

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 March 31, 2022
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
(State or other jurisdiction of
incorporation or organization)

22-0760120
(I.R.S. Employer
Identification No.)

1 Becton Drive, Franklin Lakes, New Jersey 07417-1880
(Address of principal executive offices) (Zip Code)

(201) 847-6800
(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 |
| Depository Shares, each representing a 1/20th interest in a share of 6.00% Mandatory Convertible Preferred Stock, Series B | BDXB | New York Stock Exchange |
| 1.000% Notes due December 15, 2022 | BDX22A | New York Stock Exchange |
| 1.900% Notes due December 15, 2026 | BDX26 | New York Stock Exchange |
| 1.401% Notes due May 24, 2023 | BDX23A | New York Stock Exchange |
| 3.020% Notes due May 24, 2025 | BDX25 | New York Stock Exchange |
| 0.632% Notes due June 4, 2023 | BDX/23A | 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 |
| 0.000% Notes due August 13, 2023 | BDX23B | New York Stock Exchange |
| 0.034% Notes due August 13, 2025 | BDX25A | 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 285,064,629 shares of Common Stock, \$1.00 par value, outstanding at March 31, 2022.

BECTON, DICKINSON AND COMPANY
FORM 10-Q
For the quarterly period ended March 31, 2022

TABLE OF CONTENTS

| | <u>Page Number</u> |
|-----------------|---|
| <u>Part I.</u> | |
| | <u>FINANCIAL INFORMATION</u> |
| Item 1. | <u>Financial Statements (Unaudited)</u> |
| | <u>Condensed Consolidated Statements of Income</u> 3 |
| | <u>Condensed Consolidated Statements of Comprehensive Income</u> 4 |
| | <u>Condensed Consolidated Balance Sheets</u> 5 |
| | <u>Condensed Consolidated Statements of Cash Flows</u> 6 |
| | <u>Notes to Condensed Consolidated Financial Statements</u> 7 |
| Item 2. | <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> 20 |
| Item 3. | <u>Quantitative and Qualitative Disclosures About Market Risk</u> 36 |
| Item 4. | <u>Controls and Procedures</u> 36 |
| <u>Part II.</u> | |
| | <u>OTHER INFORMATION</u> |
| Item 1. | <u>Legal Proceedings</u> 37 |
| Item 1A. | <u>Risk Factors</u> 38 |
| Item 2. | <u>Unregistered Sales of Equity Securities and Use of Proceeds</u> 38 |
| Item 3. | <u>Defaults Upon Senior Securities</u> 39 |
| Item 4. | <u>Mine Safety Disclosures</u> 39 |
| Item 5. | <u>Other Information</u> 39 |
| Item 6. | <u>Exhibits</u> 39 |
| | <u>Signatures</u> 40 |

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

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|---|---------------------------------|--------------|-------------------------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| Revenues | \$ 5,011 | \$ 4,907 | \$ 10,006 | \$ 10,223 |
| Cost of products sold | 2,706 | 2,661 | 5,278 | 5,244 |
| Selling and administrative expense | 1,232 | 1,148 | 2,456 | 2,298 |
| Research and development expense | 343 | 317 | 673 | 608 |
| Acquisition-related integration and restructuring expense | 28 | 52 | 62 | 102 |
| Other operating expense, net | 49 | 296 | 70 | 296 |
| Total Operating Costs and Expenses | 4,359 | 4,473 | 8,539 | 8,547 |
| Operating Income | 652 | 434 | 1,467 | 1,676 |
| Interest expense | (101) | (124) | (199) | (242) |
| Interest income | 2 | 2 | 4 | 5 |
| Other (expense) income, net | (27) | (8) | (24) | 24 |
| Income Before Income Taxes | 525 | 305 | 1,248 | 1,462 |
| Income tax provision | 71 | 6 | 117 | 160 |
| Net Income | 454 | 299 | 1,131 | 1,302 |
| Preferred stock dividends | (23) | (23) | (45) | (45) |
| Net income applicable to common shareholders | \$ 431 | \$ 277 | \$ 1,086 | \$ 1,257 |
| | | | | |
| Basic Earnings per Share | \$ 1.51 | \$ 0.95 | \$ 3.81 | \$ 4.32 |
| Diluted Earnings per Share | \$ 1.50 | \$ 0.94 | \$ 3.78 | \$ 4.28 |
| Dividends per Common Share | \$ 0.87 | \$ 0.83 | \$ 1.74 | \$ 1.66 |

