

REFINITIV

## DELTA REPORT

### 10-Q

BECTON DICKINSON & CO

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - DECEMBER 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 530

 CHANGES 135

 DELETIONS 192

 ADDITIONS 203

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-Q

(Mark One)

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

For the quarterly period ended December 31, 2023  
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 001-4802

**Becton, Dickinson and Company**

(Exact name of registrant as specified in its charter)

New Jersey

22-0760120

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

1 Becton Drive, Franklin Lakes, New Jersey 07417-1880

(201) 847-6800

(Address of principal executive offices) (Zip Code)

(Registrant's telephone number, including area code)

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

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange on Which Registered</u>
Common stock, par value \$1.00	BDX	New York Stock Exchange
1.900% Notes due December 15, 2026	BDX26	New York Stock Exchange
3.020% Notes due May 24, 2025	BDX25	New York Stock Exchange
1.208% Notes due June 4, 2026	BDX/26A	New York Stock Exchange
1.213% Notes due February 12, 2036	BDX/36	New York Stock Exchange
0.034% Notes due August 13, 2025	BDX25A	New York Stock Exchange
3.519% Notes due February 8, 2031	BDX31	New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically 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, 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

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

There were 288,902,232 289,006,461 shares of Common Stock, \$1.00 par value, outstanding at December 31, 2023 March 31, 2024.

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BECTON, DICKINSON AND COMPANY

FORM 10-Q  
For the quarterly period ended **December 31, 2023** **March 31, 2024**

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ITEM 1. FINANCIAL STATEMENTS  
BECTON, DICKINSON AND COMPANY  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
Millions of dollars, except per share data  
(Unaudited)

	Three Months Ended		Six Months Ended			
	March 31,	2024	2023	March 31,	2024	
Revenues						
Revenues						
Revenues						
Cost of products sold						
Cost of products sold						
Cost of products sold						
Selling and administrative expense						
Selling and administrative expense						
Selling and administrative expense						
Research and development expense						
Research and development expense						
Research and development expense						
Integration and restructuring expense						
Integration and restructuring expense						
Integration and restructuring expense						
Other operating expense, net						
Other operating expense, net						
Other operating expense, net						
Total Operating Costs and Expenses						

Total Operating Costs and Expenses
Other operating (income) expense, net
Total Operating Costs and Expenses
Operating Income
Operating Income
Operating Income
Interest expense
Interest expense
Interest expense
Interest income
Interest income
Interest income
Other expense, net
Other expense, net
Other expense, net
Other (expense) income, net
Income Before Income Taxes
Income Before Income Taxes
Income Before Income Taxes
Income tax provision (benefit)
Income tax provision (benefit)
Income tax provision (benefit)
Income tax provision
Net Income
Net Income
Net Income
Preferred stock dividends
Preferred stock dividends
Preferred stock dividends
Net income applicable to common shareholders
Net income applicable to common shareholders
Net income applicable to common shareholders
Basic Earnings per Share
Basic Earnings per Share
Basic Earnings per Share
Diluted Earnings per Share
Diluted Earnings per Share
Diluted Earnings per Share
Dividends per Common Share
Dividends per Common Share
Dividends per Common Share

Amounts may not add due to rounding.

See notes to condensed consolidated financial statements

BECTON, DICKINSON AND COMPANY  
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Millions of dollars  
(Unaudited)

	Three Months Ended		Six Months Ended	
	March 31,		March 31,	
	2024	2023	2024	2023
Net Income				

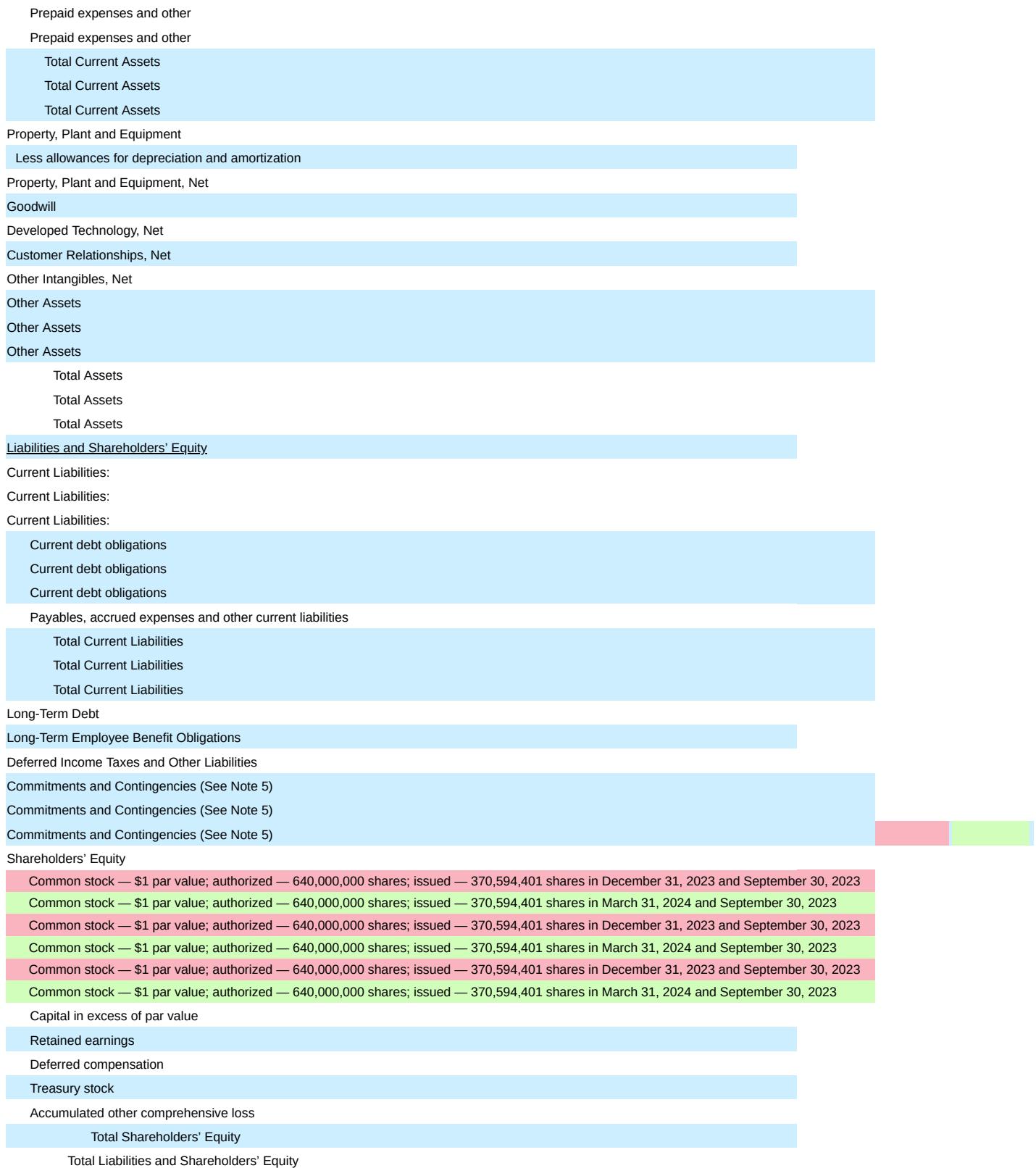
Net Income
Net Income
Other Comprehensive Income (Loss), Net of Tax
Other Comprehensive Income (Loss), Net of Tax
Other Comprehensive Income (Loss), Net of Tax
Other Comprehensive (Loss) Income, Net of Tax
Foreign currency translation adjustments
Foreign currency translation adjustments
Foreign currency translation adjustments
Defined benefit pension and postretirement plans
Defined benefit pension and postretirement plans
Defined benefit pension and postretirement plans
Cash flow hedges
Cash flow hedges
Cash flow hedges
Other Comprehensive Income (Loss), Net of Tax
Other Comprehensive Income (Loss), Net of Tax
Other Comprehensive Income (Loss), Net of Tax
Unrealized loss on available-for-sale debt securities
Other Comprehensive (Loss) Income, Net of Tax
Comprehensive Income
Comprehensive Income
Comprehensive Income

Amounts may not add due to rounding.

See notes to condensed consolidated financial statements

**TECTON, DICKINSON AND COMPANY**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
 Millions of dollars, except per share amounts and numbers of shares

	December 31, 2023	September 30, 2023	March 31, 2024	September 30, 2023
<b>Assets</b>				
Current Assets:				
Current Assets:				
Current Assets:				
Cash and equivalents				
Cash and equivalents				
Cash and equivalents				
Restricted cash				
Short-term investments				
Trade receivables, net				
Inventories:				
Materials				
Materials				
Materials				
Work in process				
Finished products				
	3,304			
		3,229		
Prepaid expenses and other				



Amounts may not add due to rounding.

See notes to condensed consolidated financial statements

BECTON, DICKINSON AND COMPANY  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 Millions of dollars  
 (Unaudited)

	Three Months Ended December 31, 2023	Six Months Ended March 31, 2022	Six Months Ended March 31, 2024	2023
--	--	---------------------------------------	---------------------------------------	------

Operating Activities

Net income  
 Net income  
 Net income  
 Adjustments to net income to derive net cash provided by continuing operating activities:  
 Adjustments to net income to derive net cash provided by continuing operating activities:  
 Adjustments to net income to derive net cash provided by continuing operating activities:  
 Depreciation and amortization  
 Depreciation and amortization  
 Depreciation and amortization  
 Share-based compensation  
 Deferred income taxes  
 Change in operating assets and liabilities  
 Pension obligation  
 Other, net  
 Other, net  
 Other, net  
 Net Cash Provided by Continuing Operating Activities

Investing Activities

Capital expenditures  
 Capital expenditures  
 Capital expenditures  
 Purchases of investments, net  
 Purchases of investments, net  
 Purchases of investments, net  
 Other, net  
 Other, net  
 Other, net  
 Net Cash Used for Investing Activities

Financing Activities

Change in short-term debt  
 Change in short-term debt  
 Change in short-term debt  
 Proceeds from long-term debt  
 Payments of debt  
 Payments of debt  
 Payments of debt  
 Repurchases of common stock  
 Repurchases of common stock  
 Repurchases of common stock  
 Dividends paid  
 Other, net  
 Net Cash Used for Financing Activities

Net Cash Provided by Financing Activities

Discontinued Operations

Net cash used for operating activities of discontinued operations
Net cash used for operating activities of discontinued operations
Net cash used for operating activities of discontinued operations
Effect of exchange rate changes on cash and equivalents and restricted cash
Effect of exchange rate changes on cash and equivalents and restricted cash
Effect of exchange rate changes on cash and equivalents and restricted cash
Net decrease in cash and equivalents and restricted cash
Net increase in cash and equivalents and restricted cash
Opening Cash and Equivalents and Restricted Cash
Closing Cash and Equivalents and Restricted Cash

Amounts may not add due to rounding.

See notes to condensed consolidated financial statements

BECTON, DICKINSON AND COMPANY  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
December March 31, 2023 2024

**Note 1 – Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, in the opinion of the management of Becton, Dickinson and Company (the "Company" or "BD"), include all adjustments which are of a normal recurring nature, necessary for a fair presentation of the financial position and the results of operations and cash flows for the periods presented. However, the financial statements do not include all information and accompanying notes required for a presentation in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's 2023 Annual Report on Form 10-K.

Within the financial statements and tables presented, certain columns and rows 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. The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for the full year.

**Note 2 – Accounting Changes**

**New Accounting Principle Adopted**

In September 2022, the Financial Accounting Standards Board ("FASB") issued an accounting standard update that requires additional qualitative and quantitative disclosures regarding supplier finance programs. The new disclosure requirements are intended to help investors better consider the effect of these programs on a company's working capital, liquidity, and cash flows. The Company adopted this accounting standard on October 1, 2023 and disclosures regarding the Company's supplier finance programs are provided in Note 12.

**New Accounting Principles Not Yet Adopted**

In November 2023, the FASB issued a new accounting standard update which requires more disaggregated expense information about a public entity's 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. The Company is currently evaluating the impact that this update will have on its disclosures.

In December 2023, the FASB issued an accounting standard update which requires more disaggregated information to be included in the income tax rate reconciliation and income taxes paid annual disclosures. This update is effective for the Company beginning in its fiscal year 2026 and the Company is currently evaluating the impact that this update will have on its disclosures.

**Note 3 – Shareholders' Equity**

Changes in certain components of shareholders' equity for the first two quarters of fiscal years 2024 and 2023 were as follows:

(Millions of dollars)	Common Stock					Treasury Stock					Treasury Stock				
	Issued	Capital in Excess of Par Value	Retained Earnings	Deferred Compensation	Shares (in thousands)	Deferred Compensation	Issued	Capital in Excess of Par Value	Retained Earnings	Deferred Compensation	Shares (in thousands)	Deferred Compensation	Stock	Shares (in thousands)	Amount
Balance at September 30, 2023															
Net income															
Common dividends (\$0.95 per share)															
Issuance of shares under employee and other plans, net															
Issuance of shares under employee and other plans, net															
Issuance of shares under employee and other plans, net															

Share-based compensation	
Common stock held in trusts, net (a)	
Repurchase of common stock	
Balance at December 31, 2023	
Balance at December 31, 2023	
Balance at December 31, 2023	
Net income	
Common dividends (\$0.95 per share)	
Issuance of shares under employee and other plans, net	
Issuance of shares under employee and other plans, net	
Issuance of shares under employee and other plans, net	
Share-based compensation	
Common stock held in trusts, net (a)	
Balance at March 31, 2024	

(Millions of dollars)	Common Stock Issued (Millions of dollars)	Capital in Excess of Par Value	Retained Earnings	Deferred Compensation	Treasury Stock Shares (in thousands)	Common Stock Issued (Millions of dollars)	Capital in Excess of Par Value	Retained Earnings	Deferred Compensation	Treasury Stock Shares (in thousands)	Amount
Balance at September 30, 2022											
Net income											
Common dividends (\$0.91 per share)											
Preferred dividends											
Issuance of shares under employee and other plans, net											
Share-based compensation											
Common stock held in trusts, net (a)											
Balance at December 31, 2022											
Balance at December 31, 2022											
Balance at December 31, 2022											
Net income											
Common dividends (\$0.91 per share)											
Preferred dividends											
Issuance of shares under employee and other plans, net											
Share-based compensation											
Common stock held in trusts, net (a)											
Balance at March 31, 2023											
Balance at March 31, 2023											
Balance at March 31, 2023											

(a) Common stock held in trusts consists of the Company's shares held in rabbi trusts in connection with deferred compensation under the Company's employee salary and bonus deferral plan and directors' deferral plan.

