensed to *Research and development expense* during the fiscal year ended September 30, 2023.

On November 22, 2024, the Company's Board of Directors approved a plan to discontinue internal and external investment in the research and development of the Company's patch pump program. The Company will refocus its research and development strategy on its core business. For additional information related to this matter, refer to Note 21.

Note 6 — Other Operating Expenses

In connection with the Separation, the Company incurred separation and stand-up costs of approximately $110.8 million, $92.7 million, and $44.7 million during the fiscal years ended September 30, 2024, 2023, and 2022, respectively. The costs incurred primarily consist of costs associated with accounting, auditing, legal services, marketing, supply chain, employee retention, the implementation of the Company's new ERP system, and certain other costs to establish certain Business Continuity Processes and stand-alone functions to assist with the transition to being a stand-alone entity.

During the fiscal year ended September 30, 2024, the Company recognized $6.3 million of costs associated with the amortization of cloud computing arrangements. For the fiscal years ended September 30, 2023 and 2022, there were no amortization of implementation costs associated with cloud computing arrangements due to the timing of when these projects were placed into service.

The Company recorded approximately $7.4 million and $5.6 million of severance costs related to the optimization of certain business functions during the fiscal years ended September 30, 2024, and 2023, respectively. These costs were primarily recorded in the U.S. and liabilities for costs associated with these activities were not material to any period presented. For the fiscal year ended September 30, 2022 severance costs were not material to the Company's Consolidated Statements of Income.

Note 7 — Contingencies

The Company is subject to potential liabilities under government regulations and various claims and legal actions that are pending or may be asserted from time-to-time. These matters arise in the ordinary course and conduct of the Company’s business and include, for example, commercial, product liability, breach of contract and tort, intellectual property, product liability, environmental, securities and employment matters. The Company intends to continue to defend itself vigorously in such matters and when warranted, take legal action against others. Furthermore, the Company regularly assesses contingencies to determine the degree of probability and range of possible loss for potential accrual in its financial statements.

An estimated loss contingency is accrued in the Company’s Financial Statements if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Based on the Company’s assessment, it has adequately accrued an amount for contingent liabilities currently in existence. The Company does not accrue amounts for liabilities that it does not believe are probable. Litigation is inherently unpredictable, and unfavorable resolutions could occur. As a result, assessing contingencies is highly subjective and requires judgment about future events. The amount of ultimate loss may exceed the Company’s current accruals, and it is possible that its cash flows or results of operations could be materially affected in any particular period by the unfavorable resolution of one or more of these contingencies.

The Company was not a party to any material legal proceedings at September 30, 2024 or September 30, 2023, nor is it a party to any material legal proceedings as of the date of issuance of these Consolidated Financial Statements.

Note 8 — Revenues

The Company’s policies for recognizing revenue have not changed from those described in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2023. The Company sells syringes, pen needles and other products used in the management of diabetes which are primarily sold to wholesalers and distributors that sell to retail and institutional channels who in turn sell to patients or use the products to deliver insulin injections to patients. 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 Consolidated Financial Statements.

The Company's gross revenues are subject to a variety of gross-to-net deductions which are recorded in the same period that the underlying revenues are recognized. Such variable consideration includes rebates, chargebacks, 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 variable consideration 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 variable consideration.

The Company's liability attributed to variable consideration at September 30, 2024 and September 30, 2023 was $149.6 million and $36.4 million, respectively. Sales deductions recorded as a reduction of gross revenues for the fiscal years ended September 30, 2024, 2023 and 2022 were $525.9 million, $411.1 million, and $336.4 million respectively.

Disaggregation of Revenues

Disaggregation of revenue by geographic region is provided within Note 9.

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* in the Consolidated Balance Sheets.

The Company's contract asset balance was $1.2 million as of each of September 30, 2024 and 2023.

Note 9 — Segment, Geographic, and Product Information

Operating segments are identified as components of an enterprise in which discrete financial information is available for evaluation by the 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.

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 large and small key account managers that call on payers, retailers, wholesalers and institutional customers, and field-based territory managers that call on health care providers and pharmacies. 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 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.

Revenues by geographic region are as follows:

	Year ended September 30,		
	2024	2023	2022
United States	$ 607.2	$ 601.4	$ 600.3
International[1]	515.9	519.4	529.2
Total	$ 1,123.1	$ 1,120.8	$ 1,129.5

(1) For the fiscal years ended September 30, 2024, 2023, and 2022 no individual country outside of the United States generated net revenues that represented more than 10.0% of total revenues.

Revenues by product family are as follows:

	Year ended September 30,		
	2024	2023	2022
Pen Needles	$ 844.4	$ 829.2	$ 824.6
Syringes	126.2	138.1	156.0
Safety	129.4	126.3	119.6
Other[1]	10.3	14.2	14.3
Contract Manufacturing	12.8	13.0	15.0
Total	$ 1,123.1	$ 1,120.8	$ 1,129.5

(1) In 2024, Other includes product sales for swabs and other accessories. In 2024, Other also includes the recognition of incremental Italian payback accruals resulting from two July 22, 2024 rulings by the Constitutional Court of Italy relating to certain prior years since 2015 which totaled $4.1 million.

Note 10 — Stock-Based Compensation

Periods Prior to Separation

Prior to the Separation, certain of the Company's employees participated in stock-based compensation plans sponsored by BD. Under these plans BD granted time-vested restricted stock units ("TVUs"), stock appreciation rights ("SARs"), and performance share units ("PSUs") to certain management level employees.

Prior to the Separation on April 1, 2022, share-based compensation expense in the Consolidated Statements of Income is representative of those employees who were dedicated to the Diabetes Care Business. Additionally, share-based compensation expense was allocated to the Diabetes Care Business for BD Corporate and Medical Segment employees who were not dedicated solely to the Diabetes Care Business. This stock-based compensation expense was allocated using a proportional cost allocation method and is included as a component of corporate allocations for periods prior to the Separation. The amounts presented for the periods prior to the Separation are not necessarily indicative of future awards and do not necessarily reflect the costs that the Company would have incurred as an independent company.

As of Separation Date and Periods Post Separation

In connection with the Separation, and in accordance with the EMA, Embecta's employees with outstanding former BD share-based awards received replacement share-based awards under the Plan. The ratio used to convert the BD share-based awards was designed to preserve the aggregate intrinsic value of the award immediately after the Separation when compared to the aggregate intrinsic value of the award immediately prior to Separation. As a result of the award modification, Embecta will incur $6.1 million of incremental stock-based compensation expense. Of this amount, $1.2 million, $1.8 million and $2.3 million was recognized during the fiscal years ended September 30, 2024, 2023 and 2022, respectively. $0.8 million will be recognized at a future date over the awards' remaining vesting period.

Effective April 1, 2022, Embecta established the Plan, as amended on February 7, 2024. A total of 10,189,000 shares of common stock are authorized under the Plan. The Plan provides for the grant of various types of awards including RSU awards, SARs, stock options, performance-based awards, and other stock-based awards. Under the Plan, the exercise price of awards, if any, is set on the grant date and may not be less than the fair market value per share on that date. Generally SARs have a term of ten years and a three or four year vesting period, subject to limited exceptions.

The Company recognizes stock-based compensation cost only for those stock-based awards that are estimated to ultimately vest over their requisite service period, based on the vesting provisions of the individual grants. The cumulative effect on current and prior periods of a change in the estimated forfeiture rate is recognized as compensation cost in earnings in the period of the change.