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 March 31, | | Six Months Ended March 31, | |
|--|---------------------------------|---------------|-------------------------------|-----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Net Income | \$ 454 | \$ 299 | \$ 1,131 | \$ 1,302 |
| Other Comprehensive Income (Loss), Net of Tax | | | | |
| Foreign currency translation adjustments | 78 | (15) | 119 | 50 |
| Defined benefit pension and postretirement plans | 11 | 16 | 21 | 58 |
| Cash flow hedges | 44 | 83 | 37 | 111 |
| Other Comprehensive Income, Net of Tax | 133 | 85 | 178 | 219 |
| Comprehensive Income | <u>\$ 586</u> | <u>\$ 384</u> | <u>\$ 1,309</u> | <u>\$ 1,521</u> |

Amounts may not add due to rounding.

See notes to condensed consolidated financial statements

BECTON, DICKINSON AND COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
Millions of dollars

| | March 31, 2022 (Unaudited) | September 30, 2021 |
|--|----------------------------------|-----------------------|
| Assets | | |
| Current Assets: | | |
| Cash and equivalents | \$ 3,147 | \$ 2,283 |
| Restricted cash | 173 | 109 |
| Short-term investments | 15 | 12 |
| Trade receivables, net | 2,303 | 2,497 |
| Inventories: | | |
| Materials | 708 | 641 |
| Work in process | 413 | 402 |
| Finished products | 2,137 | 1,823 |
| | 3,258 | 2,866 |
| Prepaid expenses and other | 1,256 | 1,072 |
| Total Current Assets | 10,152 | 8,838 |
| Property, Plant and Equipment | 13,193 | 12,942 |
| Less allowances for depreciation and amortization | 6,788 | 6,549 |
| Property, Plant and Equipment, Net | 6,406 | 6,393 |
| Goodwill | 24,096 | 23,901 |
| Developed Technology, Net | 9,044 | 9,417 |
| Customer Relationships, Net | 2,681 | 2,818 |
| Other Intangibles, Net | 542 | 548 |
| Other Assets | 1,866 | 1,952 |
| Total Assets | \$ 54,786 | \$ 53,866 |
| Liabilities and Shareholders' Equity | | |
| Current Liabilities: | | |
| Current debt obligations | \$ 1,051 | \$ 500 |
| Payables, accrued expenses and other current liabilities | 5,605 | 6,126 |
| Total Current Liabilities | 6,657 | 6,626 |
| Long-Term Debt | 17,584 | 17,110 |
| Long-Term Employee Benefit Obligations | 1,048 | 1,228 |
| Deferred Income Taxes and Other Liabilities | 4,973 | 5,225 |
| Commitments and Contingencies (See Note 4) | | |
| Shareholders' Equity | | |
| Preferred stock | 2 | 2 |
| Common stock | 365 | 365 |
| Capital in excess of par value | 19,495 | 19,272 |
| Retained earnings | 14,416 | 13,826 |
| Deferred compensation | 24 | 23 |
| Treasury stock | (7,866) | (7,723) |
| Accumulated other comprehensive loss | (1,910) | (2,088) |
| Total Shareholders' Equity | 24,525 | 23,677 |
| Total Liabilities and Shareholders' Equity | \$ 54,786 | \$ 53,866 |

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)

| | Six Months Ended March 31, | |
|--|-------------------------------|-----------------|
| | 2022 | 2021 |
| Operating Activities | | |
| Net income | \$ 1,131 | \$ 1,302 |
| Adjustments to net income to derive net cash provided by operating activities: | | |
| Depreciation and amortization | 1,114 | 1,113 |
| Share-based compensation | 140 | 138 |
| Deferred income taxes | (80) | (120) |
| Change in operating assets and liabilities | (950) | 55 |
| Pension obligation | (136) | 45 |
| Product liability-related charge | — | 296 |
| Other, net | (101) | (109) |
| Net Cash Provided by Operating Activities | <u>1,118</u> | <u>2,721</u> |
| Investing Activities | | |
| Capital expenditures | (415) | (499) |
| Acquisitions, net of cash acquired | (450) | (179) |
| Other, net | (124) | (186) |
| Net Cash Used for Investing Activities | <u>(990)</u> | <u>(863)</u> |
| Financing Activities | | |
| Proceeds from long-term debt | — | 1,715 |
| Proceeds from debt issued in connection with the spin-off (see Note 12) | 1,424 | — |
| Payments of debt | (2) | (1,998) |
| Dividends paid | (541) | (528) |
| Other, net | (76) | (82) |
| Net Cash Provided by (Used for) Financing Activities | <u>804</u> | <u>(893)</u> |
| Effect of exchange rate changes on cash and equivalents and restricted cash | (4) | 17 |
| Net increase in cash and equivalents and restricted cash | 928 | 981 |
| Opening Cash and Equivalents and Restricted Cash | 2,392 | 2,917 |
| Closing Cash and Equivalents and Restricted Cash | <u>\$ 3,320</u> | <u>\$ 3,898</u> |