#### Share Repurchases

In the first quarter of fiscal year 2024, the Company executed and settled accelerated share repurchase agreements for the repurchase of 2.118 million shares of its common stock for total consideration of \$500 million, excluding a 1% excise tax on share repurchases of \$3 million. The share repurchases were recorded as an increase to *Treasury stock* and were made pursuant to the repurchase program authorized by the Board of Directors on November 3, 2021, for 10 million shares of BD common stock, for which there is no expiration date.

The components and changes of *Accumulated other comprehensive income (loss)* for the first two quarters of fiscal years 2024 and 2023 were as follows:

(Millions of dollars)	Foreign Currency Translation			Cash Flow			Foreign Currency Translation			Cash Flow			Available-for-Sale Debt Securities
	(Millions of dollars)	Total	Benefit Plans	Hedges	(Millions of dollars)	Total	Benefit Plans	Hedges	Cash Flow	Debt Securities			
Balance at September 30, 2023													
Other comprehensive income (loss) before reclassifications, net of taxes													
Amounts reclassified into income, net of taxes													
Balance at December 31, 2023													
Other comprehensive (loss) gain before reclassifications, net of taxes													
Amounts reclassified into income, net of taxes													
Balance at March 31, 2024													
(Millions of dollars)	Foreign Currency Translation			Cash Flow			Foreign Currency Translation			Cash Flow			Available-for-Sale Debt Securities
	(Millions of dollars)	Total	Benefit Plans	Hedges	(Millions of dollars)	Total	Benefit Plans	Hedges	Cash Flow	Debt Securities			
Balance at September 30, 2022													
Other comprehensive loss before reclassifications, net of taxes													
Amounts reclassified into income, net of taxes													
Balance at December 31, 2022													
Other comprehensive loss before reclassifications, net of taxes													
Amounts reclassified into income, net of taxes													
Balance at March 31, 2023													

The amounts of foreign currency translation recognized in other comprehensive income during the three and six months ended December 31, 2023 March 31, 2024 and 2022 2023 included net losses gains (losses) relating to net investment hedges. The amounts recognized in other comprehensive income relating to cash flow hedges during the three and six months ended December 31, 2023 is March 31, 2024 and 2023 are primarily related to forward starting interest rate swaps. Additional disclosures regarding amounts the Company recognized in other comprehensive income relating to cash flow hedges during the three months ended December 31, 2023 and 2022 Company's derivatives are provided in Note 11.

The tax impacts for amounts recognized in other comprehensive income (loss) before reclassifications and for reclassifications out of Accumulated other comprehensive income (loss) relating to benefit plans and cash flow hedges during the three and six months ended December 31, 2023 March 31, 2024 and 2022 2023 were immaterial to the Company's consolidated financial results.

#### Note 4 – Earnings per Share

The weighted average common shares used in the computations of basic and diluted earnings per share (shares in thousands) were as follows:

	Three Months Ended		Six Months Ended	
	March 31, 2024	2023	March 31, 2024	2023
Average common shares outstanding				
Average common shares outstanding				
Average common shares outstanding				
Dilutive share equivalents from share-based plans				
Dilutive share equivalents from share-based plans				
Dilutive share equivalents from share-based plans				
Average common and common equivalent shares outstanding – assuming dilution				
Average common and common equivalent shares outstanding – assuming dilution				
Average common and common equivalent shares outstanding – assuming dilution				
Share equivalents excluded from the diluted shares outstanding calculation:				
Share equivalents excluded from the diluted shares outstanding calculation:				
Share equivalents excluded from the diluted shares outstanding calculation:				
Mandatory convertible preferred stock (a)				
Mandatory convertible preferred stock (a)				

Mandatory convertible preferred stock (a)

Share-based plans (b)

Share-based plans (b)

Share-based plans (b)

- (a) Excluded from the diluted shares outstanding calculation because the result would have been antidilutive.
- (b) Excluded from the diluted earnings per share calculation as the exercise prices of these awards were greater than the average market price of the Company's common shares.

#### Note 5 – Contingencies

The Company is involved, both as a plaintiff and a defendant, in various legal proceedings that arise in the ordinary course of business, including, without limitation, product liability and environmental matters in certain U.S. and international locations. Given the uncertain nature of litigation generally, the Company is not able, in all cases, to estimate the amount or range of loss that could result from an unfavorable outcome of litigation in which the Company is a party. In accordance with U.S. GAAP, the Company establishes accruals to the extent probable future losses are estimable (and in the case of environmental matters, without considering possible third-party recoveries). With respect to putative class action lawsuits in the United States and certain of the Canadian lawsuits described below, the Company is unable to estimate a range of reasonably possible losses for the following reasons: (i) all or certain of the proceedings are in early stages; (ii) the Company has not received and reviewed complete information regarding all or certain of the plaintiffs and their medical conditions; and/or (iii) there are significant factual issues to be resolved. In addition, there is uncertainty as to the likelihood of a class being certified or the ultimate size of any class. With respect to the civil investigative demands ("CIDs") served by the Department of Justice which are discussed below, the Company is unable to estimate a range of reasonably possible losses, **unless otherwise noted**, for the following reasons: (i) all or certain of the proceedings are in early stages; and/or (ii) there are significant factual and legal issues to be resolved.

#### Product Liability Matters

As of **December 31, 2023** **March 31, 2024**, the Company is defending approximately **35,935** **37,330** product liability claims involving the Company's line of hernia repair devices (collectively, the "Hernia Product Claims"). The Company's outstanding Hernia Product Claims as of September 30, 2023 were approximately 34,845. The Company's outstanding product liability claims represent nonhomogeneous populations of claims which vary widely based upon various factors, most notably the quality of the claims. As such, claim activity during any given period may not necessarily be indicative of the Company's ultimate liability under a mass tort matter. As further discussed below, the Company's underlying estimate of its product liability includes and already accounts for unfiled claims and as such, the net year-to-date change in the number of outstanding Hernia Product Claims did not materially impact the Company's product liability accrual as of **December 31, 2023** **March 31, 2024**. The majority of the outstanding claims are currently pending in a coordinated proceeding in Rhode Island State Court ("RI") and in a federal multi-district litigation ("MDL") established in the Southern District of Ohio, but claims are also pending in other state and/or federal court jurisdictions. In addition, outstanding claims include multiple putative class actions in Canada. Generally, the Hernia Product Claims seek damages for personal injury allegedly resulting from use of the products. From time to time, the Company engages in resolution discussions with plaintiffs' law firms regarding certain of the Hernia Product Claims, but the Company also intends to vigorously defend Hernia Product Claims that do not settle, including through litigation and trial. **A trial for the Hernia Product Claims is There are no trials currently scheduled in the MDL in April 2024.** **scheduled.**

The Company also continues to be a defendant in certain other mass tort litigation. As of **December 31, 2023** **March 31, 2024**, the Company is defending product liability claims involving the Company's line of pelvic mesh products, the majority of which are pending in a coordinated proceeding in New Jersey Superior Court and in various federal court jurisdictions, the Company's line of inferior vena cava ("IVC") filter products, which are pending in various jurisdictions, and the Company's line of implantable ports, the majority of which are pending in an MDL in the United States District Court for the District of Arizona. The Company believes that it has meritorious defenses and is vigorously defending itself in these matters.

In most product liability litigations like those described above, plaintiffs allege a wide variety of claims, ranging from allegations of serious injury caused by the products to efforts to obtain compensation notwithstanding the absence of any injury. In many of these cases, the Company has not yet received and reviewed complete information regarding the plaintiffs and their medical conditions and, consequently, is unable to fully evaluate the claims. The Company expects that it will receive and review additional information regarding any remaining unsettled product liability matters.

#### Other Legal Matters

On February 27, 2020, a putative class action captioned Kabak v. Becton, Dickinson and Company, et al., Civ. No. 2:20-cv-02155 (SRC) (CLW), now captioned Industriens Pensionsforsikring v. Becton, Dickinson and Company, et al., was filed in the U.S. District Court for the District of New Jersey against the Company and certain of its officers. The complaint, which purports to be brought on behalf of all persons (other than defendants) who purchased or otherwise acquired the Company's common stock from November 5, 2019 through February 5, 2020, asserts claims for purported violations of Sections 10 and 20 of the Securities Exchange Act of 1934 ("Exchange Act") and Securities and Exchange Commission ("SEC") Rule 10b-5 promulgated thereunder, and seeks, among other things, damages and costs. The complaint alleges that defendants concealed certain material information regarding Alaris™ infusion pumps, allegedly rendering certain public statements about the Company's business, operations and prospects false or misleading, thereby allegedly causing investors to purchase stock at an inflated price. After an initial without prejudice dismissal, additional submissions were filed and the court permitted certain aspects of the case to proceed including claims asserted on behalf of option holders. In October 2023, an agreement in principle was reached to resolve this matter for \$85 million, for which the Company is adequately reserved and largely insured; the terms of the settlement were preliminarily approved by the court on January 18, 2024, and the matter has **been scheduled for a hearing as to final approval and judgment dismissing the case was entered on April 22, 2024.**

On November 2, 2020, a putative shareholder derivative action captioned Jankowski v. Forlenza, et al., Civ. No. 2:20-cv-15474, was filed in the U.S. District Court for the District of New Jersey by a shareholder, derivatively on behalf of the Company, against certain of the Company's directors and officers. The complaint asserts claims for breach of fiduciary duty; violations of sections 10(b), 14(a) and 21D of the Exchange Act, and insider trading. The complaint principally alleges, that the Company made misleading statements regarding Alaris™ infusion pumps in a proxy statement and other SEC filings. A second derivative action was filed on January 24, 2021, and the two actions were consolidated. In March 2021, the Company received letters from two additional shareholders which, in general, mirrored the allegations in the derivative actions, and demanded, among other things, that the Board of Directors pursue claims against members of management for claimed breaches of fiduciary duties. Consistent with New Jersey law, the Board appointed a special committee to review the allegations and demands in the derivative actions and demand letters. Following an investigation, the special committee determined that no action was warranted, and rejected the shareholders' demands, communicating its determination to counsel for the shareholders. On January 10, 2023, one of the two shareholders referenced

above filed a separate derivative action that: (i) is generally consistent with the shareholder letter and the two prior actions; and (ii) purports to challenge the reasonableness of the special committee's process and determination. The Company believes that it has meritorious defenses and is vigorously defending itself in these matters.

Beginning in February 2021, the Company received subpoenas from the Enforcement Division of the SEC requesting information from the Company relating to, among other things, Alaris™ infusion pumps. The Company is cooperating with the SEC and responding to these requests, including requests for employee interviews and depositions. The Company cannot anticipate the timing, scope, outcome or possible impact of the investigation, financial or otherwise.

In July 2017, C.R. Bard received a CID from the Department of Justice seeking documents and information relating to an investigation into possible violations of the False Claims Act in connection with the sales and marketing of FloChec® and QuantaFlo™ devices. The Company has responded to these requests and expects further discussion met with the government following recent communications from the Department of Justice. Justice in February 2024; discussions are ongoing.

In April 2019, the Department of Justice served the Company and CareFusion with CIDs seeking information regarding certain of CareFusion's contracts with the Department of Veteran's Affairs for certain products, including Alaris™ and Pyxis™ devices, in connection with a civil investigation of possible violations of the False Claims Act, and the government later expanded the investigation to include several additional contracts. The government has made several requests for documents and interviews or depositions of Company personnel. The Company is cooperating with the government and responding to these requests.

In September 2021, the Company received a CID related to an inquiry initiated by the Department of Justice in the Northern District of Georgia in 2018 concerning sales and marketing practices with respect to certain aspects of the Company's urology business. After multiple document productions and interviews, the Company and the government mediated the case in an effort to resolve this dispute; such discussions are ongoing, an agreement in principle has been reached subject to satisfactory resolution with the Office of the Inspector General to resolve this matter for an adequately reserved amount that is not material to the Company's consolidated financial results.

In April 2023, the Department of Justice served the Company with a CID seeking information regarding the Company's Genesis™ container products in connection with an investigation of possible violations of the False Claims Act. The government has requested documents and the Company is cooperating with the government and responding to its requests.

In September 2021, the Company was served with a complaint from the New Mexico Attorney General, alleging violations of the state's consumer protection laws in connection with the sales and marketing of its IVC filters. The Company's motion to dismiss certain of the claims was granted on May 10, 2022 and discovery is proceeding as to the remaining claims. Trial is currently scheduled for June October 2024. The Company believes that it has meritorious defenses and is vigorously defending itself in this matter. The Company cannot anticipate the timing, scope, outcome or possible impact at present.

The Company was sued in state and federal courts in Georgia by plaintiffs who work or reside near Company facilities in Covington, GA, where ethylene oxide ("EtO") sterilization activities take place. The federal cases have been dismissed and refiled in state court. The plaintiffs in the cases seek compensatory and punitive damages. Pursuant to Georgia statute, punitive damages in these cases are generally capped at \$250,000 per claimant. The cases allege a variety of injuries, including but not limited to multiple types of cancer, allegedly attributable to exposure to EtO. The Company does not believe these cases are appropriate for class action treatment and they have not been filed as such. The As of March 31, 2024, the Company currently has approximately 230 235 of such suits involving approximately 340 350 plaintiffs asserting personal injury claims; approximately 45 of the cases also allege injury caused by exposure to a chemical of another defendant entirely unrelated to the Company. Two trial dates have been set in 2024. The Company believes that it has meritorious defenses and is vigorously defending itself in these matters.

The Company is also involved both as a plaintiff and a defendant in other legal proceedings and claims that arise in the ordinary course of business. The Company believes that it has meritorious defenses and is vigorously defending itself in each of these matters.

Except for the matters for which a potential disposition has been noted per above, the Company cannot predict the outcome of the other legal matters discussed above, nor can it predict whether any outcome will have a material adverse effect on the Company's consolidated results of operations and/or consolidated cash flows. Accordingly, the Company has made no provisions for these legal matters in its consolidated results of operations.

The Company is a potentially responsible party to a number of federal administrative proceedings in the United States brought under the Comprehensive Environment Response, Compensation and Liability Act, also known as "Superfund," and similar state laws. The Company also is subject to administrative proceedings under environmental laws in jurisdictions outside the U.S. The affected sites are in varying stages of development. In some instances, the remedy has been completed, while in others, environmental studies are underway or commencing. For several sites, there are other potentially responsible parties that may be jointly or severally liable to pay all or part of cleanup costs. While it is not feasible to predict the outcome of these proceedings, based upon the Company's experience, current information and applicable law, the Company does not expect these proceedings to have a material adverse effect on its consolidated results of operations and/or consolidated cash flows.