Stock-Based Compensation Expense

Total direct and allocated stock-based compensation expense for the fiscal years ended September 30, 2024, 2023, and 2022 and the respective income tax benefits recognized by the Company in the Consolidated Statements of Income are as follows:

	2024	2023	2022
Cost of products sold	$ 3.0	$ 2.2	$ 2.3
Selling and administrative expense	21.4	18.1	14.6
Research and development expense	2.2	1.6	1.8
Total Stock-Based Compensation Expense	$ 26.6	$ 21.9	$ 18.7
Tax benefit associated with stock-based compensation costs recognized	$ 3.2	$ 2.7	$ 2.9

The following table summarizes the Company's total stock-based compensation expense by classification of award:

	2024	2023	2022
Equity Awards	$ 26.3	$ 21.5	$ 18.7
Liability Awards	0.3	0.4	—
Total	$ 26.6	$ 21.9	$ 18.7

The following table summarizes the Company's total stock-based compensation expense by award type for the fiscal years ended September 30, 2024, 2023 and 2022, subsequent to the Separation:

	2024	2023	2022
Time-Vested Restricted Stock Units (TVUs)	$ 19.5	$ 16.2	$ 6.6
Performance-Based Restricted Stock Units (PSUs)	3.2	1.0	—
Stock Appreciation Rights (SARs)	3.9	4.7	3.7
Total	$ 26.6	$ 21.9	$ 10.3

Time Vested Restricted Stock Units

During the fiscal year ended September 30, 2024, Embecta granted 1,437,311 RSUs in the form of TVUs to employees which vest ratably over three years, subject to continued employment of the recipients. TVUs vest on a graded basis over a period of three years. The related stock-based compensation expense is recorded over the requisite service period, which is the vesting period or is based on retirement eligibility. The fair value of all TVUs is based on the market value of the Company's stock on the date of grant.

A summary of TVUs outstanding as of September 30, 2024 and changes during the fiscal year then ended is as follows:

	Stock Units (in thousands)	Weighted Average Grant Date Fair Value
Nonvested at October 1	1,188.8	$ 29.42
Granted	1,437.3	17.39
Distributed*	(553.9)	28.41
Forfeited, canceled or expired	(154.2)	21.29
Nonvested at September 30	1,918.0	$ 21.34
Expected to vest at September 30	1,823.1	$ 21.40

*The amounts distributed include shares withheld for taxes that are not formally issued to the market.

The weighted average grant date fair value of TVUs granted during the fiscal years 2024, 2023 and 2022 are as follows:

	2024	2023	2022
Weighted average grant date fair value of units granted	$ 17.39	$ 31.00	$ 31.23

The total fair value of TVUs vested during the fiscal years 2024, 2023 and 2022 was as follows:

	2024	2023	2022
Total fair value of units vested	$ 15.7	$ 10.9	$ 1.6

At September 30, 2024, the weighted average remaining vesting term of TVUs is 1.6 years.

Performance Based Restricted Stock Units

During the fiscal year ended September 30, 2024, Embecta awarded 553,235 RSUs in the form of PSUs to certain executive officers and employees which vest after three years, subject to continued employment of the recipients and the achievement of certain performance metric targets. The Company has identified certain performance metrics and targets that will be fully established at a future date. The Company has determined that the service inception date precedes the grant date for these awards as (a) the awards were authorized prior to establishing an accounting grant date, (b) the recipients began providing services prior to the grant date, and (c) there are performance conditions that, if not met by the accounting grant date, will result in the forfeiture of the awards. As the service inception date precedes the accounting grant date, the Company recognizes stock-based compensation expense for each separately-vesting tranche over the requisite service period based on the fair value at each reporting date. PSUs cliff vest on the third anniversary after grant date. The related stock-based compensation expense is recorded over the requisite service period, which is the vesting period or is based on retirement eligibility. The fair value of all PSUs is based on the market value of the Company's stock on the date of grant.

A summary of PSUs outstanding as of September 30, 2024 and changes during the fiscal year then ended is as follows:

	Stock Units (in thousands)	Weighted Average Grant Date Fair Value
Nonvested at October 1	57.8	$ 30.24
Forfeited, canceled or expired	(1.1)	30.24
Nonvested at September 30	56.7	$ 30.24
Expected to vest at September 30	53.5	$ 30.24

The weighted average grant date fair value of PSUs granted during the fiscal year 2023 is as follows:

	2023
Weighted average grant date fair value of units granted	$ 30.24

At September 30, 2024, the weighted average remaining vesting term of PSUs is 1.2 years.

Stock Appreciation Rights

SARs represent the right to receive, upon exercise, shares of common stock having a value equal to the difference between the market price of common stock on the date of exercise and the exercise price on the date of grant. SARs generally vest over a period of three to four years and have a term of ten years. The fair value of awards are estimated on the date of grant using a Black-Scholes-Merton ("BSM") model. The BSM assumptions include expected dividend yield, risk-free interest rate, volatility, and term of the SARs.

In connection with the SARs granted during 2022, the Company used the BSM to determine the fair value of the SARs as of the grant date. In applying this model, the Company uses both historical data and current market data to estimate the fair value of its SARs. The expected dividend yield is based on forecasted patterns of dividend payments. The risk-free interest rate is based on the rate at grant date of zero-coupon United States Treasury Notes with a term equal to the expected term of the SAR. Expected volatility is estimated using historical volatility. Due to the lack of trading history of Embecta's stock at the time of valuation efforts, the historical component of expected volatility is based on historical monthly price changes of the peer group within the industry. BD's historical data for Embecta employees was used to estimate equity award exercise and employee termination behavior within the valuation model. The expected term represents the amount of time that SARs granted are expected to be outstanding based on historical and forecasted exercise behavior. The weighted average fair value of SARs was determined using the following assumptions:

	2022
Risk-free interest rate	2.5 %
Expected volatility	37.8 %
Expected dividend yield	2.9 %
Expected life	6.5
Fair value per SAR	$ 9.38

A summary of SARs outstanding as of September 30, 2024 and changes during the fiscal year then ended is as follows:

	SARs (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Balance at October 1	1,831.7	$ 29.06		
Forfeited, canceled or expired	(71.3)	$ 27.70		
Balance at September 30	1,760.4	$ 29.11	6.7	$ —
Vested and expected to vest at September 30	1,709.7	$ 29.09	6.7	$ —
Exercisable at September 30	838.8	$ 28.03	6.1	$ —

A summary of SARs exercised during the fiscal years 2023 and 2022 is as follows:

	2023	2022
Total intrinsic value of SARs exercised	$ 0.3	$ 0.1
Total fair value of SARs exercised	$ 0.6	$ 6.1

Unrecognized Compensation Expense and Other Stock Plans

The amount of unrecognized compensation expense for all non-vested stock-based awards as of September 30, 2024, is approximately $29.5 million, which is expected to be recognized over a weighted-average remaining life of approximately 1.7 years. At September 30, 2024, 2.7 million shares were authorized for future grants under the Plan.

Note 11 — Goodwill and Other Intangible Assets

Goodwill and Other Intangible Assets consisted of:

	Weighted Average Amortization Period (Years)	September 30, 2024	September 30, 2023
Amortized intangible assets			
Patents – gross	11.4	$ 10.8	$ 10.6
Less: accumulated amortization		(5.1)	(4.5)
Patents – net		$ 5.7	$ 6.1
Customer Relationships and Other – gross	4.8	$ 5.2	$ 5.4
Less: accumulated amortization		(2.8)	(2.4)
Customer Relationships and Other – net		$ 2.4	$ 3.0
Total amortized intangible assets		$ 8.1	$ 9.1
Goodwill		15.6	15.6
Total Goodwill and Other Intangible Assets		$ 23.7	$ 24.7

Intangible asset amortization expense was $1.1 million for the fiscal year ended September 30, 2024, $1.2 million for the fiscal year ended September 30, 2023 and $0.7 million for the fiscal year ended September 30, 2022, respectively. The estimated intangible asset amortization expense for each of the fiscal years ended September 30, 2025 through 2029 is expected to approximate $1.1 million per year and $2.8 million for fiscal years subsequent thereafter.

Note 12 — Cloud Computing Arrangements

Capitalized costs to implement cloud computing arrangements and accumulated amortization were as follows:

	September 30, 2024	September 30, 2023
Short-term portion	$ 10.2	$ —
Long-term portion	60.6	38.0
Total Capitalized implementation costs	$ 70.8	$ 38.0
Less: accumulated amortization	(6.3)	—
Total Capitalized implementation costs, net	$ 64.5	$ 38.0

Costs amortized during the fiscal year ended September 30, 2024 were $6.3 million, and are included in *Other operating expenses*. For the fiscal years ended September 30, 2023 and 2022 there were no costs recognized related to the implementation of these cloud computing arrangements due to the timing of when these projects were placed into service. As of September 30, 2024, cloud computing arrangement assets in-service have remaining useful lives which range from approximately two to eight years.

Note 13 — Long-Term Debt

5.00% Senior Secured Notes due 2030

On February 10, 2022 Embecta issued $500.0 million aggregate principal amount of 5.00% senior secured notes due February 15, 2030 (the “5.00% Notes”). Interest payments on the 5.00% Notes are due semi-annually in February and August until maturity.