Amounts may not add due to rounding.

See notes to condensed consolidated financial statements

BECTON, DICKINSON AND COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2022

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 2021 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.

Spin-Off of Diabetes Care Business

On April 1, 2022, the Company completed the spin-off of its Diabetes Care business as a separate publicly traded company named Embecta Corp. ("Embecta") through a distribution of Embecta's publicly traded common stock to BD's shareholders of record as of the close of business on March 22, 2022 (the "record date"). The Company distributed one share of Embecta common stock for every five common shares of BD outstanding as of the record date. Shareholders received cash in lieu of fractional shares of Embecta common stock. The spin-off is expected to qualify as a tax-free transaction for U.S. federal income tax purposes. Embecta is an independent, publicly traded company focused on diabetes management, and BD retains no ownership interest. Embecta's common stock is listed on NASDAQ under the ticker symbol "EMBC". The historical financial results of Embecta are included in these condensed consolidated financial statements. Subsequent to the spin-off, and in future filings, the historical results of the Diabetes Care business will be reflected as discontinued operations in the Company's consolidated financial statements. Disclosures pertaining to Embecta's issuance of debt in connection with the spin-off are provided in Note 12.

In connection with the spin-off, the Company and Embecta entered into various agreements to effect the spin-off and provide a framework for the relationship between the Company and Embecta after the spin-off. Such agreements include the separation and distribution agreement, as well as the following ongoing agreements: a cannula supply agreement, an intellectual property matters agreement, a transition services agreement, manufacturing and supply agreements, a lease agreement, a distribution agreement to support commercial operations, a logistics services agreement and other agreements including an employee matters agreement and a tax matters agreement. Under these agreements the Company will continue to provide certain products and services to Embecta following the spin-off.

Note 2 – Shareholders' Equity

Changes in certain components of shareholders' equity for the first two quarters of fiscal years 2022 and 2021 were as follows:

| (Millions of dollars) | Common Stock Issued at Par Value | Capital in Excess of Par Value | Retained Earnings | Deferred Compensation | Treasury Stock | |
|---|----------------------------------|--------------------------------|-------------------|-----------------------|-----------------------|------------|
| | | | | | Shares (in thousands) | Amount |
| Balance at September 30, 2021 | \$ 365 | \$ 19,272 | \$ 13,826 | \$ 23 | (80,164) | \$ (7,723) |
| Net income | — | — | 677 | — | — | — |
| Common dividends (\$0.87 per share) | — | — | (248) | — | — | — |
| Preferred dividends | — | — | (23) | — | — | — |
| Common stock issued for share-based compensation and other plans, net | — | (71) | — | — | 762 | 19 |
| Share-based compensation | — | 83 | — | — | — | — |
| Common stock held in trusts, net (a) | — | — | — | — | (5) | — |
| Repurchase of common stock (b) | — | 150 | — | — | (462) | (150) |
| Balance at December 31, 2021 | \$ 365 | \$ 19,435 | \$ 14,233 | \$ 24 | (79,869) | \$ (7,855) |
| Net income | — | — | 454 | — | — | — |
| Common dividends (\$0.87 per share) | — | — | (248) | — | — | — |
| Preferred dividends | — | — | (23) | — | — | — |
| Common stock issued for share-based compensation and other plans, net | — | (21) | — | 1 | 284 | 14 |
| Share-based compensation | — | 56 | — | — | — | — |
| Common stock held in trusts, net (a) | — | 24 | — | — | 9 | (24) |
| Balance at March 31, 2022 | \$ 365 | \$ 19,495 | \$ 14,416 | \$ 24 | (79,575) | \$ (7,866) |