#### **Litigation Accruals**

The Company regularly monitors and evaluates the status of product liability and other litigated matters, and may, from time-to-time, engage in settlement discussions and mediation taking into consideration, among other things, developments in the litigation and the risks and uncertainties associated therewith. These activities have resulted in confidential settlements and going forward could result in further settlements, the terms of which would be confidential. A determination of the accrual amounts for these contingencies is made after analysis of each litigation matter. When appropriate, the accrual is developed with the consultation of outside counsel and, in the case of certain mass tort litigation, actuarial specialists regarding the nature, timing, and extent of each matter.

The Company considers relevant information when estimating its product liability accruals, including, but not limited to: the nature, number, and quality of unfiled and filed claims; the rate of claims being filed; the status of settlement discussions with plaintiffs' counsel; the allegations and documentation supporting or refuting such allegations; publicly available information regarding similar medical device mass tort settlements; historical information regarding other product liability settlements involving the Company; and the stage of litigation. Because currently available information regarding product liability matters is often limited, there is inherent uncertainty and volatility relating to the Company's estimate of product liability. As additional information becomes available, the Company records adjustments to its product liability accruals as required.

Accruals for the Company's product liability claims which are discussed above, as well as the related legal defense costs, amounted to approximately \$1.8 1.7 billion and \$1.9 billion at December 31, 2023 March 31, 2024 and September 30, 2023, respectively. These

accruals, which are generally long-term in nature, are largely recorded within *Deferred Income Taxes and Other Liabilities* on the Company's condensed consolidated balance sheets. The decrease in the Company's product liability accrual as of **December 31, 2023** **March 31, 2024**, as compared with September 30, 2023, largely reflected reductions to the accrual due to the payment of settlements and legal fees, as well as an adjustment of \$41 million due to the favorable resolution of claims during the first quarter of fiscal year 2024. The increase in the number of outstanding hernia repair device claims discussed above did not materially impact the Company's product liability accrual because the underlying estimate of the Company's liability includes and already accounts for unfiled claims. Moreover, the accrual reflects the determination that the quality of new hernia repair device claims has generally diminished over time. Claim activity during the **first quarter** **two quarters** of fiscal year 2024 relating to the pelvic mesh device and IVC filter matters did not materially impact the Company's product liability accrual as of **December 31, 2023** **March 31, 2024**.

Additionally, the particular outcome in any one product liability trial is typically not representative of potential outcomes of all cases or claims. Because the accrual already contemplates a wide range of possible outcomes, including those with a de minimis value, individual outcomes generally do not impact the value of other cases in the total case inventory or the overall product liability accrual.

In view of the uncertainties discussed above, the Company could incur charges in excess of any currently established accruals and, to the extent available, liability insurance. In the opinion of management, any such future charges, individually or in the aggregate, could have a material adverse effect on the Company's consolidated results of operations, financial condition, and/or consolidated cash flows.

#### **Note 6 – Revenues**

The Company's policies for recognizing sales have not changed from those described in the Company's 2023 Annual Report on Form 10-K. The Company sells a broad range of medical supplies, devices, laboratory equipment and diagnostic products which are distributed through independent distribution channels and directly by BD through sales representatives. End-users of the Company's products include healthcare institutions, physicians, life science researchers, clinical laboratories, the pharmaceutical industry and the general public. **In the current and prior-year periods, the Company generated revenues attributable to licensing, which includes consideration received in exchange for the use of BD intellectual property by third parties.**

#### **Measurement of Revenues**

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. The allowance for doubtful accounts for trade receivables is not material to the Company's consolidated financial results.

The Company's gross revenues are subject to a variety of deductions which are recorded in the same period that the underlying revenues are recognized. Such variable consideration includes rebates, sales discounts and sales returns. The Company's rebate liability at **December 31, 2023** **March 31, 2024** and September 30, 2023 was \$597 million and \$538 million, respectively. The impact of other forms of variable consideration, including sales discounts and sales returns, is not material to the Company's revenues.

#### **Effects of Revenue Arrangements on Consolidated Balance Sheets**

Capitalized contract costs associated with the costs to fulfill contracts for certain products in the Medication Management Solutions organizational unit are immaterial to the Company's condensed consolidated balance sheets. Commissions relating to revenues recognized over a period longer than one year are recorded as assets which are amortized over the period over which the revenues underlying the commissions are recognized. Capitalized contract costs related to such commissions are immaterial to the Company's condensed consolidated balance sheets.

Contract liabilities for unearned revenue that is allocable to performance obligations, such as extended warranty and software maintenance contracts, which are performed over time, were approximately \$419 million and \$412 million as of **December 31, 2023** **March 31, 2024** and September 30, 2023, respectively, and are included in *Payables, accrued expenses and other current liabilities* on the

Company's condensed consolidated balance sheets. The Company's liability for product warranties provided under its agreements with customers is not material to its condensed consolidated balance sheets.

#### **Remaining Performance Obligations**

The Company's obligations relative to service contracts and pending installations of equipment, primarily in the Company's Medication Management Solutions unit, represent unsatisfied performance obligations of the Company. The revenues under existing contracts with original expected durations of more than one year, which are attributable to products and/or services that have not yet been installed or provided are estimated to be approximately \$2.2 billion \$2.3 billion at **December 31, 2023** **March 31, 2024**. The Company expects to recognize the majority of this revenue over the next three years.

Within the Company's Medication Management Solutions, Medication Delivery Solutions, Integrated Diagnostic Solutions, and Biosciences units, some contracts also contain minimum purchase commitments of reagents or other consumables, and the future sales of these consumables represent additional unsatisfied performance obligations of the Company. The revenue attributable to the unsatisfied minimum purchase commitment-related performance obligations, for contracts with original expected durations of more than one year, is estimated to be approximately \$2.2 billion \$2.1 billion at **December 31, 2023** **March 31, 2024**. This revenue will be recognized over the customer relationship periods.

#### **Disaggregation of Revenues**

A disaggregation of the Company's revenues by segment, organizational unit and geographic region is provided in Note 7.

#### **Note 7 – Segment Data**

The Company's organizational structure is based upon three worldwide business segments: BD Medical ("Medical"), BD Life Sciences ("Life Sciences") and BD Interventional ("Interventional"). The Company's segments are strategic businesses that are managed separately because each one develops, manufactures and markets distinct products and services. Segment disclosures are on a performance basis consistent with internal management reporting. The Company evaluates performance of its business segments and allocates resources to them primarily based upon segment operating income, which represents revenues reduced by product costs and operating expenses.

Revenues by segment, organizational unit and geographical areas for the three-month three and six-month periods are detailed below. The Company has no material intersegment revenues.

(Millions of dollars)	Three Months Ended December 31,						Three Months Ended March 31,					
	2023			2022			2024			2023		
	United States	International	Total	United States	International	Total	United States	International	Total	United States	International	Total
<b>Medical</b>												
Medication Delivery Solutions												
Medication Delivery Solutions												
Medication Delivery Solutions												
Medication Management Solutions												
Pharmaceutical Systems												
Total segment revenues												
<b>Life Sciences</b>												
Life Sciences												
Life Sciences												
Integrated Diagnostic Solutions												
Integrated Diagnostic Solutions												
Integrated Diagnostic Solutions												
Biosciences												
Total segment revenues												
Interventional												
Interventional												
Interventional												
Surgery												
Surgery												
Surgery												
Peripheral Intervention												
Urology and Critical Care												
Total segment revenues												
Total Company revenues												
Total Company revenues												
Total Company revenues												

(Millions of dollars)	2024						2023					
	United States			International			Total			United States		
	United States	International	Total									
<b>Medical</b>												
Medication Delivery Solutions	\$ 1,301	\$ 857	\$ 2,159	\$ 1,235	\$ 873	\$ 2,109	\$ 1,203	\$ 315	\$ 1,518	\$ 1,114	\$ 316	\$ 1,430
Medication Management Solutions	285	717	1,002	292	684	976	285	466	752	296	440	736
Total segment revenues	\$ 2,789	\$ 1,890	\$ 4,679	\$ 2,642	\$ 1,873	\$ 4,515	\$ 1,166	\$ 1,426	\$ 2,592	\$ 1,226	\$ 1,351	\$ 2,577
<b>Life Sciences</b>												
Integrated Diagnostic Solutions	\$ 881	\$ 959	\$ 1,840	\$ 930	\$ 911	\$ 1,841	\$ 285	\$ 466	\$ 752	\$ 296	\$ 440	\$ 736
Biosciences	1,166	1,426	2,592	1,226	1,351	2,577	1,166	1,426	2,592	1,226	1,351	2,577
Interventional												
Surgery	\$ 568	\$ 181	\$ 748	\$ 582	\$ 162	\$ 744						

Peripheral Intervention	498	444	943	492	410	902
Urology and Critical Care	634	156	789	522	148	670
Total segment revenues	\$ 1,699	\$ 781	\$ 2,480	\$ 1,595	\$ 720	\$ 2,315
Total Company revenues	\$ 5,655	\$ 4,096	\$ 9,751	\$ 5,462	\$ 3,944	\$ 9,407

Segment income for the three-month three and six-month periods was as follows:

(Millions of dollars)	(Millions of dollars)	Three Months Ended		Six Months Ended	
		March 31, 2024	2023	March 31, 2024	2023
(Millions of dollars)	(Millions of dollars)				
(Millions of dollars)	(Millions of dollars)				
<b>Income Before Income Taxes</b>					
<b>Income Before Income Taxes</b>					
<b>Income Before Income Taxes</b>					
Medical					
Medical					
Medical					
Life Sciences					
Life Sciences					
Life Sciences					
Interventional					
Interventional					
Interventional					
Total Segment Operating Income					
Total Segment Operating Income					
Total Segment Operating Income					
Integration and restructuring expense					
Integration and restructuring expense					
Integration and restructuring expense					
Net interest expense					
Net interest expense					
Net interest expense					
Other unallocated items (a)					
Other unallocated items (a)					
Other unallocated items (a)					
Total Income Before Income Taxes					
Total Income Before Income Taxes					
Total Income Before Income Taxes					

(a) Primarily comprised of foreign exchange, certain general and administrative expenses and share-based compensation expense.

#### Note 8 – Benefit Plans

The Company has defined benefit pension plans covering certain employees in the United States and certain international locations. The measurement date used for these plans is September 30.

Net pension cost included the following components for the three-month three and six-month periods:

(Millions of dollars)	(Millions of dollars)	Three Months Ended		Six Months Ended	
		March 31, 2024	2023	March 31, 2024	2023
(Millions of dollars)	(Millions of dollars)				
(Millions of dollars)	(Millions of dollars)				
(Millions of dollars)	(Millions of dollars)				
Service cost					

Service cost
Service cost
Interest cost
Interest cost
Interest cost
Expected return on plan assets
Expected return on plan assets
Expected return on plan assets
Amortization of prior service credit
Amortization of prior service credit
Amortization of prior service credit
Amortization of loss
Amortization of loss
Amortization of loss
Settlement loss
Net pension cost
Net pension cost
Net pension cost

The amounts provided above for amortization of prior service credit and amortization of loss represent the reclassifications of prior service credits and net actuarial losses that were recognized in *Accumulated other comprehensive income (loss)* in prior periods. All components of the Company's net periodic pension and postretirement benefit costs, aside from service cost, are recorded to *Other expense, (expense) income*, net on its condensed consolidated statements of income.

#### Note 9 – Business Restructuring Charges

The Company incurred restructuring costs during the ~~three~~ six months ended ~~December 31, 2023~~ March 31, 2024, primarily in connection with the Company's simplification and other cost-saving initiatives, which were recorded within *Integration and restructuring expense*. These simplification and other cost-saving initiatives are focused on reducing complexity, enhancing product quality, refining customer experience, and improving cost efficiency across all of the Company's segments.

Restructuring liability activity for the ~~three~~ six months ended ~~December 31, 2023~~ March 31, 2024 was as follows:

(Millions of dollars)	(Millions of dollars)	Employee Termination	Other (a)	Total	(Millions of dollars)	Employee Termination	Other (a)	Total
Balance at September 30, 2023								
Charged to expense								
Charged to expense								
Charged to expense								
Cash payments								
Non-cash settlements								
Other adjustments								
Balance at December 31, 2023								
Balance at March 31, 2024								

(a) Expense primarily relates to other costs associated with the execution of the Company's cost efficiency and restructuring programs, such as incremental project management costs and asset write-offs.

#### Note 10 – Intangible Assets

Intangible assets consisted of:

(Millions of dollars)	December 31, 2023			September 30, 2023			March 31, 2024			September 30, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized intangible assets												
Developed technology												
Developed technology												

Developed technology
Customer relationships
Patents, trademarks and other
Amortized intangible assets
Unamortized intangible assets
Acquired in-process research and development
Acquired in-process research and development
Acquired in-process research and development
Trademarks
Trademarks
Trademarks
Unamortized intangible assets
Unamortized intangible assets
Unamortized intangible assets

Intangible amortization expense was \$365 million for each of the three months ended December 31, 2023 March 31, 2024 and 2022, 2023 and \$731 million for each of the six months ended March 31, 2024 and 2023.

The following is a reconciliation of goodwill by business segment:

(Millions of dollars)	(Millions of dollars)	Medical	Life Sciences	Interventional	Total	(Millions of dollars)	Medical	Life Sciences	Interventional	Total
Goodwill as of September 30, 2023										
Currency translation										
Currency translation										
Currency translation										
Goodwill as of December 31, 2023										
Goodwill as of March 31, 2024										

#### Note 11 – Derivative Instruments and Hedging Activities

The Company uses derivative instruments to mitigate certain exposures. The Company does not enter into derivative financial instruments for trading or speculative purposes. The effects these derivative instruments and hedged items had on the Company's balance sheets and the fair values of the derivatives outstanding at December 31, 2023 March 31, 2024 and September 30, 2023 were not material. The effects on the Company's financial performance and cash flows are provided below.

#### Foreign Currency Risks and Related Strategies

The Company has foreign currency exposures throughout Europe, Greater 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. In order to mitigate foreign currency exposure relating to its investments in certain foreign subsidiaries, the Company has hedged the currency risk associated with those investments with certain instruments, such as foreign currency-denominated debt and cross-currency swaps, which are designated as net investment hedges, as well as currency exchange contracts.