6.75% Senior Secured Notes due 2030

On March 31, 2022, Embecta issued $200.0 million of 6.75% Related Party Notes at a discount of $3.0 million. The Related Party Notes issued to BD were not issued for cash and instead were subject to a debt-for-debt exchange which occurred on April 1, 2022. As such, the issuance of the Related Party Notes is a non-cash financing activity and is not presented in the Consolidated Statements of Cash Flows for the fiscal year ended September 30, 2022.

On April 1, 2022, BD transferred the Related Party Notes with a notional value of $200.0 million issued by Embecta to Morgan Stanley in exchange for certain notes of BD that were purchased by Morgan Stanley pursuant to a tender offer. Morgan Stanley then sold the senior secured notes to qualified institutional buyers in the United States pursuant to Rule 144A under the Securities Act of 1933, as amended. As of April 1, 2022, the 6.75% senior secured notes (the "6.75% Notes") became third party debt of Embecta. Interest payments on the 6.75% Notes are due semi-annually in February and August until maturity. The 6.75% Notes will mature on February 15, 2030.

Credit Agreement

On March 31, 2022, Embecta entered into a credit agreement (the “Credit Agreement”), providing for:

- a Term Loan B Facility (the "Term Loan") in the amount of $950.0 million, with a seven-year term that matures in March 2029. The interest rate is 300 basis points over the secured overnight financing rate (“SOFR”), with a 0.50% SOFR floor. The Term Loan was issued at a discount of 0.50%. Principal and interest payments on the Term Loan commenced on June 30, 2022. Such quarterly principal payments are calculated as 0.25% of the initial principal amount, with the remaining balance payable upon maturity. Per the terms of the Credit Agreement, the Company may from time to time voluntarily prepay the Term Loan in whole or in part without premium or penalty subject to certain exceptions.
- a Revolving Credit Facility (the "Revolving Credit Facility") in an aggregate principal amount of up to $500.0 million, with a five-year term that matures in 2027. Borrowings under the Revolving Credit Facility bear interest, at Embecta’s option, at an annual rate equal to (a) in the case of loans denominated in United States dollars (i) the SOFR or (ii) the alternate base rate or (b) in the case of loans denominated in Euros, the EURIBOR rate, in each case plus an applicable margin specified in the credit agreement. A commitment fee applies to the unused portion of the Revolving Credit Facility, equal to 0.25% per annum. As of September 30, 2024, no amount has been drawn on the Revolving Credit Facility.

The Credit Agreement and the senior secured notes are secured by substantially all assets of Embecta and each subsidiary guarantor, subject to certain exceptions.

The Credit Agreement and the indentures for Embecta's outstanding 5.00% Notes and 6.75% Notes contain customary financial covenants, including a total net leverage ratio covenant, which measures the ratio of (i) consolidated total net debt to (ii) consolidated earnings before interest, taxes, depreciation and amortization, and subject to other adjustments, must

meet certain defined limits which are tested on a quarterly basis in accordance with the terms of the Credit Agreement and the 5.00% Notes and 6.75% Notes. In addition, the Credit Agreement contains covenants that will limit, among other things, Embecta's ability to prepay, redeem or repurchase its subordinated and junior lien debt, incur additional debt, make acquisitions, merge with other entities, pay dividends or distributions, redeem or repurchase equity interests, and create or become subject to liens.

The following is a summary of Embecta's total debt outstanding as of September 30, 2024:

Term Loan due March 2029	$	901.3
5.00% Notes due February 2030		500.0
6.75% Notes due February 2030		200.0
Total principal debt issued	$	1,601.3
Less: current debt obligations		(9.5)
Less: debt issuance costs and discounts		(26.5)
Long-term debt	$	1,565.3

The debt issuance costs on the Term Loan, 5.00% Notes, 6.75% Notes and the discount on the Term Loan are reported in the Consolidated Balance Sheets as a reduction of debt and are amortized as a component of *Interest expense, net* over the term of the related debt using the effective interest method.

In September 2024, the Company made a discretionary prepayment of $25.0 million on the Term Loan. Debt extinguishment charges as a result of this prepayment were not material to the Company's Consolidated Statements of Income.

The Company made interest payments of $117.7 million related to its debt outstanding during the fiscal year ended September 30, 2024.

The schedule of principal payments required on long-term debt for the next five fiscal years and thereafter is as follows:

2025	$	9.5
2026		9.5
2027		9.5
2028		9.5
2029		863.3
Thereafter		700.0

Certain measures relating to our total debt outstanding as of September 30, 2024 were as follows:

Total debt	$	1,574.8
Short-term debt as a percentage of total debt		0.6 %
Weighted average cost of total debt		6.8 %

The estimated fair value of long-term debt (including current portion) at September 30, 2024 was $1,527.3 million compared with a carrying value (which includes a reduction for unamortized debt issuance costs and discounts) of $1,574.8 million. Fair value was estimated using inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability and would be considered Level 2 in the fair value hierarchy.

Note 14 — Earnings per Share

The calculation of earnings per basic and diluted common share for the fiscal years ended September 30, 2024, 2023 and 2022 were as follows:

($ in millions and shares in thousands, except per share amounts)	2024	2023	2022
Net Income attributable to Embecta	$ 78.3	$ 70.4	$ 223.6
Basic weighted average number of shares outstanding	57,681	57,248	57,024
Stock awards and equity units (share equivalent)	645	510	437
Diluted weighted average shares outstanding	58,326	57,758	57,461
Earnings per common share - Basic	$ 1.36	$ 1.23	$ 3.92
Earnings per common share - Diluted	$ 1.34	$ 1.22	$ 3.89

The computation of earnings per diluted share excludes the effect of the potential exercise of stock-based awards, when the effect of the potential exercise would be anti-dilutive. As of September 30, 2024, 2.8 million of dilutive share equivalents issuable under stock-based compensation plans were excluded from the diluted shares outstanding calculation because the result would have been antidilutive. As of both September 30, 2023 and September 30, 2022, 1.8 million of dilutive share equivalents issuable under stock-based compensation plans were excluded from the diluted shares outstanding calculation because the result would have been antidilutive.

Note 15 — Income Taxes

Income (Loss) Before Income Taxes

The components of *Income Before Income Taxes* for the fiscal years ended September 30 consisted of:

	2024	2023	2022
Domestic	$ (116.7)	$ (100.9)	$ (29.1)
Foreign	160.9	206.6	285.7
Income before income taxes	$ 44.2	$ 105.7	$ 256.6

Provision (benefit) for Income Taxes

The provision (benefit) for income taxes for the fiscal years ended September 30 consisted of:

	2024	2023	2022
Current:			
Federal	$ 23.4	$ 2.6	$ 20.4
State	2.0	(0.8)	3.4
Foreign	11.1	19.2	35.7
	$ 36.5	$ 21.0	$ 59.5
Deferred:			
Federal	$ (44.1)	$ 5.9	$ (31.1)
State	(4.6)	0.7	(4.6)
Foreign	(21.9)	7.7	9.2
	$ (70.6)	$ 14.3	$ (26.5)
Income tax provision (benefit)	$ (34.1)	$ 35.3	$ 33.0

The Company's income tax provision for the first half of fiscal 2022 was prepared using a separate return method. The separate return method applies the accounting guidance for income taxes to the standalone financial statements as if the Company was a separate taxpayer and a standalone enterprise. The Company believes the assumptions supporting the allocation and presentation of income taxes on a separate return basis are reasonable.

For a portion of fiscal year 2022, the Company's domestic and foreign operations were included in BD's domestic consolidated and foreign tax returns, and payments to all tax authorities were made by BD on the Company's behalf. The Company filed its own foreign tax return and made its own foreign tax payments in Ireland. The Company's current tax liabilities computed under the separate return method were considered to be effectively settled in the consolidated financial statements at the time the transaction was recorded, with the offset recorded against Net parent investment.