| (Millions of dollars) | Common Stock Issued at Par Value | Capital in Excess of Par Value | Retained Earnings | Deferred Compensation | Treasury Stock | |
|---|----------------------------------|--------------------------------|-------------------|-----------------------|-----------------------|------------|
| | | | | | Shares (in thousands) | Amount |
| Balance at September 30, 2020 | \$ 365 | \$ 19,270 | \$ 12,791 | \$ 23 | (74,623) | \$ (6,138) |
| Net income | — | — | 1,003 | — | — | — |
| Common dividends (\$0.83 per share) | — | — | (242) | — | — | — |
| Preferred dividends | — | — | (23) | — | — | — |
| Common stock issued for share-based compensation and other plans, net | — | (53) | — | — | 549 | 2 |
| Share-based compensation | — | 83 | — | — | — | — |
| Common stock held in trusts, net (a) | — | — | — | — | (7) | — |
| Effect of change in accounting principles | — | — | (9) | — | — | — |
| Balance at December 31, 2020 | \$ 365 | \$ 19,301 | \$ 13,522 | \$ 23 | (74,080) | \$ (6,136) |
| Net income | — | — | 299 | — | — | — |
| Common dividends (\$0.83 per share) | — | — | (242) | — | — | — |
| Preferred dividends | — | — | (23) | — | — | — |
| Common stock issued for share-based compensation and other plans, net | — | (15) | — | — | 234 | 4 |
| Share-based compensation | — | 55 | — | — | — | — |
| Common stock held in trusts, net (a) | — | — | — | — | 23 | — |
| Balance at March 31, 2021 | \$ 365 | \$ 19,341 | \$ 13,557 | \$ 23 | (73,821) | \$ (6,132) |

- (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. During the second quarter of fiscal year 2022, the common stock held in trusts was temporarily replaced with the Company's Series C preferred shares to adhere to trust requirements until the Company's spin-off of its Diabetes Care business was completed on April 1, 2022.

- (b) Represents shares received upon final settlement of an accelerated share repurchase agreement, and the related forward sale contract, entered into during the fourth quarter of fiscal year 2021. The share repurchases were made pursuant to the repurchase program authorized by the Board of Directors on September 24, 2013 for 10 million shares, for which there is no expiration date. In November 2021, the Board of Directors authorized the Company to repurchase up to an additional 10 million shares of BD common stock, for which there is also no expiration date.

The components and changes of *Accumulated other comprehensive income (loss)* for the first two quarters of fiscal years 2022 and 2021 were as follows:

| (Millions of dollars) | Total | Foreign Currency Translation | Benefit Plans | Cash Flow Hedges |
|--|-------------------|---------------------------------|-----------------|------------------|
| Balance at September 30, 2021 | \$ (2,088) | \$ (1,292) | \$ (784) | \$ (10) |
| Other comprehensive income (loss) before reclassifications, net of taxes | 34 | 41 | — | (7) |
| Amounts reclassified into income, net of taxes | 11 | — | 11 | — |
| Balance at December 31, 2021 | \$ (2,043) | \$ (1,251) | \$ (774) | \$ (17) |
| Other comprehensive income before reclassifications, net of taxes | 122 | 78 | — | 44 |
| Amounts reclassified into income, net of taxes | 11 | — | 11 | — |
| Balance at March 31, 2022 | <u>\$ (1,910)</u> | <u>\$ (1,173)</u> | <u>\$ (763)</u> | <u>\$ 28</u> |

| (Millions of dollars) | Total | Foreign Currency Translation | Benefit Plans | Cash Flow Hedges |
|--|-------------------|---------------------------------|-----------------|------------------|
| Balance at September 30, 2020 | \$ (2,548) | \$ (1,416) | \$ (1,040) | \$ (91) |
| Other comprehensive income before reclassifications, net of taxes | 115 | 64 | 24 | 27 |
| Amounts reclassified into income, net of taxes | 19 | — | 18 | 2 |
| Balance at December 31, 2020 | \$ (2,414) | \$ (1,352) | \$ (998) | \$ (62) |
| Other comprehensive income (loss) before reclassifications, net of taxes | 64 | (15) | — | 78 |
| Amounts reclassified into income, net of taxes | 21 | — | 16 | 5 |
| Balance at March 31, 2021 | <u>\$ (2,329)</u> | <u>\$ (1,367)</u> | <u>\$ (982)</u> | <u>\$ 21</u> |