(Millions of dollars)	(Millions of dollars)	Hedge Designation	December 31, 2023	September 30, 2023	(Millions of dollars)	Hedge Designation	March 31, 2024	September 30, 2023
Foreign exchange contracts (a)								
Foreign currency-denominated debt (b)								
Cross-currency swaps (c)								

- (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 income. These gains and losses are largely offset by gains and losses on the underlying hedged items, as well as the hedging costs associated with the derivative instruments. Net amounts recognized in Other expense, (expense) income, net, during the three and six months ended December 31, 2023 March 31, 2024 and 2022 2023 were immaterial to the Company's consolidated financial results.
- (b) Represents foreign currency-denominated long-term notes outstanding which were effective as economic hedges of net investments in certain of the Company's foreign subsidiaries.

(c) Represents cross-currency swaps which were effective as economic hedges of net investments in certain of the Company's foreign subsidiaries.

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

Net losses gains (losses) recorded to *Accumulated other comprehensive income (loss)* relating to the Company's net investment hedges for the three-month three and six-month periods were as follows:

(Millions of dollars)	(Millions of dollars)	Three Months Ended		Six Months Ended	
		March 31, 2024	2023	March 31, 2024	2023
Foreign currency-denominated debt					
Foreign currency-denominated debt					
Foreign currency-denominated debt					
Cross-currency swaps (a)					
Cross-currency swaps (a)					
Cross-currency swaps (a)					

(a) The amounts for the three and six months ended March 31, 2023 include a gain, net of tax, of \$13 million recognized on terminated cross-currency swaps.

#### Interest Rate Risks and Related Strategies

The Company uses a mix of fixed and variable rate debt to manage its interest rate exposure, and periodically uses interest rate swaps to manage such exposures. Under these interest rate swaps, the Company exchanges, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated as either cash flow or fair value hedges.

Changes in the fair value of the interest rate swaps designated as cash flow hedges (i.e., hedging the exposure to variability in expected future cash flows that is attributable to a particular risk) are recorded in *Other comprehensive income (loss)*. If interest rate derivatives designated as cash flow hedges are terminated, the balance in *Accumulated other comprehensive income (loss)* attributable to those derivatives is reclassified into earnings, within *Interest expense*, over the remaining life of the hedged debt. The amounts reclassified from accumulated other comprehensive income relating to cash flow hedges during the three and six months ended December 31, 2023 March 31, 2024 and 2022, 2023, as well as the amounts expected to be reclassified within the next 12 months, are not material to the Company's consolidated financial results.

Net after-tax losses gains (losses) recorded in *Other comprehensive income* relating to interest rate cash flow hedges were \$19 million during the three months ended December 31, 2023 and were immaterial to the Company's consolidated financial results during the three and six months ended December 31, 2022, March 31, 2024 and 2023. The net amounts recognized during the three and six months ended March 31, 2024 included a net after-tax gain of \$67 million that was realized upon the Company's termination of \$500 million of forward starting interest rate swaps.

For interest rate swaps designated as fair value hedges (i.e., hedges against the exposure to changes in the fair value of an asset or a liability or an identified portion thereof that is attributable to a particular risk), changes in the fair value of the interest rate swaps offset changes in the fair value of the fixed rate debt due to changes in market interest rates. Amounts recorded during the three and six months ended December 31, 2023 March 31, 2024 and 2022 2023 were immaterial to the Company's consolidated financial results.

The notional amounts of the Company's interest rate-related derivative instruments as of December 31, 2023 March 31, 2024 and September 30, 2023 were as follows:

(Millions of dollars)	(Millions of dollars)	Hedge Designation	December 31, 2023	September 30, 2023	(Millions of dollars)	Hedge Designation	March 31, 2024	September 30, 2023
Interest rate swaps (a)								
Forward starting interest rate swaps (b)								

- (a) Represents fixed-to-floating interest rate swap agreements the Company entered into to convert the interest payments on certain long-term notes from the fixed rate to a floating interest rate based on secured overnight financing rates ("SOFR").
- (b) Represents interest rate derivatives entered into to mitigate exposure to interest rate risk related to future debt issuances.

#### Other Risk Exposures

The Company purchases resins, which are oil-based components used in the manufacture of certain products. Significant increases in world oil prices that lead to increases in resin purchase costs could impact future operating results. From time to time, the Company has managed price risks associated with these commodity purchases through commodity derivative forward contracts. The Company's commodity derivative forward contracts at December 31, 2023 March 31, 2024 and September 30, 2023 were immaterial to the Company's consolidated financial results.

#### Note 12 – Financial Instruments and Fair Value Measurements

The following reconciles cash and equivalents and restricted cash reported within the Company's condensed consolidated balance sheets at December 31, 2023 March 31, 2024 and September 30, 2023 to the total of these amounts shown on the Company's condensed consolidated statements of cash flows:

(Millions of dollars)	(Millions of dollars)	December 31, 2023	September 30, 2023	(Millions of dollars)	March 31, 2024	September 30, 2023
Cash and equivalents						

#### Restricted cash

#### Cash and equivalents and restricted cash

Cash equivalents consist of all highly liquid investments with a maturity of three months or less at time of purchase. Restricted cash consists of cash restricted from withdrawal and usage except for certain product liability matters.

The fair values of the Company's financial instruments are as follows:

(Millions of dollars)	(Millions of dollars)	Basis of fair value measurement	December 31, 2023	September 30, 2023	(Millions of dollars)	Basis of fair value measurement	March 31, 2024	September 30, 2023
Institutional money market accounts (a)								
Current portion of long-term debt (b)								
Long-term debt (b)								

(a) These financial instruments are recorded within *Cash and equivalents* on the condensed consolidated balance sheets. The institutional money market accounts permit daily redemption. The fair values of these investments are based upon the quoted prices in active markets provided by the holding financial institutions.

(b) Long-term debt is recorded at amortized cost. The fair value of long-term debt is measured based upon quoted prices in active markets for similar instruments.

Short-term investments are held to their maturities and are carried at cost, which approximates fair value. The short-term investments primarily consist of *instruments* time deposits with maturities greater than three months and less than one year. All other *instruments* instruments measured by the Company at fair value, including derivatives, and contingent consideration liabilities and available-for-sale debt securities, are immaterial to the Company's condensed consolidated balance sheets.

#### Transfers of Trade Receivables

Over the normal course of its business activities, the Company transfers certain trade receivable assets to third parties under factoring agreements. Per the terms of these agreements, the Company surrenders control over its trade receivables upon transfer. Accordingly, the Company accounts for the transfers as sales of trade receivables by recognizing an increase to *Cash and equivalents* and a decrease to *Trade receivables, net* when proceeds from the transactions are received. The costs incurred by the Company in connection with factoring activities were not material to its consolidated financial results. The amounts transferred and yet to be remitted under factoring arrangements are provided below.

(Millions of dollars)	(Millions of dollars)	Three Months Ended December 31, 2024	Three Months Ended December 31, 2023	Three Months Ended December 31, 2024	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Six Months Ended March 31, 2024	Six Months Ended March 31, 2023
Trade receivables transferred to third parties under factoring arrangements								
Trade receivables transferred to third parties under factoring arrangements								
Trade receivables transferred to third parties under factoring arrangements								
Amounts yet to be collected and remitted to the third parties								

#### Supplier Finance Programs

The Company has agreements where participating suppliers are provided the ability to receive early payment of the Company's obligations at a nominal discount through supplier finance programs entered into with third party financial institutions. The Company is not a party to these arrangements, and these programs do not impact the Company's obligations or affect the Company's payment terms, which generally range from 90 to 150 days. The agreements with the financial institutions do not require the Company to provide assets pledged as security or other forms of guarantees for the supplier finance programs. The Company had \$105 million and \$94 million of outstanding payables related to supplier finance programs as of December 31, 2023 March 31, 2024 and September 30, 2023, respectively, which were recorded within *Payables, accrued expenses and other current liabilities* on the Company's condensed consolidated balance sheets.

#### Note 13 – Debt

In February 2024, the Company issued \$625 million of 4.874% notes due February 8, 2029, \$550 million of 5.110% notes due February 8, 2034 and €750 million (\$806 million) of 3.519% Euro-denominated notes due February 8, 2031.

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

The following commentary should be read in conjunction with the condensed consolidated financial statements and accompanying notes presented in this report. 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. References to years throughout this discussion relate to our fiscal years, which end on September 30.

## Company Overview

Becton, Dickinson and Company ("BD") is a global medical technology company engaged in the development, manufacture and sale of a broad range of medical supplies, devices, laboratory equipment and diagnostic products used by healthcare institutions, physicians, life science researchers, clinical laboratories, the pharmaceutical industry and the general public. The Company's organizational structure is based upon three principal business segments, BD Medical ("Medical"), BD Life Sciences ("Life Sciences") and BD Interventional ("Interventional").

BD's products are manufactured and sold worldwide. Our products are marketed in the United States and internationally through independent distribution channels and directly to end-users by BD and independent sales representatives. We organize our operations outside the United States as follows: EMEA (which includes Europe, the Middle East and Africa); Greater Asia (which includes countries in Greater China, Japan, South Asia, Southeast Asia, Korea, Australia and New Zealand); Latin America (which includes Mexico, Central America, the Caribbean and South America); and Canada. We continue to pursue growth opportunities in emerging markets, which include the following geographic regions: Eastern Europe, the Middle East and Africa (collectively referred to below as "EMA"), as well as Latin America and certain countries within Greater Asia.

### Key Trends Affecting Results of Operations

Our BD 2025 strategy for growth is anchored in three pillars: grow, simplify and empower. As we execute this strategy, we continue to invest in research and development, strategic tuck-in acquisitions, geographic expansion, and new product programs to drive further revenue and profit growth. Our ability to sustain our long-term growth will depend on a number of factors, including our ability to expand our core business (including strategic geographical expansion), and develop innovative new products, as well as continue to improve operating efficiency and organizational effectiveness.

Our operations, supply chain, suppliers and customers are exposed to various global macroeconomic factors and we continually evaluate macroeconomic conditions to assess their potential impact to our operations and financial results. Macroeconomic factors which ~~continue to affect~~ affected our operations and impacted results in the ~~first~~second quarter of fiscal year 2024 ~~include~~ included the following:

- As anticipated, market dynamics in China, such as volume-based procurement programs ("VoBP"), had an adverse impact on our results of operations, particularly in our Medical segment. We anticipate that ~~segment~~ and these dynamics ~~may~~ could continue to unfavorably impact our results of operations throughout our fiscal year 2024 operations.
- As is further discussed below, our labor costs were generally higher in our second quarter compared with the prior-year period. The supply of labor continues to be limited in certain markets and ~~labor~~ costs generally remain elevated. We expect that as such, labor availability and costs ~~will~~ could continue to be a macroeconomic challenge for unfavorably impact our operations during our fiscal year 2024, results of operations.
- Although logistics capacity constraints did not materially impact our ~~first~~second quarter financial results, adequate supply of transportation capacity is critical to our operations and constrained capacity may unfavorably impact our results of operations.

In addition, current healthcare delivery has transitioned more care from acute to non-acute settings and has increased focus on chronic disease management; this transition has placed additional financial pressure on hospitals and the broader healthcare system. Healthcare institutions may take actions to mitigate any persistent pressures on their budgets and such actions could impact the future demand for our products and services. Additionally, a deterioration of staffing levels within healthcare systems may affect the prioritization of healthcare services, which could also impact the demand for certain of our products.

Certain geopolitical conditions, including the evolving situations in Ukraine, the Middle East and Asia, may contribute to the ~~impact~~ global macroeconomic conditions, such as those discussed above. While these geopolitical conditions have not materially impacted our results of operations to date, the continuation and/or an escalation of these evolving situations may ~~further~~ weaken the global economy and could result in additional inflationary pressures and supply chain constraints, including the unavailability and cost of energy.

We have been mitigating the impacts of the macroeconomic and other factors discussed above through various strategies which leverage our procurement, logistics and manufacturing capabilities. However, there can be no assurance that we will be able to effectively mitigate these pressures in future periods and an inability to offset these pressures through our strategies, at least in part, could adversely impact our results of operations. Due to the significant uncertainty that exists relative to the duration and overall impact of the macroeconomic and other factors discussed above, our future operating performance, particularly in the short-term, may be subject to volatility. The impacts of macroeconomic and other conditions on our business, results of operations, financial condition and cash flows are dependent on certain factors, including those discussed in Part I, Item 1A, Risk Factors of our 2023 Annual Report on Form 10-K (the "2023 Annual Report").

### Overview of Financial Results and Financial Condition

For the three months ended ~~December 31, 2023~~ March 31, 2024, worldwide revenues of ~~\$4.706 billion~~ \$5.045 billion increased ~~2.6%~~ 4.6% from the prior-year period. This increase reflected the following impacts:

	Increase (decrease) in current-period revenues
Volume/other (a)	<del>0.5</del> 5.0 %
Impact due to sale of Surgical Instrumentation platform	(0.9)%
Pricing	<del>2.0</del> 0.6 %
Foreign currency translation	<del>1.0</del> (0.1)%
Increase in revenues from the prior-year period	<del>2.6</del> 4.6 %

(a) Volume/other includes revenues attributable to products, services and licensing.

Cash flows from continuing operating activities were ~~\$855 million~~ \$1.369 billion in the first ~~three~~six months of fiscal year 2024. At ~~December 31, 2023~~ March 31, 2024, we had ~~\$1.236 billion~~ \$3.222 billion in cash and equivalents and short-term investments, including restricted cash. We continued to return value to our shareholders in the form of dividends. During the first ~~three~~six months of fiscal year 2024, we paid cash dividends to common shareholders of ~~\$275 million~~ \$550 million.

Each reporting period, we face currency exposure that arises from translating the results of our worldwide operations to the U.S. dollar at exchange rates that fluctuate from the beginning of such period. The ~~impacts~~ second quarter fiscal year 2024 impact of foreign currency translation on our revenues ~~is~~ provided above and the ~~impact on our~~ earnings ~~during the first quarter of fiscal year 2024 are~~ is provided further below. We evaluate our results of operations on both a reported and a foreign currency-neutral basis, which excludes the impact of fluctuations in foreign currency exchange rates. As exchange rates are an important factor in understanding period-to-period comparisons, we believe the

presentation of results on a foreign currency-neutral basis in addition to reported results helps improve investors' ability to understand our operating results and evaluate our performance in comparison to prior periods. Foreign currency-neutral ("FXN") information compares results between periods as if exchange rates had remained constant period-over-period. We use results on a foreign currency-neutral basis as one measure to evaluate our performance. We calculate foreign currency-neutral percentages by converting our current-period local currency financial results using the prior-period foreign currency exchange rates and comparing these adjusted amounts to our current-period results. These results should be considered in addition to, not as a substitute for, results reported in accordance with U.S. generally accepted accounting principles ("GAAP"). Results on a foreign currency-neutral basis, as we present them, may not be comparable to similarly titled measures used by other companies and are not measures of performance presented in accordance with U.S. GAAP.