Tax Rate Reconciliation

A reconciliation of federal statutory tax rate to the Company's effective income tax rate was as follows:

	2024	2023	2022
Federal statutory tax rate	21.0 %	21.0 %	21.0 %
State and local income taxes, net of federal tax benefit	(6.8)	—	(0.8)
Foreign income tax at rates other than 21%	(43.4)	(17.3)	(7.0)
US tax on foreign earnings	2.7	12.5	0.2
Taxes on unremitted foreign earnings	(40.6)	11.1	3.2
Tax reserves	14.5	(0.4)	(1.8)
Valuation allowances	41.9	14.0	—
Tax credits	(7.5)	(1.5)	(0.7)
Tax law changes	(65.0)	—	—
Nontaxable items	(12.2)	(8.6)	(1.1)
Nondeductible expenses	16.5	2.5	—
Other, net	1.8	0.1	(0.1)
Effective income tax rate	(77.1)%	33.4 %	12.9 %

The decrease in the Company's effective income tax rate for fiscal year 2024 as compared to fiscal year 2023 was primarily due to a reduction in withholding taxes on unremitted earnings of foreign subsidiaries related to the expiration of a two-year stock holding period requirement in Switzerland, the recognition of deferred tax assets from Switzerland tax reform, changes in the geographical mix of earnings and overall lower pre-tax earnings; partially offset by an increase in uncertain tax positions and non-deductible expenses.

The increase in the Company's effective income tax rate for fiscal year 2023 as compared to fiscal year 2022 was primarily due to the establishment of a valuation allowance against interest expense carryforwards in the U.S., an increase in U.S. tax on foreign earnings primarily because of limitations on the utilization of foreign tax credits and higher withholding taxes on unremitted foreign earnings; partially offset by increased tax benefits from non-taxable items and change in geographical mix of earnings. For fiscal year 2023, the Other, net included a tax benefit for the establishment of net deferred tax assets incurred in connection with the ongoing separation of the Diabetes Care Business from BD, partially offset by a return to provision adjustment from the prior fiscal year.

Deferred Income Taxes

Deferred income taxes at September 30 consisted of:

	2024	2023
Deferred tax assets:		
Compensation and benefits	$ 13.2	$ 9.7
Accruals and reserves	23.8	9.1
Intangibles	46.4	24.6
Property, plant and equipment	10.7	11.7
Capitalized research and development expenses	25.9	16.6
Leases	11.6	12.9
Deferred income	13.3	—
Interest expense carryforwards	27.8	16.4
Tax loss and credit carryforwards	12.5	6.6
Other	5.9	2.1
Gross deferred tax assets before valuation allowance	$ 191.1	$ 109.7
Valuation allowance	$ (50.2)	$ (31.6)
Total deferred tax assets	$ 140.9	$ 78.1
Deferred tax liabilities:		
Taxes on unremitted foreign earnings	$ (1.9)	$ (20.5)
Right of use asset	(12.1)	(12.8)
Capitalized cloud computing costs	(10.7)	—
Total deferred tax liabilities	$ (24.7)	(33.3)
Net deferred tax assets (liabilities) (i)	$ 116.2	$ 44.8

i. Net deferred tax assets are included in *Deferred Income Taxes and Other Assets* and net deferred tax liabilities are included in *Deferred Income Taxes and Other Liabilities* in the Consolidated Balance Sheets.

Deferred tax assets and liabilities are netted in the Consolidated Balance Sheets by separate tax jurisdictions.

As of September 30, 2024 and September 30, 2023, the Company has recorded deferred taxes on undistributed earnings of its foreign subsidiaries.

During fiscal year 2024, the Company recorded a tax benefit of approximately $16.8 million related to a reversal of taxes on unremitted foreign earnings due to the expiration of certain holding period requirements for stock ownership in its foreign affiliate. In addition, the Company recorded a tax benefit of approximately $28.7 million (before valuation allowance) related to the recognition of deferred tax assets for future amortization deductions and tax credits resulting from tax law changes in Switzerland. As of September 30, 2024, the Company has recorded valuation allowances of $50.2 million due to uncertainty that exists regarding the future realizability of certain deferred tax assets, primarily for interest expense carryforwards in the U.S. related to limitations on the annual deductibility of such interest, annual limitations on utilization of amortization deductions and tax credits in Switzerland, state tax credits and deferred tax assets related to certain foreign manufacturing operations

As of September 30, 2023, the Company has recorded valuation allowances of $31.6 million due to the uncertainty that exists regarding future realizability of certain deferred tax assets primarily for interest expense carryforwards in the U.S. related to limitations on the annual deductibility of such interest, state net operating losses, state tax credits and deferred tax assets related to certain foreign manufacturing operations.

The approximate tax benefit related to a tax holiday in Switzerland is $0.7 million and $0.01 impact on diluted earnings per share in fiscal year 2024. The Company will no longer receive tax benefits from the tax holiday beginning in 2025.

As of September 30, 2024, the Company had tax loss and credit carryforwards of approximately $3.1 million of state income tax credit carryforwards, $6.3 million of Switzerland cantonal tax credit carryforwards and $3.1 million in net operating loss carryforwards in various jurisdictions. Approximately $0.3 million of net operating loss carryforwards will not expire and the remaining carryforwards expire in varying amounts from 2028 through 2044.

Unrecognized Tax Benefits

The table below summarizes the gross amounts of unrecognized tax benefits without regard to reduction in tax liabilities or additions to deferred tax assets and liabilities if such unrecognized tax benefits were settled.

	2024	2023	2022
Balance at October 1	$ 9.4	$ 5.7	$ 16.0
Increase due to current year tax positions	8.9	5.0	1.0
Increase due to prior year tax positions	2.1	3.7	—
Decrease due to prior year tax positions	(6.9)	(0.3)	(6.7)
Decrease due to settlements with tax authorities	—	—	—
Decrease due to lapse of statute of limitations	—	(4.7)	(4.6)
Balance at September 30	$ 13.5	$ 9.4	$ 5.7
Unrecognized tax benefits including interest and penalties that would affect the effective tax rate if recognized	$ 13.6	$ 7.2	$ 7.2

For a portion of fiscal year 2022, the Company's domestic and foreign operations were included in BD's domestic consolidated and foreign tax returns, with the exception of Ireland.

The Company conducts business and files tax returns in numerous countries and currently has no tax audits in progress for the period after the Separation.

The following were included for the fiscal years ended September 30 as a component of *Income tax provision (benefit)* in the Consolidated Statements of Income and the Consolidated Balance Sheets.

	2024	2023	2022
Interest and penalties expense (benefit) associated with unrecognized tax benefits on the Consolidated Statements of Income	$ —	$ (1.2)	$ (1.5)
Interest and penalties associated with unrecognized tax benefits on the Consolidated Balance Sheets	0.1	0.2	1.5

Note 16 — Financial Instruments and Fair Value Measurements

The following reconciles *Cash and equivalents* and *Restricted cash* reported within the Consolidated Balance Sheets as of September 30, 2024 and September 30, 2023, to the total amounts shown in the Consolidated Statements of Cash Flows:

	September 30, 2024	September 30, 2023
Cash and equivalents	$ 267.5	$ 326.3
Restricted cash	6.7	0.2
Cash and equivalents and restricted cash	$ 274.2	$ 326.5

Cash and equivalents includes cash held in money market funds and other cash equivalents. All cash and equivalents are Level 1 in the fair value hierarchy. Interest income on *Cash and equivalents* was $12.0 million and $9.4 million for the fiscal years ended September 30, 2024 and 2023, respectively, and is included as a component of *Interest expense, net*. For the fiscal year ended September 30, 2022, interest income was not material to the Company's Consolidated Statements of Income. Restricted cash consists of cash not readily available for use in the Company's operating activities. The Company's restricted cash balance is primarily pledged as collateral for bank guarantees related to certain customer performance guarantees and property leases internationally.

Foreign Currency Risks and Related Strategies

The Company has foreign currency exposures throughout Europe, Asia, Canada, and Latin America. 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 primarily through the use of forward contracts.

The notional amounts of the Company's foreign currency-related derivative instruments were as follows:

	Hedge Designation	September 30, 2024	September 30, 2023
Foreign exchange contracts (a)	Undesignated	$ 4.5	$ 6.7

a. Represent hedges of transactional foreign exchange exposures resulting primarily from intercompany payables and receivables. Gains and losses on these instruments are recognized immediately in *Other income (expense), net*. 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. Gains and losses recognized to date on these instruments were not material to the Company's Consolidated Financial Statements.

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.