The amounts of foreign currency translation recognized in other comprehensive income during the three and six months ended March 31, 2022 and 2021 included net gains (losses) relating to net investment hedges. Other comprehensive income relating to benefit plans during the three months ended December 31, 2020 represented a net gain recognized as a result of the Company's remeasurement, as of October 31, 2020, of the legacy Bard U.S. defined pension benefit plan upon its merger with the BD defined benefit cash balance pension plan in the first quarter of fiscal year 2021. The amounts recognized in other comprehensive income relating to cash flow hedges during the three and six months ended March 31, 2022 and 2021 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 and six months ended March 31, 2022 and 2021 are provided in Note 10.

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 March 31, 2022 and 2021 were immaterial to the Company's consolidated financial results.

Note 3 – 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 March 31, | | Six Months Ended March 31, | |
|---|---------------------------------|----------------|-------------------------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Average common shares outstanding | 285,243 | 291,095 | 284,961 | 290,839 |
| Dilutive share equivalents from share-based plans | 2,003 | 2,452 | 2,215 | 2,660 |
| Dilutive share equivalents from Series C preferred shares (a) | 53 | — | 26 | — |
| Average common and common equivalent shares outstanding – assuming dilution | <u>287,299</u> | <u>293,547</u> | <u>287,202</u> | <u>293,499</u> |
| Share equivalents excluded from the diluted shares outstanding calculation: | | | | |
| Mandatory convertible preferred stock (b) | <u>5,639</u> | <u>6,169</u> | <u>5,639</u> | <u>6,169</u> |
| Share-based plans (c) | <u>—</u> | <u>773</u> | <u>676</u> | <u>773</u> |

- (a) Represents dilutive share equivalents from Series C preferred shares that temporarily replaced shares of common stock held in trusts to adhere to trust requirements until the Company's spin-off of its Diabetes Care business on April 1, 2022 was completed.
- (b) Excluded from the diluted shares outstanding calculation because the result would have been antidilutive.
- (c) 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 4 – 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 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 March 31, 2022, the Company is defending approximately 28,590 product liability claims involving the Company's line of hernia repair devices (collectively, the "Hernia Product Claims"). The majority of those 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, those 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.

- The first bellwether trial in the hernia MDL resulted in a complete defense verdict in favor of the Company in September 2021 after over five weeks of trial.
- The second hernia MDL bellwether resulted in a \$255 thousand verdict in April 2022 after four weeks of trial.

Trials are currently scheduled in various state and/or federal courts, including one currently scheduled for June 2022 in RI. The Company expects additional trials of Hernia Product Claims to take place over the next 12 months.

The Company also continues to be a defendant in certain other mass tort litigation. As of March 31, 2022, the Company is defending product liability claims involving the Company's line of pelvic mesh products, the majority of which are pending in various federal court jurisdictions and in a coordinated proceeding in New Jersey Superior Court. Also, as of March 31, 2022, the Company is defending product liability claims involving the Company's line of inferior vena cava ("IVC") filter products. The majority of those claims are pending in various federal court jurisdictions after having been remanded from the MDL in the United States District Court for the District of Arizona.

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 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 AlarisTM 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. The plaintiff filed a second amended complaint to add certain additional factual allegations on February 3, 2021. This complaint was dismissed on the Company's motion on September 15, 2021. The court's dismissal order, however, gave plaintiff an opportunity to replead, which it did on October 29, 2021. The Company moved to dismiss the newly amended pleading on December 16, 2021. That motion is fully briefed and pending. The Company believes that these allegations are without merit and it intends to defend itself vigorously.

On November 2, 2020, a civil 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, Ronald Jankowski, derivatively on behalf of the Company, against its individual directors and certain of its officers. The complaint seeks recovery for breach of fiduciary duties by directors and various officers; violations of the Securities Exchange Act of 1934, including sections 10(b), 14(a) and 21D; and insider trading. In general, the complaint also alleges, among other things, that various directors and/or officers caused the Company to issue purportedly misleading statements and SEC filings regarding AlarisTM infusion pumps, and issue a purportedly misleading proxy statement. The complaint seeks damages, including restitution and disgorgement of profits, and an injunction requiring the Company to undertake remedial measures with respect to certain corporate governance and internal procedures. A second derivative action, *Schranz v. Polen, et al.*, Civ. No. 2:21-cv-01081 (D. N.J.), 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 *Jankowski* and *Schranz* consolidated actions, and demanded, among other things, that the Board of Directors pursue civil action 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. The special committee's determination has been communicated to counsel for the shareholders. Should the shareholders continue to pursue their claims in court, the Company will take appropriate steps to seek dismissal of the complaints.