## Results of Operations

### Medical Segment

The following summarizes first second quarter Medical revenues by organizational unit:

(Millions of dollars)	(Millions of dollars)	Three months ended December 31,				Three months ended March 31,				Total Change	Est In
		2023	2022	Total Change	Estimated FX Impact	FXN Change (Millions of dollars)	2024	2023	Total Change		
Medication Delivery Solutions	Medication Delivery Solutions	\$1,052	\$1,039	1.2	1.2 %	1.0 %	\$1,107	\$1,070	3.5	3.5 %	
Medication Management Solutions	Medication Management Solutions	747	706	5.7	5.7 %	0.7 %	772	723	6.7	6.7 %	
Pharmaceutical Systems	Pharmaceutical Systems	431	409	5.4	5.4 %	2.0 %	570	567	0.6	0.6 %	
Total Medical Revenues	Total Medical Revenues	\$2,230	\$2,154	3.5	3.5 %	1.1 %	\$2,449	\$2,360	3.8	3.8 %	

The Medical segment's revenue growth in the first second quarter of 2024 primarily reflected the following:

- Strong global sales of demand for catheters in within the Medication Delivery Solutions unit were unit's Vascular Access Management portfolio, partially offset by the impact of unfavorable market dynamics in China, including VoBP, China.
- Strong growth Strength in infusion system sales of within the Medication Management Solutions unit's dispensing and infusion systems was unit, partially offset by an unfavorable comparison due to stronger sales of the unit's strong dispensing and pharmacy automation portfolio installations in the prior-year period and the timing of planned capital installations, period.
- Double-digit growth Growth in sales of the Pharmaceutical Systems unit's preffillable solutions in the biologic drug category, was partially offset by customer inventory dynamics including a slowdown in demand order patterns relating to other drug categories.

Medical segment total revenues for anticoagulants, the six-month periods were as follows:

(Millions of dollars)	Six months ended March 31,				Estimated FX Impact	FXN Change
	2024	2023	Total Change			
Total Medical Revenues	\$ 4,679	\$ 4,515	3.6 %		0.6 %	3.0 %

Medical segment income for the three-month period three and six-month periods is provided below:

(Millions of dollars)	(Millions of dollars)	Three months ended December 31,		Three months ended March 31,		Six months ended March 31,	
		2024	2023	2024	2023	2024	2023
Medical segment income							
Medical segment income							
Medical segment income							
Segment income as % of Medical revenues							
Segment income as % of Medical revenues							

Segment income as % of Medical revenues	27.0	%	27.2	%	25.6	%	26.5	%
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The Medical segment's operating income as a percentage of revenues in the **first** **second** quarter of 2024 compared with the **first** **second** quarter of 2023 reflected the following:

- Lower gross profit margin in the **first** **second** quarter of 2024 compared with the **first** **second** quarter of 2023, which primarily reflected:
  - Unfavorable impacts of higher raw material and labor costs, **product mix**, as well as unfavorable foreign currency translation.
  - Favorable impacts due to pricing **as well as and** lower manufacturing costs resulting from continuous improvement projects and other productivity initiatives, which enhanced the efficiency of our operations.
- Lower selling and administrative expense as a percentage of revenues in the **first** **second** quarter of 2024 compared with the **first** **second** quarter of 2023 primarily reflected cost containment measures and lower shipping costs.
- Lower research and development expense as a percentage of revenues in the **first** **second** quarter of 2024 compared with the **first** **second** quarter of 2023 due to the timing of project spending.

#### Life Sciences Segment

The following summarizes **first** **second** quarter Life Sciences revenues by organizational unit:

(Millions of dollars)	Three months ended December 31,						Three months ended March 31,						Three months ended December 31,						Estimated FX Impact	
	(Millions of dollars)		2023		2022		Total		Estimated FX Impact		FXN Change (Millions of dollars)		2024		2023		Total		Estimated FX Impact	
	Integrated Diagnostic Solutions	Integrated Diagnostic Solutions	\$ 913	\$ 952	(4.1)	(4.1)	%	1.4	%	(5.5)	%	Integrated Diagnostic Solutions	\$ 927	\$ 888	4.3	4.3	%	(0.1)		
Biosciences	Biosciences	375	349	349	7.3	7.3	%	1.6	%	5.7	%	Biosciences	377	386	386	(2.5)	(2.5)	%		
Total Life Sciences Revenues	Total Life Sciences Revenues	\$ 1,288	\$ 1,302	(1.0)	(1.0)	%	1.5	%	(2.5)	%	Total Life Sciences Revenues	\$ 1,304	\$ 1,275	2.2	2.2	%	(0.1)			

The Life Sciences segment's revenues **revenue growth** in the **first** **second** quarter of 2024 primarily reflected the following:

- An unfavorable comparison **Growth** in the Integrated Diagnostic Solutions unit due to **weaker respiratory illness-related strong demand for our microbiology platforms and specimen management portfolio**.
- A decline in the Biosciences unit due to **an unfavorable comparison to sales in the current-year prior-year period**, which benefited from stronger instrument installations and licensing revenue, was partially offset by **growth in the unit's microbiology platform and double-digit growth attributable to molecular diagnostic platforms**.
- Strong growth in sales of the Biosciences unit's research instruments**, including recently launched instruments, and **double-digit growth in sales of strong demand for clinical reagents**.

Life

Sciences segment total revenues for the six-month periods were as follows:

(Millions of dollars)	Six months ended March 31,					
	2024			2023		
	Total	Change	FX Impact	Total	Change	FX Impact
Total Life Sciences Revenues	\$ 2,592	\$ 2,577	0.6 %	\$ 2,577	0.6 %	0.7 %

Life Sciences segment income for the **three-month period** three and **six-months periods** is provided below.

(Millions of dollars)	Three months ended December 31,			Three months ended March 31,			Six months ended March 31,		
	2024			2023			2024		
	(Millions of dollars)	(Millions of dollars)	(Millions of dollars)	(Millions of dollars)	(Millions of dollars)	(Millions of dollars)	(Millions of dollars)	(Millions of dollars)	(Millions of dollars)
Life Sciences segment income									
Life Sciences segment income									
Life Sciences segment income									
Segment income as % of Life Sciences revenues									
Segment income as % of Life Sciences revenues									

Segment income as % of Life Sciences revenues	31.8	%	30.9	%	30.4	%	32.1	%
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The Life Sciences segment's operating income as a percentage of revenues in the **first** second quarter of 2024 compared with the **first** second quarter of 2023 primarily reflected the following:

- Lower gross profit margin in the **first** second quarter of 2024 compared with the **first** second quarter of 2023 which primarily reflected the current-period decline in respiratory illness-related revenues, unfavorable foreign currency translation, higher raw material and labor costs, and an unfavorable comparison due to a prior-year benefit from licensing revenue. These unfavorable impacts were partially offset by lower manufacturing costs resulting from continuous improvement projects and other productivity initiatives.
- Selling and administrative expense as a percentage of revenues in the **first** second quarter of 2024 was slightly higher compared with the **first** second quarter of 2023, which primarily reflected the current-period decline in respiratory illness-related revenues, partially offset by cost containment measures, higher administrative costs.
- Lower research and development expense as a percentage of revenues in the **first** second quarter of 2024 compared with the **first** second quarter of 2023, which primarily reflected the timing of project spending.

#### Interventional Segment

The following summarizes **first** second quarter Interventional revenues by organizational unit:

(Millions of dollars)	(Millions of dollars)	Three months ended December 31,				Three months ended March 31,				Total Change	Estim FX Imp%		
		2023		2022		Total Change	Estimated FX Impact	2024					
		2023	2022	2022	2021			2023	2022				
Surgery	Surgery	\$ 369	\$ 363	1.7	1.7 %	0.5 %	1.2 %	\$ 379	\$ 381	(0.5)	(0.5) %		
Peripheral Intervention	Peripheral Intervention	454	433	433	4.8	4.8 %	0.7 %	4.1 %	489	468	468	4.3 %	
Urology and Critical Care	Urology and Critical Care	365	333	333	9.5	9.5 %	0.2 %	9.3 %	424	336	336	26.1 %	
Total Interventional Revenues	Total Interventional Revenues	\$ 1,188	\$ 1,129	5.2	5.2 %	0.5 %	4.7 %	\$ 1,292	\$ 1,186	9.0	9.0 %		

The Interventional segment's revenue growth in the **first** second quarter of 2024 primarily reflected the following:

- Double-digit growth in global sales of Strong demand for the Surgery unit's advanced repair and reconstruction platforms, as well as strong growth in sales of its infection prevention products, partially products; this growth was offset by an impact unfavorable comparison to the prior-year period, which included revenues of \$39 million due \$44 million attributable to the unit's sale of its former Surgical Instrumentation platform, platform which was sold in the fourth quarter of fiscal year 2023.
- Growth driven by Double-digit growth attributable to continued global market penetration of the Peripheral Intervention unit's peripheral vascular disease platform, partially offset by an unfavorable comparison of current-period sales due to the timing of U.S. distributors' orders in the prior-year period, platform.
- Continued strong demand for Growth in the Urology and Critical Care unit's unit reflected current-period licensing revenue and double-digit growth attributable to continued strong demand for PureWick™ offerings in the acute and alternative care settings.

Interventional segment total revenues for the six-month periods were as follows:

(Millions of dollars)	Six months ended March 31,				Estimated FX Impact	FXN Change		
	2024		2023					
	Total	Change	Total	Change				
Total Interventional Revenues	\$ 2,480	\$ 2,315	7.1 %	— %	—	7.1 %		

Interventional segment income for the three-month period three and six-month periods is provided below.

(Millions of dollars)	(Millions of dollars)	Three months ended December 31,		Three months ended March 31,		Six months ended March 31,		Estimated FX Impact	
		2024		2023		2024			
		2024	2023	2023	2022	2024	2023		
Interventional segment income	Interventional segment income	Interventional segment income	Interventional segment income	Interventional segment income	Interventional segment income	Interventional segment income	Interventional segment income	Interventional segment income	

Segment income as % of Interventional revenues	30.0	%	25.1	%	27.4	%	25.8	%
Segment income as % of Interventional revenues	30.0	%	25.1	%	27.4	%	25.8	%

The Interventional segment's operating income as a percentage of revenues in the **first** **second** quarter of 2024 compared with the **first** **second** quarter of 2023 reflected the following:

- Lower **Higher** gross profit margin in the **first** **second** quarter of 2024 compared with the **first** **second** quarter of 2023, which primarily reflected **unfavorable** **foreign** **currency** **translation**, **favorable** **impacts** from licensing revenue, product mix and pricing, partially offset by the **absorption** **impact** of planned inventory reductions.
- Lower selling and administrative expense, as well as research and development expense, as percentages of revenues in the **first** **second** quarter of 2024 compared with the **first** **second** quarter of 2023, which primarily reflected revenue growth that outpaced spending.

#### Geographic Revenues

BD's worldwide **first** **second** quarter revenues by geography were as follows:

	Three months ended December 31,						Three months ended March 31,						Estimated FX Impact
	(Millions of dollars)	(Millions of dollars)	2023	2022	Total Change	Estimated FX Impact	(Millions of dollars)	2024	2023	Total Change	Estimated FX Impact	(Millions of dollars)	
United States	United States	\$2,749	\$2,730	0.7	0.7 %	— %	0.7	\$2,906	\$2,733	6.3	6.3 %	—	Estimated FX Impact
International	International	1,957	1,856	1,856	5.5	5.5 %	2.6 %	2.9	2.9	2.4	2.4 %	—	Estimated FX Impact
Total Revenues	Total Revenues	\$4,706	\$4,586	2.6	2.6 %	1.0 %	1.6 %	\$5,045	\$4,821	4.6	4.6 %	—	Estimated FX Impact

U.S. revenue growth in the **first** **second** quarter of 2024 was driven by strong sales in the Medical segment's Medication Delivery Solutions and Medication Management Solutions units, as well as by strong **sales** **growth** in the Interventional segment's Urology and Critical Care **unit**. First quarter U.S. revenues were **unfavorably** **impacted** by a decline in **respiratory** **illness-related** **sales** compared with the prior-year period **unit**, as further discussed further above.

International revenue growth in the **first** **second** quarter of 2024 was driven by strong sales in **both** **of** **the** Medical segment's Pharmaceutical Systems unit, as well as by strong sales **in** **the** Life Sciences segment's **units** **Integrated** **Diagnostic** **Solutions** **unit** and **in** **the** Interventional segment's **Surgery** **and** **Peripheral** **Intervention** **units**. First quarter international revenues were **unfavorably** **impacted** by a decline within the Medical segment's Medication Delivery Solutions unit due to market dynamics in China, as discussed further above. **unit**.

Emerging market revenues were as follows and reflected growth driven by sales in South Asia, **EMA** and Latin America, which was partially offset by the impacts of unfavorable market dynamics in China, as discussed above:

	Three months ended December 31,						Three months ended March 31,						Estimated FX Impact
	(Millions of dollars)	(Millions of dollars)	2023	2022	Total Change	Estimated FX Impact	(Millions of dollars)	2024	2023	Total Change	Estimated FX Impact	(Millions of dollars)	Estimated FX Impact
Emerging markets	Emerging markets	\$716	\$699	2.5	2.5 %	1.3 %	1.2 %	Emerging markets	\$753	\$734	2.6	2.6 %	(0.6) %

#### Specified Items

Reflected in the financial results for the **three-month** **three** **and** **six-month** periods of fiscal years 2024 and 2023 were the following specified items:

	Three months ended March 31,						Six months ended March 31,					
	(Millions of dollars)	(Millions of dollars)	2024	2023	2024	2023	(Millions of dollars)	2024	2023	2024	2023	(Millions of dollars)
(Millions of dollars)	(Millions of dollars)						(Millions of dollars)	2024	2023	(Millions of dollars)	2024	2023
(Millions of dollars)	(Millions of dollars)						(Millions of dollars)	2024	2023	(Millions of dollars)	2024	2023
Integration costs (a)							Integration costs (a)			Integration costs (a)		
Integration costs (a)							Integration costs (a)			Integration costs (a)		
Integration costs (a)							Restructuring costs (a)			Restructuring costs (a)		
Restructuring costs (a)							Restructuring costs (a)			Restructuring costs (a)		

Restructuring costs (a)
Separation-related items (b)
Separation-related items (b)
Separation-related items (b)
Purchase accounting adjustments (c)
Purchase accounting adjustments (c)
Purchase accounting adjustments (c)
European regulatory initiative-related costs (d)
European regulatory initiative-related costs (d)
European regulatory initiative-related costs (d)
Product, litigation, and other items (e)
Product, litigation, and other items (e)
Product, litigation, and other items (e)
Total specified items
Total specified items
Total specified items
Less: tax impact of specified items
Less: tax impact of specified items
Less: tax impact of specified items
After-tax impact of specified items
After-tax impact of specified items
After-tax impact of specified items

(a) Represents amounts associated with integration and restructuring activities which are recorded in *Integration and restructuring expense* and are further discussed below.