During the fiscal year ended September 30, 2023, the Company recorded impairment charges of $2.5 million related to the abandonment of certain manufacturing equipment in China that is no longer in use that was inherited as part of the Separation from BD. These assets were previously included as a component of *Machinery, equipment and fixtures* within *Property, Plant and Equipment*. The impairment charges are recognized within *Impairment expense* in the Consolidated Statements of Income.

During the fiscal year ended September 30, 2022, the Company recorded impairment charges of $58.9 million related to the abandonment of certain manufacturing production lines in the United States that are no longer expected to be completed. These assets were previously included as a component of *Construction in progress* within *Property, Plant and Equipment*. The impairment charges are recognized within *Impairment expense* in the Consolidated Statements of Income.

Concentration of Credit Risk

Three of the Company’s customers represented at least 10.0% of total gross revenues individually and, in the aggregate, represented approximately 41.3%, 40.2% and 40.1% for the fiscal years ended September 30, 2024, 2023 and 2022 respectively.

One of the Company's customers represented at least 10.0% of total gross trade receivables individually and represented approximately 11.1% as of September 30, 2024.

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.

Note 17 — Property, Plant and Equipment

Property, Plant and Equipment, Net consisted of:

	As of September 30, 2024	As of September 30, 2023
Land	$ 3.1	$ 2.3
Buildings	121.7	124.5
Machinery, equipment and fixtures	607.3	567.2
Leasehold improvements	11.9	9.1
Construction in progress	35.1	44.8
	$ 779.1	$ 747.9
Less: accumulated depreciation	(488.7)	(447.7)
Total Property, Plant and Equipment, Net	$ 290.4	$ 300.2

During the fiscal year ended September 30, 2023, the Company recorded impairment charges of $2.5 million related to the abandonment of certain manufacturing equipment in China that is no longer in use that was inherited as part of the Separation from BD. These assets were previously included as a component of *Machinery, equipment and fixtures* within *Property, Plant and Equipment*.

During the fiscal year ended September 30, 2022, the Company recorded impairment charges of $58.9 million related to the abandonment of certain manufacturing production lines in the United States that are no longer expected to be completed. These assets were previously included as a component of *Construction in progress* within *Property, Plant and Equipment*. The impairment charges are recognized within *Impairment expense* in the Consolidated Statements of Income.

Note 18 — Leases

Finance Lease

In conjunction with the Separation, we entered into a lease agreement with BD pursuant to which the Company would lease approximately 278,000 square feet of manufacturing space and equipment at BD's manufacturing facility in Holdrege, Nebraska for an initial term of ten years and an option for the Company to extend the lease term for an additional period of up to five years. This lease is classified as a finance lease.

Operating Leases

The Company's operating leases primarily relate to its real estate leases that are not classified as finance leases. The Company entered into a real estate lease for a new Corporate Headquarters located in Parsippany, NJ which commenced during the second quarter of fiscal year 2023 for an initial term of ten years. The Company has options to extend the lease for additional period of six years and to extend for a subsequent additional period of four years, after the expiration of the first extension period.

Aggregate Lease Information

The Company's leases are included in its Consolidated Balance Sheets as follows:

	As of September 30, 2024	As of September 30, 2023
Finance Lease		
Property, Plant, and Equipment, Net	$ 30.8	$ 33.1
Total Finance Lease Assets	$ 30.8	$ 33.1
Current finance lease liabilities	$ 3.4	$ 3.6
Non Current Finance Lease Liabilities	30.2	31.5
Total Finance Lease Liabilities	$ 33.6	$ 35.1
Weighted-average remaining lease term (years)	12.5	13.5
Weighted-average discount rate	6.8 %	6.8 %
Operating Leases		
Deferred Income Taxes and Other Assets	$ 22.6	$ 23.0
Total Operating Lease Assets	$ 22.6	$ 23.0
Accrued expenses	$ 6.0	$ 5.9
Deferred Income Taxes and Other Liabilities	11.9	15.4
Total Operating Lease Liabilities	$ 17.9	$ 21.3
Weighted-average remaining lease term (years)	6.3	7.3
Weighted-average discount rate	6.5 %	6.9 %

Lease costs incurred are as follows:

(in millions)	Classification	2024	2023
Operating lease expense	Selling and administrative and Research and Development expense	$ 7.5	$ 4.5
Finance lease cost:			
Depreciation of lease assets	Cost of products sold	2.5	2.4
Interest on lease liabilities	Interest expense, net	2.4	2.4
Total lease cost		$ 12.4	$ 9.3

For the fiscal year ended September 30, 2022, operating lease costs and finance lease costs were not material to the Company's Consolidated Statements of Income.

Supplemental cash flow information related to leases was as follows as of September 30, 2024, 2023 and 2022:

	September 30, 2024	September 30, 2023	September 30, 2022
Right of use assets obtained in exchange for lease liabilities			
Finance Lease	$ —	$ —	$ 36.7
Operating Leases	3.0	19.0	2.8

	September 30, 2024	September 30, 2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from Operating Leases	$ 6.4	$ 2.9
Financing cash flows from Finance Lease	1.3	1.2
Operating cash flows from Finance Lease	2.4	2.4

For the fiscal year ended September 30, 2022, cash paid for amounts included in the measurement of lease liabilities was not material.

Maturities of the Company's finance and operating lease liabilities as of September 30, 2024 by fiscal year are as follows:

	Finance Leases	Operating Leases	Total
2025	3.7	6.2	9.9
2026	3.7	3.4	7.1
2027	3.8	1.8	5.6
2028	3.9	1.8	5.7
2029	3.9	1.7	5.6
Thereafter	32.3	7.3	39.6
Total lease payments	$ 51.3	$ 22.2	$ 73.5
Less: amount representing interest	17.7	4.3	22.0
Present value of lease liabilities	$ 33.6	$ 17.9	$ 51.5

Note 19 — Benefit Plans

Defined Benefit Plans

Prior to the Separation on April 1, 2022, Embecta participated in BD's non-United States plans. BD has defined benefit pension plans covering eligible employees in certain of its international subsidiaries. The Company participated in BD's benefit plans as though it was a participant in a multi-employer plan with the other businesses of BD. The retirement benefits accounting guidance provides that liabilities beyond any contributions currently due and unpaid are not required to be reported. For the period prior to the Separation, the Consolidated Statements of Income include expense allocations for these benefits, which were determined using a proportional allocation method. Total benefit plan expense allocated to the Company for the fiscal year ended September 30, 2022 was $3.6 million. Except for deferred closing countries, the Company's participation in the defined pension and postretirement benefit plans sponsored by BD concluded upon the completion of the Separation on April 1, 2022.

As of April 1, 2022, Embecta became the plan sponsor for certain global defined benefit pension plans. These Consolidated Financial Statements reflect the periodic benefit costs and funded status of such plans. The Company uses September 30 as the year-end measurement date. Of the plans, the defined benefit pension plan covering employees in Switzerland (the "Swiss Plan") is the only defined benefit pension plan material to the Company's Consolidated Financial Statements.

The Company's Swiss Plan is a government-mandated retirement account balance plan. Companies within the Swiss regulatory environment have substantial freedom in setting their pension plan design (e.g. with regards to the salary covered, level of retirement benefits, or overall benefit design) provided the benefits are always at least equal to the minimum requirements as defined by law. Most employers provide higher benefits than those required by law, which is the case for Embecta. The minimum level of retirement benefit is expressed by a cash balance formula with age-related contribution rates (or "retirement credits") based on an insured salary defined by law, and a minimum required interest crediting rate which is set by the government (1.25% in 2024, and 1.00% in 2023 and 2022). The sum of the Company's contributions should be at least equal to the sum of employee contributions. Contributions to the Swiss Plan are invested into a diversified fund managed by an investment fiduciary. As of September 30, 2024 and 2023, the Swiss plan had an unfunded net pension obligation of $4.0 million and $1.9 million, respectively, and plan assets that totaled $18.4 million, and $14.1 million, respectively. Net periodic benefit cost was not material to the Company's Consolidated Statements of Income for any period presented.

Defined Contribution Plans

The Company has various defined contribution savings plans that cover substantially all employees in the United States, Ireland, and Japan. The Company matches a certain percentage of each employee’s contributions as per the provisions of the plans. Total employer contributions by the Company to the plans were $15.1 million, $14.1 million and $8.9 million for the fiscal years ended September 30, 2024, 2023 and 2022, respectively.