In May 2017, the Company was sued by a competitor in the Northern District of New York, alleging antitrust violations related to certain aspects of the Company's medical delivery solutions business in a case captioned *AngioDynamics, Inc. v. C. R. Bard, Inc. et al.*, Civ. No. 1:17-CV-0598. Motion practice in the case is ongoing. The Company believes it has meritorious defenses and is vigorously defending the case, which has been set for trial on July 5, 2022.

In February 2021, the Company received a subpoena from the Enforcement Division of the SEC requesting information from the Company relating to, among other things, AlarisTM infusion pumps. The Company is cooperating with the SEC and responding to these requests. The Company cannot anticipate the timing, scope, outcome or possible impact of the investigation, financial or otherwise.

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 AlarisTM and PyxisTM

devices, in connection with a civil investigation of possible violations of the False Claims Act, and the government recently 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 Northern District of Georgia in 2018. The requests concern sales and marketing practices with respect to certain aspects of the Company's urology business. The government has made requests for documents and has interviewed employees. The inquiry is ongoing 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 filed its motion to dismiss on December 27, 2021, and intends to vigorously defend itself in the litigation. As the case is in its early stages, the Company cannot anticipate the timing, scope, outcome or possible impact at present.

In July 2021, the Company became aware of lawsuits that had been filed against it in state and federal court in Georgia. The suits were filed by plaintiffs who reside near Company facilities in Covington, GA, where ethylene oxide ("EtO") sterilization activities take place. There are currently approximately 210 of such suits. The claims allege a variety of injuries, including but not limited to multiple types of cancer, allegedly attributable to exposure to EtO in the ambient air. The Company has meritorious defenses and intends to defend itself vigorously.

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 to these suits pending against the Company and is engaged in a vigorous defense of each of these matters.

The Company cannot predict the outcome of these 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 other 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. We also are 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 legal matters, and may, from time-to-time, engage in settlement and mediation discussions taking into consideration developments in the matters and the risks and uncertainties surrounding litigation. These discussions could result in settlements of one or more of these claims at any time.

Accruals for the Company's product liability claims which are discussed above, as well as the related legal defense costs, amounted to approximately \$2.3 billion and \$2.5 billion at March 31, 2022 and September 30, 2021, respectively. These accruals are largely recorded within *Deferred Income Taxes and Other Liabilities* on the Company's condensed consolidated balance sheets.

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 and /or consolidated cash flows.

Note 5 – Revenues

The Company's policies for recognizing sales have not changed from those described in the Company's 2021 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.

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 March 31, 2022 and September 30, 2021 was \$585 million and \$576 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 are immaterial to the Company's consolidated financial results. 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 at March 31, 2022. 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 \$2.4 billion at March 31, 2022. 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 6.

Note 6 – 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 and six-month periods are detailed below. The Company has no material intersegment revenues.

| (Millions of dollars) | Three Months Ended March 31, | | | | | |
|---------------------------------|------------------------------|---------------|----------|---------------|---------------|----------|
| | 2022 | | | 2021 | | |
| | United States | International | Total | United States | International | Total |
| <u>Medical</u> | | | | | | |
| Medication Delivery Solutions | \$ 588 | \$ 450 | \$ 1,038 | \$ 531 | \$ 468 | \$ 999 |
| Medication Management Solutions | 461 | 143 | 604 | 440 | 126 | 566 |
| Diabetes Care | 140 | 133 | 273 | 148 | 135 | 284 |
| Pharmaceutical Systems | 125 | 376 | 501 | 100 | 361 | 462 |
| Total segment revenues | \$ 1,314 | \$ 1,102 | \$ 2,416 | \$ 1,220 | \$ 1,091 | \$ 2,311 |
| <u>Life Sciences</u> | | | | | | |
| Integrated Diagnostic Solutions | \$ 618 | \$ 532 | \$ 1,150 | \$ 454 | \$ 807 | \$ 1,261 |
| Biosciences | 129 | 206 | 335 | 121 | 204 | 325 |
| Total segment revenues | \$ 747 | \$ 738 | \$ 1,485 | \$ 576 | \$ 1,010 | \$ 1,586 |
| <u>Interventional</u> | | | | | | |
| Surgery | \$ 268 | \$ 72 | \$ 340 | \$ 227 | \$ 65 | \$ 292 |
| Peripheral Intervention | 240 | 210 | 450 | 222 | 198 | 420 |
| Urology and Critical Care | 239 | 82 | 320 | 217 | 82 | 298 |
| Total segment revenues | \$ 746 | \$ 364 | \$ 1,111 | \$ 666 | \$ 345 | \$ 1,011 |
| Total Company revenues | \$ 2,807 | \$ 2,204 | \$ 5,011 | \$ 2,462 | \$ 2,446 | \$ 4,907 |