(b) Represents costs recorded to *Other operating (income) expense, net* and incurred in connection with the separation of BD's former Diabetes Care business.

(c) Includes amortization and other adjustments related to the purchase accounting for acquisitions. BD's amortization expense is recorded in *Cost of products sold*.

(d) Represents costs incurred to develop processes and systems to establish initial compliance with the European Union Medical Device Regulation and the European Union In Vitro Diagnostic Medical Device Regulation, which represent a significant, unusual change to the existing regulatory framework. We consider these costs to be duplicative of previously incurred costs and/or one-off costs, which are limited to a specific period of time. These expenses, which

are recorded in *Cost of products sold* and *Research and development expense*, include the cost of labor, other services and consulting (in particular, research and development and clinical trials) and supplies, travel and other miscellaneous costs.

(e) Includes certain (income) expense items which are not part of ordinary operations and affect the comparability of the periods presented. Such items may include certain product remediation costs, certain litigation-related items, certain investment gains and losses, certain asset impairment charges, and certain pension settlement costs.

#### Gross Profit Margin

The comparison of gross profit margin for the **three-month** **three and six-month** periods of fiscal years 2024 and 2023 reflected the following impacts:

	Three-month period
<b>December 31, 2022 gross profit margin %</b>	46.5 %
Impact of purchase accounting adjustments and other specified items	0.1 %
Operating performance	(1.8)%
Foreign currency translation	(1.7)%
<b>December 31, 2023 gross profit margin %</b>	43.1 %

	Three-month period	Six-month period
<b>March 31, 2023 gross profit margin %</b>	46.4 %	46.4 %
Impact of purchase accounting adjustments and other specified items	0.5 %	0.4 %
Operating performance	(1.0)%	(1.4)%
Foreign currency translation	(0.2)%	(1.0)%
<b>March 31, 2024 gross profit margin %</b>	45.7 %	44.4 %

Operating performance in the **three-month period** **three and six-month periods** of 2024 primarily reflected the following:

- Unfavorable impacts due to higher raw material and labor costs, as well as the absorption impact of planned inventory reductions.

- Favorable impacts from pricing as well as lower manufacturing costs resulting from our ongoing continuous improvement projects and other productivity initiatives.

#### Operating Expenses

A summary of operating expenses for the three-month and six-month periods of fiscal years 2024 and 2023 is as follows:

	Three months ended March 31,	Increase (decrease) in basis points	Six months ended March 31,	Increase (decrease) in basis points
<b>(Millions of dollars)</b>				
<b>(Millions of dollars)</b>				
<b>(Millions of dollars)</b>				
Selling and administrative expense				
Selling and administrative expense				
Selling and administrative expense				
% of revenues				
% of revenues				
% of revenues				
Research and development expense				
Research and development expense				
Research and development expense				
% of revenues				
% of revenues				
% of revenues				
Integration and restructuring expense				
Integration and restructuring expense				
Integration and restructuring expense				
Integration and restructuring expense				
Other operating (income) expense, net				
Other operating expense, net				
Other operating (income) expense, net				
Other operating expense, net				
Other operating expense, net				
Other operating expense, net				
Other operating (income) expense, net				
<b><u>Selling and administrative expense</u></b>				

Selling and administrative expense as a percentage of revenues in the three-month period and six-month periods of 2024 was relatively flat compared with the prior-year period, which primarily reflected higher revenues and lower shipping costs in the current-year period and cost containment measures, which were largely offset by unfavorable foreign currency translation periods.

#### **Research and development expense**

Research and development expense as a percentage of revenues in the three-month period and six-month periods of 2024 primarily reflected the timing of project spending.

#### **Integration and restructuring expense**

Integration and restructuring expense in the three-month period and six-month periods of 2024 included restructuring costs related to simplification and other cost-saving initiatives. Expense in the three-month period and six-month periods of 2023 also included system integration costs. For further disclosures regarding restructuring costs, refer to Note 9 in the Notes to Condensed Consolidated Financial Statements.

#### **Nonoperating Income**

##### **Net interest expense**

The components for the three-month and six-month periods of fiscal years 2024 and 2023 were as follows:

		Three months ended March 31,		Six months ended March 31,	
		2024	2023	2024	2023
<b>(Millions of dollars)</b>	<b>(Millions of dollars)</b>				
<b>(Millions of dollars)</b>					
<b>(Millions of dollars)</b>					
Interest expense					
Interest expense					

Interest expense
Interest income
Interest income
Interest income
Net interest expense
Net interest expense
Net interest expense

Higher interest expense for the three-month period three and six-month periods of fiscal year 2024 compared with the prior-year period was largely attributable to periods primarily reflected higher overall interest rates on debt outstanding, partially offset by the impact of lower total debt outstanding at March 31, 2024 compared with March 31, 2023.

Higher interest income for the three and six-month periods of fiscal year 2024 compared with the prior-year periods primarily reflected higher levels of cash on hand and higher overall interest rates.

#### Income Taxes

The income tax rates for the three-month three and six-month periods of fiscal years 2024 and 2023 are provided below.

		Three months ended March 31,		Six months ended March 31,	
		2023	2023	2024	2023
Effective income tax rate					
Effective income tax rate					
Effective income tax rate	Effective income tax rate			15.1 %	12.9 %
Impact, in basis points, from specified items				17.5 %	4.0 %
Impact, in basis points, from specified items					
Impact, in basis points, from specified items					

The effective income tax rate for the three-month period three and six-month periods of fiscal year 2024 compared with the prior-year period primarily reflected the absence impact of certain more favorable specified discrete items compared to those recognized in the prior-year period.

prior-period rates.

#### Net Income and Diluted Earnings per Share

Net income and diluted earnings per share for the three-month three and six-month periods of fiscal years 2024 and 2023 were as follows:

		Three months ended December 31,		Six months ended December 31,	
		2023	2023	2024	2023
Net Income (Millions of dollars)					
Net Income (Millions of dollars)					
Net Income (Millions of dollars)					
Diluted Earnings per Share					
Diluted Earnings per Share					
Diluted Earnings per Share					
Unfavorable impact-specified items					
Unfavorable impact-specified items					
Unfavorable impact-specified items					
Unfavorable impact-foreign currency translation					
Unfavorable impact-foreign currency translation					
Unfavorable impact-foreign currency translation					

## Liquidity and Capital Resources

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

(Millions of dollars)	(Millions of dollars)	Three months ended December 31,		Six months ended March 31,	
		2023	2022	(Millions of dollars)	2024
<b>Net cash provided by (used for):</b>					
Operating activities					
Operating activities					
Operating activities					
Investing activities					
Financing activities					

### Net Cash Flows from Operating Activities

Cash flows from operating activities in the first **three** six months of fiscal year 2024 was largely driven by our net income, adjusted by a change in operating assets and liabilities that was a net **source** **use** of cash. This net **source** **use** of cash primarily reflected lower levels of **trade receivables**, **accounts payable and accrued expenses**, partially offset by lower levels of **accounts payable and accrued expenses**, **inventory**. Cash flows from operating activities in 2024 additionally reflected a discretionary cash contribution of \$150 million to fund our pension obligation.

Cash flows from operating activities in the first **three** six months of fiscal year 2023 reflected net income, adjusted by a change in operating assets and liabilities that was a net **use** of cash. This net **use** of cash primarily reflected **higher levels of inventory, prepaid expenses and trade receivables**, as well as lower levels of **accounts payable and accrued expenses**, **expenses**, as well as higher levels of **inventory and trade receivables**.

### Net Cash Flows from Investing Activities

Our investments in capital expenditures are focused on projects that enhance our cost structure and manufacturing capabilities, as well as support our BD 2025 strategy for growth and simplification. Net outflows from investing activities in the first **three** six months of fiscal year 2024 included capital expenditure-related outflows of \$116 million \$250 million, compared with \$208 million \$389 million in the prior-year period.

Current-period outflows from investing activities also included net purchases of investments, primarily in time deposits, of \$815 million.

### Net Cash Flows from Financing Activities

Net cash **flows** from financing activities in the first **three** six months of fiscal years 2024 and 2023 included the following significant cash flows:

(Millions of dollars)	(Millions of dollars)	Three months ended December 31,		Six months ended March 31,	
		2023	2022	(Millions of dollars)	2024
<b>Cash inflow (outflow):</b>					
Change in short-term debt					
Change in short-term debt					
Change in short-term debt					
Proceeds from long-term debt					
Payments of debt					
Payments of debt					
Payments of debt					
Repurchases of common stock					
Repurchases of common stock					
Repurchases of common stock					
Dividends paid					

Certain measures relating to our total debt were as follows:

(Millions of dollars)	(Millions of dollars)	December 31,	September 30,	(Millions of dollars)	March 31,	September 30,
		2023	2023		2024	2023
Total debt						
Weighted average cost of total debt						
Weighted average cost of total debt						
Weighted average cost of total debt		3.0 %	3.0 %		3.2 %	3.0 %
Total debt as a percentage of total capital*	Total debt as a percentage of total capital*	38.0 %	37.2 %	Total debt as a percentage of total capital*	40.5 %	37.2 %

\* Represents shareholders' equity, net non-current deferred income tax liabilities, and debt.

## **Cash and Short-Term Investments**

At **December 31, 2023** **March 31, 2024**, total worldwide cash and equivalents and short-term investments, including restricted cash, were approximately **\$1.236 billion** **\$3.222 billion**. These assets were largely held in the United **States and Europe**. **States**. We regularly review the amount of cash and short-term investments held outside of the United States and our historical foreign earnings are used to fund foreign investments or meet foreign working capital and property, plant and equipment expenditure needs. To fund cash needs in the United States, we rely on ongoing cash flow from U.S. operations, access to capital markets and remittances from foreign subsidiaries of earnings that are not considered to be permanently reinvested.

## **Financing Facilities**

We have a five-year senior unsecured revolving credit facility in place which will expire in September 2026. The credit facility provides borrowings of up to \$2.750 billion, with separate sub-limits of \$100 million and \$194 million for letters of credit and swingline loans, respectively. The expiration date of the credit facility may be extended for up to two additional one-year periods, subject to certain restrictions (including the consent of the lenders). The credit facility provides that we may, subject to additional commitments by lenders, request an additional \$500 million of financing, for a maximum aggregate commitment under the credit facility of up to \$3.250 billion. Proceeds from this facility may be used for general corporate purposes and Becton Dickinson Euro Finance S.à r.l., an indirect, wholly-owned finance subsidiary of BD, is authorized as an additional borrower under the credit facility. There were no borrowings outstanding under the revolving credit facility at **December 31, 2023** **March 31, 2024**.

The agreement for our revolving credit facility contains the following financial covenants. We were in compliance with these covenants, as applicable, as of **December 31, 2023** **March 31, 2024**.

- We are required to have a leverage coverage ratio of no more than:
  - 4.25-to-1 as of the last day of each fiscal quarter following the closing of the credit facility; or
  - 4.75-to-1 for the four full fiscal quarters following the consummation of a material acquisition.

We may access commercial paper programs over the normal course of our business activities. Our U.S. and multicurrency euro commercial paper programs provide for a maximum amount of unsecured borrowings under the two programs, in aggregate, of \$2.750 billion. Proceeds from these programs may be used for working capital purposes and general corporate purposes, which may include acquisitions, share repurchases and repayments of debt. We had no commercial paper borrowings outstanding as of **December 31, 2023** **March 31, 2024**. We have additional informal lines of credit outside the United States. Also, over the normal course of our business activities, we transfer certain trade receivable assets to third parties under factoring agreements. Additional disclosures regarding sales of trade receivable assets are provided in Note 12 in the Notes to Condensed Consolidated Financial Statements.

## **Access to Capital and Credit Ratings**

Our corporate credit ratings with Standard & Poor's Ratings Services ("S&P"), Moody's Investors Service ("Moody's) and Fitch Ratings ("Fitch") at **December 31, 2023** **March 31, 2024** were unchanged compared with our ratings at September 30, 2023.

Lower corporate debt ratings and downgrades of our corporate credit ratings or other credit ratings may increase our cost of borrowing. We believe that given our debt ratings, our financial management policies, our ability to generate cash flow and the non-cyclical, geographically diversified nature of our businesses, we would have access to additional short-term and long-term capital should the need arise. A rating reflects only the view of a rating agency and is not a recommendation to buy, sell or hold securities. Ratings can be revised upward or downward at any time by a rating agency if such rating agency decides that circumstances warrant such a change.

## **Concentrations of Credit Risk**

We continually evaluate our accounts receivables for potential credit losses, particularly those resulting from sales to government-owned or government-supported healthcare facilities in certain countries, as payment may be dependent upon the financial stability and creditworthiness of those countries' national economies. In addition to continually evaluating all governmental receivables for potential credit losses based upon historical loss experiences, we also evaluate such receivables based upon the availability of government funding and reimbursement practices. We believe the current reserves related to all governmental receivables are adequate and that these receivables will not have a material adverse impact on our financial position or liquidity.

To date, we have not experienced a significant increased risk of credit losses in general as a result of current macroeconomic conditions. No assurances can be given that the risk of credit losses will not increase in the future given the uncertainty around the duration of the current macroeconomic challenges and pressures.

## **Other Matters**

### **Critical Accounting Policies**

There were no changes to our critical accounting policies from those disclosed in our 2023 Annual Report.

### **Regulatory Matters**

#### FDA Warning Letter

On January 11, 2018, BD received a Warning Letter from the FDA with respect to our former BD Preanalytical Systems ("PAS") unit, citing certain alleged violations of quality system regulations and of law. The Warning Letter states that, until BD resolves the outstanding issues covered by the Warning Letter, the FDA will not approve any premarket submissions for Class III devices to which the non-conformances are reasonably related or grant requests for certificates to foreign governments. BD has worked closely with the FDA and implemented corrective actions to address the quality management system concerns identified in the Warning Letter. In March 2020, the FDA conducted a subsequent inspection of PAS, which it classified as Voluntary Action Indicated, which means the FDA will not take or recommend any administrative or regulatory action as a result of the unit's response to the observations associated with the quality management concerns in the inspection. BD continues to work with the FDA to generate additional clinical evidence and file 510(k)s as remaining commitments associated with the Warning Letter. **In January 2022, As of March 31, 2024**, BD has received FDA clearance for its BD Vacutainer® ACD Blood Collection Tubes used in immunohematology. In July 2023, BD received FDA clearance for its BD Vacutainer® Trace Element K2EDTA and Serum Blood Collection Tubes. In August 2023, BD received FDA clearance for its BD Vacutainer® K2EDTA Tubes and BD Vacutainer® K3EDTA Tubes. In December 2023, BD received FDA clearance for its BD Vacutainer® Serum Separator (SST™) Blood Collection Tubes. In January 2024, BD received FDA clearance for its BD Vacutainer® Fluoride Blood Collection Tubes. **seven clearances**. The FDA review of these remaining commitments is ongoing, and no assurances can be given regarding further action by the FDA as a result of these commitments, including but not limited to action pursuant to the Warning Letter.