Between April 1, 2022 and September 30, 2022, BD remained the defined benefit pension plan sponsor for certain Embecta employees in Ireland. The Company accounts for this plan as though it was a participant in a multi-employer plan with other businesses of BD. The amount of contributions to BD for this plan are included in the amounts noted above. At the Separation Date, Embecta effectuated an Embecta sponsored defined contribution pension plan for certain other employees in Ireland. On October 1, 2022, any Embecta employees who remained participating in the BD defined benefit pension plan ceased participating and these employees began participating in an Embecta sponsored defined contribution pension plan that was effectuated at the Separation Date.

Deferred Compensation Plan

On the date of the Separation, the Company established a Deferred Compensation Plan in which certain directors and employees of the Company may defer the payment and taxation of up to 75% of their base salary and up to 100% of bonus amounts and other eligible cash compensation. A participant's deferrals are “invested” at the direction of the employee in a hypothetical portfolio of investments which are tracked by an administrator. The amounts accrued under this plan were $10.0 million and $6.1 million as of September 30, 2024 and 2023, respectively.

Note 20 — Supplemental Financial Information

Trade Receivables, Net

The amounts recognized in fiscal years 2024, 2023 and 2022 relating to allowances for doubtful accounts and cash discounts, which are netted against trade receivables, are provided in the following table:

	Allowance for Doubtful Accounts		Allowance for Cash Discounts	Total
Balance at September 30, 2021	(3.1)		(3.1)	(6.2)
Additions charged to costs and expenses	(0.3)		(18.1)	(18.4)
Deductions and other	2.1	(b)	21.1	23.2
Balance at September 30, 2022	(1.3)		(0.1)	(1.4)
Additions charged to costs and expenses	(0.2)		(18.7)	(18.9)
Deductions and other	0.5	(a)	18.8	19.3
Balance at September 30, 2023	(1.0)		—	(1.0)
Additions charged to costs and expenses	(2.2)		(17.5)	(19.7)
Deductions and other	0.4	(a)	(3.6)	(3.2)
Balance at September 30, 2024	(2.8)		(21.1)	(23.9)

(a) Accounts written off

(b) Amounts factored to BD

Long-Lived Assets

Long-lived assets, which include *Property, Plant and Equipment, net*, and *Goodwill and Other Intangibles, net,* by geographic area where located at September 30, 2024 and 2023 is as follows:

	2024	2023
United States	$ 105.0	$ 109.2
Europe, Middle East, and Africa	170.8	176.9
Asia	37.2	38.4
Other	1.1	0.4
	$ 314.1	$ 324.9

Note 21 — Subsequent Events

Discontinuation of the patch pump program

On November 22, 2024, the Company's Board of Directors approved a plan to discontinue internal and external investment in the research and development of the Company's patch pump program. The Company will refocus its investment on its core business while looking to optimize free cash flow and strengthen its balance sheet by paying down debt. As a result of this decision, the Company will undergo an organizational restructuring (the "Restructuring Plan"). In addition, the Company intends to discontinue its plans to manufacture and commercialize the insulin delivery system, including the previous intended limited launch.

The Company estimates that it will incur approximately $25 million - $30 million in pre-tax cash-based charges primarily associated with employee severance payments and benefits related to the workforce reduction. The Company expects that the majority of the restructuring charges related to the workforce reduction will be incurred in the first quarter of fiscal 2025 and that the implementation of the workforce reduction, including cash payments, will be substantially complete by the end of the second quarter of fiscal 2025.

The Company estimates that it will incur approximately $10 million - $15 million of additional pre-tax non-cash charges related to asset impairments and asset write-offs. These preliminary estimates may be revised following the completion of the ongoing analysis of the expected additional pre-tax non-cash charges associated with the implementation of the Restructuring Plan.

The estimates of the pre-tax cash charges and additional charges that the Company expects to incur in connection with the Restructuring Plan, and the timing thereof, are subject to a number of assumptions and actual amounts may differ

materially from estimates. In addition, the Company may incur other pre-tax cash charges or additional charges not currently contemplated due to unanticipated events that may occur, including in connection with the implementation of the Restructuring Plan.

Performance-Based and Time-Vested Restricted Stock Units

In November 2024 and pursuant to the Plan, the Company granted approximately 1.4 million TVUs in connection with the Company's annual grant which vest on a graded basis over a period of three years, subject to continuous service to the Company by the employee.

The Company also awarded approximately 0.5 million PSUs to certain executive officers and employees in connection with the Company's annual grant which vest after three years, subject to continued employment of the recipients and the achievement of certain performance metric targets. The Company has identified certain performance metrics and targets that will be fully established at a future date. The Company has determined that the service inception date precedes the grant date for these awards as (a) the awards were authorized prior to establishing an accounting grant date, (b) the recipients began providing services prior to the grant date, and (c) there are performance conditions that, if not met by the accounting grant date, will result in the forfeiture of the awards.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosures.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure 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 September 30, 2024. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these controls and procedures were, as of the end of the period covered by this Annual Report on Form 10-K, not effective due to a material weakness in the Company's internal control over financial reporting related to the design and operation of certain process and management review controls, including management's review activities for account reconciliations and analyses that were executed for the first time during fiscal year 2024 subsequent to the first and second phases of the Company's ERP system implementation which is further described below.

In 2022, the Company commenced the process of implementing a new ERP system and other Business Continuity Processes to replace the existing systems provided by BD. The ERP system is designed to accurately maintain the Company's financial records used to report operating results. The implementation of the ERP system and other Business Continuity Processes is highly complex and has occurred and will continue to occur in phases across our geographies. The first phase of the implementation began in the fourth quarter of fiscal year 2023. The second phase began in the first quarter of fiscal year 2024 and continued through fiscal year 2024 in North America, EMEA and Greater China. The first and second phases of the implementation are now complete. The remaining third and fourth phases include Latin America and India, respectively. The third phase was completed in the first quarter of fiscal 2025. The fourth and final phase is expected to be completed in fiscal year 2025 subsequent to the date of this Annual Report on Form 10-K. A standardized internal control framework is implemented with each phase as the Company moves away from relying on BD's systems and controls. Since the fourth and final phase has not yet been completed as of the date of this Annual Report on Form 10-K, the Company continues to rely on certain processes and internal control over financial reporting performed by BD.

Management's Responsibilities

The financial statements included in Item 8 of this Annual Report on Form 10-K have been prepared by the Company's management in conformity with U.S. generally accepted accounting principles and include, where required, amounts based on the best estimates and judgments of management. The integrity and objectivity of data in the financial statements and elsewhere in this Annual Report on Form 10-K are the responsibility of the Company's management.

In fulfilling its responsibilities for the integrity of the data presented and to safeguard the Company's assets, management employs a system of internal accounting controls designed to provide reasonable assurance, at appropriate cost, that the Company's assets are protected and that transactions are appropriately authorized, recorded and summarized. This system of control is supported by the selection of qualified personnel, by organizational assignments that provide appropriate delegation of authority and division of responsibilities, and by the dissemination of written policies and procedures. This control structure is further reinforced by a program of internal audits, including a policy that requires responsive action by management.

The Board of Directors monitors the internal control system, including internal accounting and financial reporting controls, through its Audit Committee, which consists of three independent Directors. The Audit Committee meets periodically with the independent registered public accounting firm, the internal auditors and management to review the work of each and to satisfy itself that they are properly discharging their responsibilities. The independent registered public accounting firm and the internal auditors have full and free access to the Audit Committee and meet with its members, with and without management present, to discuss the scope and results of their audits including internal control, auditing and financial reporting matters.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Securities Act of 1934, as amended. Management conducted an assessment of the effectiveness of internal control over financial reporting based on the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework).

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

In connection with the preparation and filing of this Annual Report on Form 10-K, the Company's management, including our Chief Executive Officer and our Chief Financial Officer, conducted an evaluation of the effectiveness of its internal control over financial reporting as of September 30, 2024. Based on this evaluation, management concluded that the Company's internal control over financial reporting was not effective as of September 30, 2024, due to a material weakness in its internal controls related to the design and operation of certain process and management review controls, including certain account reconciliations and analyses. Subsequent to the first and second phases of ERP implementation, the Company instituted new Control Activities. Specifically, these newly designed Control Activities were executed for the first time in fiscal year 2024. Management has concluded that these newly designed Control Activities were not designed or operating effectively to ensure the appropriate level of management review, precision, and adequate evidence to confirm the completeness and accuracy of data used in the account reconciliations and analyses.