#### Ethylene Oxide/Consent Order — Covington, Georgia, USA Sterilization

On October 28, 2019, BD entered into a consent order with the Environmental Protection Division of the Georgia Department of Natural Resources (the "EPD"), following the filing of a complaint and motion for temporary restraining order by the EPD seeking to enjoin BD from continuing sterilization operations at its Covington, Georgia facility. Under the terms of the consent order, which has been amended two times upon mutual agreement of BD and EPD, BD voluntarily agreed to a number of operational changes at its Covington and Madison, Georgia facilities, as well as at its distribution center in Covington, designed to further reduce ethylene oxide emissions, including but not limited to operating at a reduced capacity until successful implementation of fugitive emission control technology, ongoing ambient air monitoring and operational controls at such facilities. Following submission of data relating to the implementation of these operational changes, BD was permitted to return to normal operations in December 2021 at its facilities in Georgia in accordance with the operating conditions set forth in its permit applications. The final air permits for the Covington and Madison facilities were issued by the EPD on May 5, 2023.

At a broader level, there is increased focus on the use and emission of ethylene oxide by the U.S. Environmental Protection Agency and state environmental regulatory agencies. Additional regulatory requirements associated with the use and emission of ethylene oxide may be imposed in the future, either domestically or outside the U.S. Ethylene oxide is the most frequently used sterilant for medical devices and healthcare products in the U.S., and in certain cases is the only option to sterilize critical medical device products for the safe administration to patients. This increased regulation could require BD or sterilization service providers, including providers used by BD, to temporarily suspend operations to install additional emissions control technology, limit the use of ethylene oxide or take other actions, which would impact BD's operations and further reduce the available capacity to sterilize medical devices and healthcare products, and could also result in additional costs. To this end, BD has proactively installed fugitive emissions controls at our facilities in East Columbus, NE and Sandy, UT, though such controls are not currently required UT.

On April 5, 2024, the final National Emission Standards for Hazardous Air Pollutants ("NESHAP"): Ethylene Oxide Emissions Standards for Sterilization Facilities regulation issued by law. A few states have filed lawsuits to require additional air quality controls and expand limitations on the use of ethylene oxide at sterilization facilities. For example, in December 2020, the State of New Mexico filed a lawsuit seeking a temporary restraining order and a preliminary and permanent injunction against a major medical device sterilizer, which sterilizes certain of our surgery products, to reduce ethylene oxide emissions associated with their sterilization process. On April 13, 2023, the U.S. Environmental Protection Agency ("EPA") published a proposed revision became effective. Companies generally have two years from the effective date to comply with the National Emission Standards for Hazardous Air Pollutants: Ethylene Oxide Emissions Standards for Sterilization Facilities and new requirements of the NESHAP. We are reviewing the details of the final NESHAP regulation to determine the full impact to BD's operations, including implementation of any changes necessary to ensure compliance by the deadline.

In addition, on April 13, 2023, the EPA published a Pesticide Registration Review; Review: Proposed Interim Decision and Draft Risk Assessment Addendum for Ethylene Oxide. BD submitted comments on these proposed regulations. Oxide ("PID"). The EPA has not yet finalized the PID, which regulates the use of ethylene oxide as a sterilant and is intended to mitigate any human health and environmental risks associated with its use. We cannot predict what any the final regulations PID adopted by the EPA may require and therefore we are not able to assess the impact they may have on our sterilization facilities, on the third-party sterilization facilities that BD utilizes and our operations more generally.

If any new or existing regulatory requirements or any such proceedings or rulemaking result in the suspension, curtailment or interruption of sterilization operations at BD or at medical device sterilizers used by BD, or otherwise limit the availability of third-party sterilization capacity, this could interrupt or otherwise adversely impact production of certain of our products or lead to civil litigation or other claims against BD. BD has business continuity plans in place to mitigate the impact of any such disruptions, although these plans may not be able to fully offset such impact, for the reasons noted above.

#### Consent Decree with FDA

As previously reported, our BD Alaris™ infusion pump organizational unit is operating under an amended consent decree entered into by CareFusion (the "Consent Decree") that includes all infusion pumps manufactured by or for CareFusion 303, Inc., the organizational unit that manufactures and sells BD Alaris™ infusion pumps in the United States.

Following an inspection that began in March 2020 of our Medication Management Systems facility (CareFusion 303, Inc.) in San Diego, California, the FDA issued to BD a Form 483 Notice (the "Form 483 Notice") that contains a number of observations of non-conformance with the FDA's quality system regulations. In December 2021, the FDA issued to CareFusion 303, Inc. a letter of non-compliance with respect to the Consent Decree (the "Non-Compliance Letter") stating that, among other things, it had determined that certain of BD's corrective actions with respect to the Form 483 Notice appeared to be adequate, some were still in progress such that adequacy could not be determined yet, and certain others were not adequate (e.g., complaint handling and corrective and preventive actions ("CAPA"), design verification and medical device reporting). Per the terms of the Non-Compliance Letter, CareFusion 303, Inc. provided the FDA with a proposed comprehensive corrective action plan and has retained an independent expert to conduct periodic audits of the CareFusion 303, Inc. infusion pump facilities through 2025. CareFusion 303, Inc. will update its corrective action plan to address any observations that may arise during the course of these audits. The FDA's review of the items raised in the Form 483 Notice and Non-Compliance Letter remains ongoing, and no assurances can be given regarding further action by the FDA as a result of the observations, including but not limited to action pursuant to the Consent Decree, or that corrective actions proposed by CareFusion 303, Inc. will be adequate to address these observations. Additionally, we cannot currently predict the amount of additional monetary investment that will be incurred to resolve this matter or the matter's ultimate impact on our business.

The Consent Decree authorizes the FDA, in the event of any violations in the future, to order us to cease manufacturing and distributing infusion pumps, recall products and take other actions. We may be required to pay damages of \$15,000 per day per violation if we fail to comply with any provision of the Consent Decree, up to \$15 million per year.

We may be obligated to pay more costs in the future because, among other things, the FDA may determine that we are not fully compliant with the Consent Decree and Non-Compliance Letter and therefore impose penalties under the Consent Decree, and/or we may also be subject to future proceedings and litigation relating to the matters addressed in the Consent Decree, including, but not limited to, additional fines, penalties, other monetary remedies, and expansion of the terms of the Consent Decree. As of September 30, 2023 March 31, 2024, we do not believe that a loss is probable in connection with the Consent Decree, and accordingly, we have no accruals associated with compliance with the Consent Decree.

As previously disclosed, on July 21, 2023, BD received 510(k) clearance from the FDA for its updated BD Alaris™ Infusion System, which enables both remediation and a return to market for the BD Alaris™ Infusion System. This clearance covers updated hardware features for Point-of-Care Unit (PCU), large volume pumps, syringe pumps, patient-controlled analgesia (PCA) pumps, respiratory monitoring and auto-identification modules. It also covers a new BD Alaris™ Infusion System software version with enhanced cybersecurity, along with interoperability features that enable smart, connected care with electronic medical record systems. To address all open recalls and ensure all devices at customer sites are running the most recent version of the BD Alaris™ Infusion System Software, all of the current BD Alaris™ Infusion System devices in the U.S. market will be remediated or replaced with the updated 510(k) cleared version over the next several years.

For further discussion of risks relating to the regulations to which we are subject, see Part I, Item 1A, of our 2023 Annual Report.

#### **Cautionary Statement Regarding Forward-Looking Statements**

This report includes forward-looking statements within the meaning of the federal securities laws. BD and its representatives may also, from time to time, make certain forward-looking statements in publicly released materials, both written and oral.

including statements contained in filings with the SEC, press releases, and our reports to shareholders. Forward-looking statements may be identified by the use of words such as "plan," "expect," "believe," "intend," "will," "may," "anticipate," "estimate" and other words of similar meaning in conjunction with, among other things, discussions of future operations and financial performance (including volume growth, pricing, sales and earnings per share growth, and cash flows) and statements regarding our strategy for growth, liquidity, future product development, regulatory approvals, competitive position and expenditures. All statements that address our future operating performance or events or developments that we expect or anticipate will occur in the future are forward-looking statements.

Forward-looking statements are, and will be, based on management's then-current views and assumptions regarding future events, developments and operating performance, and speak only as of their dates. Investors should realize that if underlying assumptions prove inaccurate, or risks or uncertainties materialize, actual results could vary materially from our expectations and projections. Investors are therefore cautioned not to place undue reliance on any forward-looking statements. Furthermore, we undertake no obligation to update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events and developments or otherwise, except as required by applicable law or regulations.

The following are some important factors that could cause our actual results to differ from our expectations in any forward-looking statements. For further discussion of certain of these factors, see Item 1A. Risk Factors in our 2023 Annual Report and our subsequent Quarterly Reports on Form 10-Q.

- General global, regional or national economic downturns and macroeconomic trends, including heightened inflation, capital market volatility, interest rate and currency rate fluctuations, and economic slowdown or recession, that may result in unfavorable conditions that could negatively affect demand for our products and services, impact the prices we can charge for our products and services, disrupt our supply chain, impair our ability to produce our products, or increase borrowing costs.
- The impact of inflation and disruptions in our global supply chain on BD and our suppliers (particularly sole-source suppliers and providers of sterilization services), including fluctuations in the cost and availability of oil-based resins and other raw materials, as well as certain components, used in the production or sterilization of our products, transportation constraints and delays, product shortages, energy shortages or increased energy costs, labor shortages or disputes, and increased operating and labor costs.
- Conditions in international markets, including social and political conditions, geopolitical developments such as the continuation and/or escalation of the evolving situations in Ukraine, the Middle East and Asia, civil unrest, terrorist activity, governmental changes, restrictions on the ability to transfer capital across borders, economic sanctions, export controls, tariffs and other protectionist measures, and barriers to market participation (such as local company and products preferences), difficulties in protecting and enforcing our intellectual property rights, and governmental expropriation of assets. Our international operations also increase our compliance risks, including risks under the Foreign Corrupt Practices Act and other anti-corruption and bribery laws, as well as regulatory and privacy laws.
- Competitive factors that could adversely affect our operations, including new product introductions and technologies (for example, new forms of drug delivery or novel medical therapies) by our current or future competitors, consolidation or strategic alliances among healthcare companies, distributors and/or payers of healthcare to improve their competitive position or develop new models for the delivery of healthcare, increased pricing pressure due to the impact of low-cost manufacturers, patents attained by competitors (particularly as patents on our products expire), new entrants into our markets and changes in the practice of medicine.
- Cost-containment efforts in the U.S. or in other countries in which we do business, such as alternative payment reform and increased use of competitive bidding and tenders, including, without limitation, any expansion of the volume-based procurement process in China or the implementation of similar cost-containment efforts.
- Changes in the way healthcare services are delivered, including transition of more care from acute to non-acute settings and increased focus on chronic disease management, which may affect the demand for our products and services. Additionally, budget constraints and staffing shortages, particularly shortages of nursing staff, may affect the prioritization of healthcare services, which could also impact the demand for certain of our products and services.
- Cost-containment efforts in the U.S. or in other countries in which we do business, such as alternative payment reform and increased use of competitive bidding and tenders, including, without limitation, any expansion of the volume-based procurement process in China or the implementation of similar cost-containment efforts.
- Our ability to achieve our projected level or mix of product sales, as our earnings forecasts are based on projected sales volumes and pricing of many product types, some of which are more profitable than others.
- Changes in the coverage or reimbursement landscape, or adverse decisions relating to our products by governments or third-party payers, which could reduce demand for our products or the price we can charge for such products.
- Risks relating to our overall level of indebtedness, including our ability to service our debt and refinance our indebtedness, which is dependent upon the capital markets and the overall macroeconomic environment and our financial condition at such time.
- Changes in the domestic and foreign healthcare industry, or in medical practices or in the preference of healthcare consumers that result in a reduction in procedures using our products or increased pricing pressures, including cost-reduction measures instituted by and the continued consolidation among healthcare providers.
- The effects of regulatory or other events (such as public health crises) that adversely impact our supply chain, including our ability to manufacture (including sterilize) our products (particularly where production of a product line or sterilization operations are concentrated in one or more plants), source materials or components or services from suppliers (including sole-source suppliers) that are needed for such manufacturing (including sterilization), or provide products to our customers, including events that impact key distributors. In particular, there has been increased regulatory focus on the use and emission of ethylene oxide in sterilization processes, and additional regulatory requirements have been proposed and may be imposed in the future that could adversely impact BD or our third-party sterilization providers.
- Security breaches of our information and technology systems or our products, which could impair our ability to conduct business, result in the loss of BD trade secrets or otherwise compromise sensitive information of BD or its customers, suppliers and other business partners, or of patients, including sensitive personal data, or result in product efficacy or safety concerns for certain of our products, and result in actions by regulatory bodies or civil litigation.