Notwithstanding the material weaknesses, management has concluded that the financial statements included elsewhere in this Annual Report on Form 10-K present fairly, in all material respects, our financial position, results of operations, and cash flows in conformity with GAAP.

The consolidated financial statements included in this Annual Report on Form 10-K and the effectiveness of the Company's internal control over financial reporting as of September 30, 2024 have been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report included in this Annual Report on Form 10-K. See "Report of Independent Registered Public Accounting Firm" which is included in Item 8 of this Annual Report on Form 10-K.

Remediation Plan

Upon the identification of the material weakness, management immediately effectuated a plan to remediate the design and operation of the related Control Activities. This plan has commenced and will continue into fiscal year 2025 and is intended to involve, but is not limited to, the following actions:

- reassess the design of processes and internal controls related to certain account reconciliations and certain analyses;
- execute a robust and formal training program regarding diligence in control performance and Sarbanes-Oxley Act requirements;
- implement enhanced oversight and governance over account reconciliations and certain financial analyses; and
- enhance control documentation and design to include additional procedures regarding confirmation of the completeness and accuracy of data used to perform controls and the precision of control activities.

The Company is committed to remediating the material weakness. The actions it is taking are subject to ongoing management review, as well as oversight from the Audit Committee. When fully implemented and operational, the Company believes the measures described above will remediate the underlying cause of the material weakness and will strengthen the Company's internal control over financial reporting. However, the Company will not be able to fully remediate this material weakness until these steps have been completed and have been operating effectively for a sufficient period of time. The Company may also identify additional measures that may be required to remediate the material weakness in its internal control over financial reporting, necessitating further action. The Company expects to complete the remediation plan in fiscal year 2025.

Changes in Internal Control over Financial Reporting

The Company is working towards executing the remediation plan to address the material weakness noted above. However, none of these efforts have resulted in the remediation of the material weakness noted above as of September 30, 2024. There have been no changes in its internal control over financial reporting during the fourth quarter of fiscal year 2024 other than the identification of the material weakness and the remediation plan disclosed above that have materially affected, or that are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

(a)

As previously disclosed in the Company's Current Report on Form 8-K filed with the SEC on December 2, 2024 (the "December 2, 2024 8-K"), the Company appointed Anthony Roth as Vice President, Chief Accounting Officer ("CAO" and "principal accounting officer," as such term is used under the Exchange Act) and Corporate Controller of the Company on November 26, 2024, effective December 2, 2024. The Company had anticipated filing this Annual Report on Form 10-K prior to the effectiveness of Mr. Roth's appointment, but was unable to do so due to the identification of the material weakness in the Company's internal control over financial reporting related to the design and operation of certain process and management review controls, as further described in Part II, Item 9A of this Annual Report on Form 10-K. As a result, the Company's Board of Directors on December 10, 2024 retroactively postponed the effectiveness of Mr. Roth's appointment from December 2, 2024 to until after the filing of this Annual Report on Form 10-K. Jake Elguicze, who is the

Chief Financial Officer of the Company and served as the principal accounting officer of the Company prior to Mr. Roth's appointment, served as the Company's principal accounting officer until the filing of this Annual Report on Form 10-K. Following the filing of this Annual Report on Form 10-K, Mr. Roth's appointment as CAO and principal accounting officer will become effective, and Mr. Elguicze will step down as the Company's principal accounting officer, but continue to serve as the Company's Chief Financial Officer and principal financial officer.

Biographical, compensation and other information regarding Mr. Elguicze is set forth in the Company's proxy statement, filed with the SEC on December 19, 2023, under the section "Management," and such information is incorporated by reference herein.

There is no arrangement or understanding between Mr. Elguicze and any other person pursuant to which Mr. Elguicze was selected as principal accounting officer, and there are no family relationships between Mr. Elguicze and any of the Company's directors or executive officers. There have been no transactions involving Mr. Elguicze that would be required to be disclosed by Item404(a)ofRegulation S-K. Mr. Elguicze did not receive any additional compensation in connection with assuming the responsibilities of principal accounting officer.

Biographical, compensation and other information regarding Mr. Roth is set forth in the December 2, 2024 8-K, and such information is incorporated by reference herein.

(b)

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III.

Item 10. Directors, Executive Officers and Corporate Governance.

Embecta has a Code of Conduct applicable to all employees, including the principal executive officer, principal financial officer, principal accounting officer, and controller, and all directors. The Code of Conduct is available at https://investors.embecta.com/corporate-governance/documents-charters. To the extent required by the rules of the SEC or The Nasdaq Stock Market LLC, Embecta intends to satisfy the disclosure requirements regarding any amendment or waiver of our Code of Conduct by posting such information on our website.

Additional information required by this item will be included in the 2025 Proxy Statement and is incorporated herein by reference.

Item 11. Executive Compensation.

The information required by this item will be included in the 2025 Proxy Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The other information required by this item will be included in the 2025 Proxy Statement and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item will be included in the 2025 Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

The information required by this item will be included in the 2025 Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) (1) *Financial Statements*

- The following consolidated financial statements of Embecta are included in Item 8 of this Annual Report on Form 10-K:
- Report of Independent Registered Public Accounting Firm (PCAOB ID 42)
- Consolidated Statements of Income — Fiscal years ended September 30, 2024, 2023 and 2022
- Consolidated Statements of Comprehensive Income — Fiscal years ended September 30, 2024, 2023 and 2022
- Consolidated Balance Sheets — September 30, 2024 and 2023
- Consolidated Statements of Equity — Fiscal years ended September 30, 2024, 2023 and 2022
- Consolidated Statements of Cash Flows — Fiscal years ended September 30, 2024, 2023 and 2022
- Notes to Consolidated Financial Statements

(2) *Financial Statement Schedules*

See Note 20 to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

(b) *Exhibits*

Exhibit Number	Exhibit Description
2.1	Separation and Distribution Agreement, dated as of March 31, 2022, by and between the Company and BD. (Incorporated by reference to the Company's Current Report on Form 8-K filed on April 6, 2022.) **
3.1	Amended and Restated Certificate of Incorporation of the Company. (Incorporated by reference to the Company's Current Report on Form 8-K filed on April 6, 2022.)
3.2	Amended and Restated Bylaws of the Company adopted effective as of August 2, 2023. (Incorporated by reference to the Company's Current Report on Form 8-K filed on August 3, 2023.)
4.1	Indenture, dated February 10, 2022, by and between the Company and U.S. Bank Trust Company, National Association, as trustee and as notes collateral agent, including the form of 5.000% Senior Secured Notes due 2030. (Incorporated by reference to the Company's Current Report on Form 8-K filed on February 11, 2022.)
4.2	First Supplemental Indenture, dated as of April 1, 2022, to the Indenture dated as of February 10, 2022, by and between the Company and U.S. Bank Trust Company, National Association, as trustee and as notes collateral agent. (Incorporated by reference to the Company's Current Report on Form 8-K filed on April 6, 2022.)
4.3	Indenture, dated as of March 31, 2022, by and between the Company and U.S. Bank Trust Company, National Association, as trustee and as notes collateral agent, including the form of 6.750% Senior Secured Notes due 2030. (Incorporated by reference to the Company's Current Report on Form 8-K filed on April 6, 2022.)
4.4	First Supplemental Indenture, dated as of April 1, 2022, to the Indenture dated as of March 31, 2022, by and between the Company and U.S. Bank Trust Company, National Association, as trustee and as notes collateral agent. (Incorporated by reference to the Company's Current Report on Form 8-K on April 6, 2022.)
4.5	Description of Securities. (Incorporated by reference to the Company's Annual Report on Form 10-K filed on November 29, 2023.)
10.1	Transition Services Agreement, dated as of March 31, 2022, by and between BD and the Company. (Incorporated by reference to the Company's Current Report on Form 8-K filed on April 6, 2022.) **
10.2	Amendment No. 1 to Transition Services Agreement, dated as of July 1, 2022, by and between BD and the Company. (Incorporated by reference to the Company's Annual Report on Form 10-K filed on December 22, 2022.) **
10.3	Amendment No. 2 to Transition Services Agreement, dated as of March 28, 2024, by and between BD and the Company (Incorporated by reference to the Company's Current Report on Form 8-K filed on March 28, 2024.) **
10.4	Tax Matters Agreement, dated as of March 31, 2022, by and between BD and the Company. (Incorporated by reference to the Company's Current Report on Form 8-K filed on April 6, 2022.) **

10.5	Employee Matters Agreement, dated as of March 31, 2022, by and between BD and the Company. (Incorporated by reference to the Company's Current Report on Form 8-K filed on April 6, 2022.) **
10.6	Embecta 2022 Employee and Director Equity-Based Compensation Plan. (Incorporated by reference to the Company's Current Report on Form 8-K filed on April 6, 2022.) (+)
10.7	Amendment No. 1 to the Embecta Corp. 2022 Employee and Director Equity-Based Compensation Plan (Incorporated by reference to the Company's Quarterly Report on Form 10-Q filed on February 9, 2024.) (+)
10.8	Embecta Corp. Executive Severance and Change in Control Plan. (Incorporated by reference to the Company's Current Report on Form 8-K filed on April 6, 2022.) (+)
10.9	Embecta Deferred Compensation Plan. (Incorporated by reference to the Company's Current Report on Form 8-K filed on April 6, 2022.) (+)
10.10	Embecta Corp. Directors' Deferral Plan. (Incorporated by reference to the Company's Annual Report on Form 10-K filed on December 22, 2022.) (+)
10.11	Form of Founders Grants under the Embecta Corp. 2022 Employee and Director Equity-Based Compensation Plan Terms and Conditions of Awards (April 1, 2022) (Incorporated by reference to the Company's Annual Report on Form 10-K filed on December 22, 2022) (+)
10.12	Form of Non-Employee Directors RSU Award under the Embecta Corp. 2022 Employee and Director Equity-Based Compensation Plan Terms and Conditions of Awards (April 1, 2022) (Incorporated by reference to the Company's Annual Report on Form 10-K filed on December 22, 2022) (+)
10.13	Form of Employee and Director PSU and RSU Awards under the 2022 Employee and Director Equity Based Compensation Plan and Conditions of Awards (November 26, 2022). (Incorporated by reference to the Company's Quarterly Report on Form 10-Q filed on May 12, 2023.) (+)
10.14	Form of November 2024 Employee and Director PSU and RSU Awards under the 2022 Employee and Director Equity-Based Compensation Plan and Conditions of Awards. (Filed herewith.) (+)
10.15	Letter Agreement, dated as of January 25, 2021, by and between BD and Devdatt Kurdikar. (Incorporated by reference to the Company's Information Statement on Form 10 filed December 21, 2021.) (+)
10.16	Letter Agreement, dated as of April 9, 2021, by and between BD and Jacob Elguicze. (Incorporated by reference to the Company's Information Statement on Form 10 filed December 21, 2021.) (+)
10.17	Letter Agreement, dated as of August 13, 2021, by and between BD and Shaun Curtis. (Incorporated by reference to the Company's Information Statement on Form 10 filed December 21, 2021.) (+)
10.18	Letter Agreement, dated as of May 26, 2021, by and between BD and Jeff Mann. (Incorporated by reference to the Company's Information Statement on Form 10 filed December 21, 2021.) (+)
10.19	Change in Control Employment Agreement, dated as of February 10, 2021, by and between BD and Devdatt Kurdikar. (Incorporated by reference to the Company's Information Statement on Form 10 filed December 21, 2021.) (+)
10.20	Cannula Supply Agreement, dated as of March 31, 2022, by and between BD and the Company. (Incorporated by reference to the Company's Current Report on Form 8-K filed on April 6, 2022.) *, **
10.21	Form of Contract Manufacturing Agreement, dated as of March 31, 2022, by and between BD and the Company. (Incorporated by reference to the Company's Current Report on Form 8-K filed on April 6, 2022.) **
10.22	Lease Agreement, dated as of March 31, 2022, by and between BD and the Company. (Incorporated by reference to the Company's Current Report on Form 8-K filed on April 6, 2022.) *, **
10.23	Intellectual Property Matters Agreement, dated as of March 31, 2022, by and between BD and the Company. (Incorporated by reference to the Company's Current Report on Form 8-K filed on April 6, 2022.) *, **
10.24	Logistics Services Agreement, dated as of January 1, 2022, by and between BD and the Company. (Incorporated by reference to the Company's Current Report on Form 8-K filed on April 6, 2022.) **
10.25	Amendment to Logistics Services Agreement, dated as of November 20, 2023, by and between BD and the Company. (Incorporated by reference to the Company's Annual Report on Form 10-K filed on November 29, 2023.)
10.26	Amendment No. 2 to Logistics Services Agreement, dated as of March 28, 2024, by and between BD and Embecta (Incorporated by reference to the Company's Current Report on Form 8-K filed on March 28, 2024.) **
10.27	Form of Distribution Agreement, dated as of March 31, 2022, by and between BD and the Company. (Incorporated by reference to the Company's Current Report on Form 8-K filed on April 6, 2022.) **

10.28	Credit Agreement, dated as of March 31, 2022, by and among the Company, the lenders and other parties from time to time party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent, collateral agent and an L/C issuer. (Incorporated by reference to the Company's Current Report on Form 8-K filed on April 6, 2022.) **
19	Embecta Corp. Insider Trading Policy. (Filed herewith.)
21.1	List of Subsidiaries of Embecta Corp. (Filed herewith.)
23.1	Consent of Ernst & Young LLP. (Filed herewith.)
31.1	Certification of Chief Executive Officer, pursuant to SEC Rule 13a–14(a). (Filed herewith.)
31.2	Certification of Chief Financial Officer, pursuant to SEC Rule 13a–14(a). (Filed herewith.)
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350. (Furnished herewith.)
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350. (Furnished herewith.)
97.1	Embecta Corp. Dodd-Frank Clawback Policy (Incorporated by reference to the Company's Annual Report on Form 10-K filed on November 29, 2023.)
97.2	Embecta Corp. Supplemental Policy Regarding the Recovery of Compensation, Effective December 1, 2023 (Incorporated by reference to the Company's Annual Report on Form 10-K filed on November 29, 2023.)
101	The following materials from this Annual Report on Form 10-K, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Consolidated Statements of Income, (ii) the Consolidated Statements of Comprehensive Income, (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Equity, (v) the Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements. (Filed herewith.)
104	Cover Page Interactive Data File. (Formatted as Inline XBRL and contained in Exhibit 101.)

(+) Management contract or compensatory plan or arrangement.

* Certain information contained in this document has been omitted because it is both (i) not material and (ii) is the type that the Company treats as private or confidential.

** Schedules and exhibits omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish a supplemental copy of any omitted schedule to the Securities and Exchange Commission upon request.

Item 16. Form 10-K Summary.

Embecta is not providing summary information.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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
	(Principal Executive Officer)

Date: December 11, 2024

By:	/s/ JACOB ELGUICZE
Name:	Jacob Elguicze
Title:	Senior Vice President, Chief Financial Officer
	(Principal Financial Officer and Principal Accounting Officer)

Date: December 11, 2024

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Capacity	Date
/s/ LTG (RET.) DAVID F. MELCHER LTG (Ret.) David F. Melcher	Director and Chairman of the Board	December 11, 2024
/s/ DAVID J. ALBRITTON David J. Albritton	Director	December 11, 2024
/s/ CARRIE L. ANDERSON Carrie L. Anderson	Director	December 11, 2024
/s/ ROBERT (BOB) J. HOMBACH Robert (Bob) J. Hombach	Director	December 11, 2024
/s/ MILTON M. MORRIS, PH.D. Milton M. Morris, Ph.D.	Director	December 11, 2024
/s/ CLAIRE POMEROY, M.D. Claire Pomeroy, M.D.	Director	December 11, 2024
/s/ KAREN N. PRANGE Karen N. Prange	Director	December 11, 2024
/s/ CHRISTOPHER R. REIDY Christopher R. Reidy	Director	December 11, 2024
/s/ DEVDATT KURDIKAR Devdatt Kurdikar	President and Chief Executive Officer (Principal Executive Officer)	December 11, 2024
/s/ JACOB ELGUICZE Jacob Elguicze	Senior Vice President, Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	December 11, 2024