- Product efficacy or safety concerns or non-compliance with applicable regulatory requirements regarding our products resulting in product holds or recalls, regulatory action on the part of the FDA or foreign counterparts (including restrictions on future product clearances and civil penalties), declining sales and product liability claims, and damage to our reputation. As a result of the CareFusion acquisition, our U.S. infusion pump business is operating under a Consent Decree with the FDA. The Consent Decree authorizes the FDA, in the event of any violations in the future, to order our U.S. infusion pump business to cease manufacturing and distributing products, recall products or take other actions, and order the payment of significant monetary damages if the business subject to the decree fails to comply with any provision of the Consent Decree. In accordance with our commitments to the FDA, the overall timing of replacement or remediation of the BD Alaris™ Infusion Systems and return to market in the U.S. may be impacted by, among other things, customer readiness, supply continuity and our continued engagement with the FDA.
- Difficulties inherent in product development, including the potential inability to successfully continue technological innovation, successfully complete clinical trials, obtain and maintain regulatory approvals and registrations in the U.S. and abroad, obtain intellectual property protection for our products, obtain coverage and adequate reimbursement for new products, or gain and maintain market approval of products, as well as the possibility of infringement claims by competitors with respect to patents or other intellectual property rights, all of which could preclude or delay commercialization of a product. Delays in obtaining necessary approvals or clearances from the FDA or other regulatory agencies or changes in the regulatory process may also delay product launches and increase development costs.
- Any impact that public health crises, such as pandemics and epidemics, including COVID-19, may have on our business, the global economy and the global healthcare system. This may include decreases in the demand for our products, disruptions to our operations or the operations of our suppliers and customers, disruptions to our supply chain, or increases in transportation costs.
- The impact of changes in U.S. federal or foreign laws and policies that could affect fiscal and tax policies, taxation (including tax reforms, such as the implementation of a global minimum tax, that could adversely impact multinational corporations), and international trade, including import and export regulation and international trade agreements. In particular, tariffs, sanctions or other trade barriers imposed by the U.S. or other countries could adversely impact our supply chain costs or otherwise adversely impact our results of operations.
- The risks associated with the qualification of the spin-off of our former Diabetes Care business as a tax-free transaction for U.S. federal income tax purposes.
- The impact of business combinations or divestitures, including any volatility in earnings relating to acquisition-related costs, and our ability to successfully integrate any business we may acquire.
- Our ability to penetrate or expand our operations in emerging markets, which depends on local economic and political conditions, and how well we are able to make necessary infrastructure enhancements to production facilities and distribution networks.
- Deficit reduction efforts or other actions that reduce the availability of government funding for healthcare and research, which could weaken demand for our products and result in additional pricing pressures, as well as create potential collection risks associated with such sales.
- Fluctuations in university or U.S. and international governmental funding and policies for life sciences research.
- Our ability to recruit and retain key employees and the impact of labor conditions which could increase employee turnover or increase our labor and operating costs and negatively affect our ability to efficiently operate our business.
- Fluctuations in the demand for products we sell to pharmaceutical companies that are used to manufacture, or are sold with, the products of such companies, as a result of funding constraints, consolidation or otherwise.
- The impact of climate change, or legal, regulatory or market measures to address climate change, such as regulation of greenhouse gas emissions, zero-carbon energy and sustainability mandates, and additional taxes on fuel and energy, and changing customer preferences and requirements, such as those regarding the use of materials of concern, increased demand for products with lower environmental footprints, and for companies to set and demonstrate progress against greenhouse gas reduction plans and targets.
- Natural disasters, including the impacts of hurricanes, tornadoes, windstorms, fires, earthquakes and floods and other extreme weather events, global health pandemics, war, terrorism, labor disruptions and international conflicts that could cause significant economic disruption and political and social instability, resulting in decreased demand for our products, adversely affect our manufacturing and distribution capabilities or cause interruptions in our supply chain.
- Pending and potential future litigation or other proceedings asserting, and/or investigations concerning and/or subpoenas and requests seeking information with respect to, alleged violations of law (including in connection with federal and/or state healthcare programs (such as Medicare or Medicaid) and/or sales and marketing practices (such as investigative subpoenas and the civil investigative demands received by BD)), potential anti-corruption and related internal control violations under the Foreign Corrupt Practices Act, antitrust claims, securities law claims, product liability (which may involve lawsuits seeking class action status or seeking to establish multi-district litigation proceedings, including pending claims relating to our hernia repair implant products, surgical continence products for women, vena cava filter products and implantable ports), claims with respect to environmental matters, data privacy breaches and patent infringement, and the availability or collectability of insurance relating to any such claims.
- New or changing laws and regulations affecting our domestic and foreign operations, or changes in enforcement practices, including, without limitation, laws relating to sales practices, environmental protection and reporting, price controls, privacy, cybersecurity, **artificial intelligence**, and licensing and regulatory requirements for new products and products in the post-marketing phase. In particular, the U.S. and other countries may impose new requirements regarding registration, labeling or prohibited materials that may require us to re-register products already on the market or otherwise impact our ability to market our products. Environmental laws, particularly with respect to the emission of greenhouse gases, are also becoming more stringent throughout the world, which may increase our costs of operations or necessitate changes in our manufacturing plants or processes or those of our suppliers, or result in liability to BD.
- The effect of adverse media exposure or other publicity regarding BD's business or operations, including the effect on BD's reputation or demand for its products.
- The effect of market fluctuations on the value of assets in BD's pension plans and on actuarial interest rate and asset return assumptions, which could require BD to make additional contributions to the plans or increase our pension plan expense.

- Our ability to obtain the anticipated benefits of restructuring programs, if any, that we may undertake.
- Issuance of new or revised accounting standards by the FASB or the SEC.

The foregoing list sets forth many, but not all, of the factors that could impact our ability to achieve results described in any forward-looking statements. Investors should understand that it is not possible to predict or identify all such factors and should not consider this list to be a complete statement of all potential risks and uncertainties.

#### Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in information reported since the end of the fiscal year ended September 30, 2023.

#### Item 4. Controls and Procedures

An evaluation was carried out by BD's management, with the participation of BD's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of BD's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of **December 31, 2023** **March 31, 2024**. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were, as of the end of the period covered by this report, effective and designed to ensure that material information relating to BD and its consolidated subsidiaries would be made known to them by others within these entities.

There were no changes in our internal control over financial reporting during the fiscal quarter ended **December 31, 2023** **March 31, 2024** identified in connection with the above-referenced evaluation that have materially affected, or are reasonably likely to materially affect, BD's internal control over financial reporting.

### PART II - OTHER INFORMATION

#### Item 1. Legal Proceedings

We are involved, both as a plaintiff and a defendant, in various legal proceedings, including product liability and environmental matters as set forth in our 2023 Annual Report, and in Note 5 of the Notes to Condensed Consolidated Financial Statements in this report, which is incorporated herein by reference.

#### Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed in Part I, Item 1A, of our 2023 Annual Report.

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

The table below sets forth certain information regarding our purchases of common stock of BD during the quarter ended **December 31, 2023** **March 31, 2024**.

##### Issuer Purchases of Equity Securities

For the three months ended December 31, 2023	Total Number of Shares Purchased (1)	Average Price	Total Number of Shares Purchased		Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (2)
			Paid per Share	as Part of Publicly Announced Plans or Programs	
October 1 - 31, 2023	1,086	\$ 256.74	—	—	8,799,998
November 1 – 30, 2023 (3)	1,718,377	236.05	1,718,140	—	7,081,858
December 1 – 31, 2023 (3)	400,081	236.05	400,081	—	6,681,777
<b>Total</b>	<b>2,119,544</b>	<b>\$ 236.06</b>	<b>2,118,221</b>	<b>—</b>	<b>6,681,777</b>

For the three months ended March 31, 2024	Total Number of Shares Purchased (1)	Average Price	Total Number of Shares Purchased		Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (2)
			Paid per Share	as Part of Publicly Announced Plans or Programs	
January 1 - 31, 2024	1,280	\$ 238.11	—	—	6,681,777
February 1 – 29, 2024	252	239.08	—	—	6,681,777
March 1 – 31, 2024	—	—	—	—	6,681,777
<b>Total</b>	<b>1,532</b>	<b>\$ 238.27</b>	<b>—</b>	<b>—</b>	<b>6,681,777</b>

(1) Includes **1,323** **1,532** shares purchased during the quarter in open market transactions by the trust relating to BD's Deferred Compensation and Retirement Benefit Restoration Plan and 1996 Directors' Deferral Plan.

(2) Represents shares available under a repurchase program authorized by the Board of Directors on November 3, 2021, for 10 million shares, for which there is no expiration date.

(3) Shares purchased includes an initial delivery of 1,718,140 shares of our common stock received upon payment of \$500 million under accelerated share repurchase ("ASR") agreements, which were executed in November 2023, and an additional 400,081 shares in December 2023 based upon final settlement of the ASR agreements. The total average price paid per share in the table above reflects the volume weighted average price of BD's shares over the term of the ASR agreements. Additional disclosures regarding this transaction are provided in Note 3 of the Notes to Condensed Consolidated Financial Statements in this report.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

*Rule 10b5-1 and Non-Rule 10b5-1 Trading Arrangements*

During the three months ended **December 31, 2023** **March 31, 2024**, certain of our officers adopted "Rule 10b5-1 trading arrangements," as defined in Item 408(a) of Regulation S-K of the Exchange Act, as follows.

On **November 10, 2023** **February 12, 2024**, **Shana Neal**, **Roland Goette**, executive vice president and chief people officer of BD, adopted a trading plan intended to satisfy the conditions under Rule 10b5-1(c) of the Exchange Act. Ms. Neal's plan is for (i) the sale of up to 1,930 shares of BD's common stock and (ii) the sale of up to 1,916 shares of BD's common stock upon the vesting of time vested units ("TVUs"), net of shares withheld to satisfy applicable taxes. The sales will be made in accordance with the prices and formulas set forth in the plan and such plan terminates on the earlier of the date all the shares under the plan are sold and **November 10, 2024**.

On November 17, 2023, **Christopher DelOrefice**, executive vice president and chief financial officer **EMEA** of BD, adopted a trading plan intended to satisfy the conditions under Rule 10b5-1(c) of the Exchange Act. Mr. DelOrefice's Goette's plan is for the sale of up to **2,500** **6,600** shares of BD's common stock. The sales will be made in accordance with the prices and formulas set forth in the plan and such plan terminates on the earlier of the date all the shares under the plan are sold and **November 15, 2024**.

On December 13, 2023, **Antoine Ezell**, executive vice president, president, North America and chief marketing officer of BD, adopted a trading plan intended to satisfy the conditions under Rule 10b5-1(c) of the Exchange Act. Mr. Ezell's plan is for (i) the sale of up to 2,831 shares of BD's common stock and (ii) the sale of up to 478 shares of BD's common stock upon the vesting of TVUs, net of shares withheld to satisfy applicable taxes. The sales will be made in accordance with the prices and formulas set forth in the plan and such plan terminates on the earlier of the date all the shares under the plan are sold and **November 15, 2024**.

On December 14, 2023, **Thomas Spoerel**, senior vice president and controller, chief accounting officer and international chief financial officer of BD, adopted a trading plan intended to satisfy the conditions under Rule 10b5-1(c) of the Exchange Act. Mr. Spoerel's plan is for the sale of up to 582 shares of BD's common stock. The sales will be made in accordance with the prices and formulas set forth in the plan and such plan terminates on the earlier of the date all the shares under the plan are sold and **December 15, 2024** **June 1, 2025**.

During the three months ended **December 31, 2023** **March 31, 2024**, none of our officers or directors adopted, **terminated** or **terminated** **modified** any "non-Rule 10b5-1 trading arrangement," as defined in Item 408(a) of Regulation S-K of the Exchange Act.

Item 6. Exhibits

10.1.4.1 **Executive Officer Cash Severance Policy** Form of 3.519% Notes due February 8, 2031 of Becton, Dickinson and Company (incorporated by reference to Exhibit **10.1.4.1** to the registrant's Current Report on Form 8-K filed on **November 27, 2023** **February 8, 2024**).

4.2 Form of 4.874% Notes due February 8, 2029 of Becton, Dickinson and Company (incorporated by reference to Exhibit 4.2 to the registrant's Current Report on Form 8-K filed on **February 8, 2024**).

4.3 Form of 5.110% Notes due February 8, 2034 of Becton, Dickinson and Company (incorporated by reference to Exhibit 4.3 to the registrant's Current Report on Form 8-K filed on **February 8, 2024**).

22 Subsidiary Issuer of Guaranteed Securities.

31 Certifications of Chief Executive Officer and Chief Financial Officer, pursuant to SEC Rule 13a - 14(a).

32 Certifications of Chief Executive Officer and Chief Financial Officer, pursuant to Rule 13a - 14(b) and Section 1350 of Chapter 63 of Title 18 of the U.S. Code.

101 The following materials from this report, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Income, (iii) the Condensed Consolidated Statements of Comprehensive Income, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements.

104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Becton, Dickinson and Company

(Registrant)

/s/ Christopher J. DelOrefice

Christopher J. DelOrefice

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

/s/ Thomas J. Spoerel

Thomas J. Spoerel

Senior Vice President and Controller, Chief Accounting Officer and

International Chief

Financial Officer

(Principal Accounting Officer)

**3940**

**Exhibit 22**

**Subsidiary Issuers of Guaranteed Securities**

As of **December 31, 2023** **March 31, 2024**, Becton, Dickinson and Company ("BD") is the guarantor of the senior unsecured registered notes listed below issued by Becton Dickinson Euro Finance S.à r.l. ("BD Finance"). BD owns, directly or indirectly, 100% of BD Finance.

**Becton Dickinson Euro Finance S.à r.l.**

1.208% Notes due June 4, 2026

0.334% Notes due August 13, 2028

3.553% Notes due September 13, 2029

1.213% Notes due February 12, 2036

1.336% Notes due August 13, 2041

**Exhibit 31**

**CERTIFICATION**

I, Thomas E. Polen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Becton, Dickinson and Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during

period in which this report is being prepared;

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

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

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **February 1, 2024** May 2, 2024

/s/ Thomas E. Polen

Thomas E. Polen

Chairman, Chief Executive Officer and President

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#### CERTIFICATION

I, Christopher J. DelOrefice, certify that:

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

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **February 1, 2024** May 2, 2024

/s/ Christopher J. DelOrefice

Christopher J. DelOrefice

Executive Vice President and Chief Financial Officer

**Exhibit 32**

**CERTIFICATION**

The certification set forth below is being submitted in connection with the Quarterly Report on Form 10-Q of Becton, Dickinson and Company for the quarter ended **December 31, 2023** **March 31, 2024** (the "Report") for the purpose of complying with Rule 13a – 14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, Thomas E. Polen, the Chief Executive Officer of Becton, Dickinson and Company, certify that:

- such Report fully complies with the requirements of Section 13(a) of the Exchange Act; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Becton, Dickinson and Company.

Date: **February 1, 2024** May 2, 2024

/s/ Thomas E. Polen

Name: Thomas E. Polen

Chief Executive Officer

**CERTIFICATION**

The certification set forth below is being submitted in connection with the Quarterly Report on Form 10-Q of Becton, Dickinson and Company for the quarter ended **December 31, 2023** **March 31, 2024** (the "Report") for the purpose of complying with Rule 13a – 14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, Christopher J. DelOrefice, the Chief Financial Officer of Becton, Dickinson and Company, certify that:

- such Report fully complies with the requirements of Section 13(a) of the Exchange Act; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Becton, Dickinson and Company.

Date: **February 1, 2024** May 2, 2024

/s/ Christopher J. DelOrefice

Name: Christopher J. DelOrefice

Chief Financial Officer



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