| (Millions of dollars) | Six Months Ended March 31, | | | | | |
|---------------------------------|----------------------------|---------------|-----------|---------------|---------------|-----------|
| | 2022 | | | 2021 | | |
| | United States | International | Total | United States | International | Total |
| <u>Medical</u> | | | | | | |
| Medication Delivery Solutions | \$ 1,207 | \$ 915 | \$ 2,122 | \$ 1,099 | \$ 908 | \$ 2,006 |
| Medication Management Solutions | 945 | 286 | 1,231 | 917 | 278 | 1,196 |
| Diabetes Care | 291 | 271 | 561 | 298 | 271 | 569 |
| Pharmaceutical Systems | 228 | 670 | 898 | 180 | 621 | 801 |
| Total segment revenues | \$ 2,671 | \$ 2,142 | \$ 4,813 | \$ 2,494 | \$ 2,078 | \$ 4,572 |
| <u>Life Sciences</u> | | | | | | |
| Integrated Diagnostic Solutions | \$ 1,232 | \$ 1,062 | \$ 2,295 | \$ 1,469 | \$ 1,459 | \$ 2,928 |
| Biosciences | 258 | 416 | 674 | 241 | 396 | 637 |
| Total segment revenues | \$ 1,490 | \$ 1,478 | \$ 2,968 | \$ 1,710 | \$ 1,855 | \$ 3,565 |
| <u>Interventional</u> | | | | | | |
| Surgery | \$ 549 | \$ 152 | \$ 701 | \$ 489 | \$ 135 | \$ 624 |
| Peripheral Intervention | 457 | 407 | 863 | 454 | 392 | 846 |
| Urology and Critical Care | 492 | 168 | 661 | 445 | 171 | 616 |
| Total segment revenues | \$ 1,498 | \$ 727 | \$ 2,225 | \$ 1,388 | \$ 698 | \$ 2,086 |
| Total Company revenues | \$ 5,659 | \$ 4,347 | \$ 10,006 | \$ 5,592 | \$ 4,631 | \$ 10,223 |

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

| (Millions of dollars) | Three Months Ended March 31, | | Six Months Ended March 31, | |
|---------------------------------------|---------------------------------|--------|-------------------------------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| Income Before Income Taxes | | | | |
| Medical (a) | \$ 615 | \$ 634 | \$ 1,331 | \$ 1,300 |
| Life Sciences | 475 | 548 | 1,009 | 1,521 |
| Interventional | 280 | 209 | 544 | 511 |
| Total Segment Operating Income | 1,370 | 1,392 | 2,884 | 3,331 |
| Integration and restructuring expense | (28) | (52) | (62) | (102) |
| Net interest expense | (100) | (122) | (195) | (238) |
| Other unallocated items (b) | (717) | (913) | (1,378) | (1,529) |
| Total Income Before Income Taxes | \$ 525 | \$ 305 | \$ 1,248 | \$ 1,462 |

- (a) The amounts for the three and six months ended March 31, 2022 include a noncash asset impairment charge of \$54 million recorded to *Cost of products sold* in the Medical segment.
- (b) Primarily comprised of foreign exchange, certain general and administrative expenses and share-based compensation expense. The amounts for the three and six months ended March 31, 2021 also included pre-tax charges of \$296 million recorded to *Other operating expense, net* related to certain product liability matters, including the related legal defense costs, which are further discussed in Note 4.

Note 7 – 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 and six-month periods:

| (Millions of dollars) | Three Months Ended March 31, | | Six Months Ended March 31, | |
|--------------------------------------|---------------------------------|-------|-------------------------------|-------|
| | 2022 | 2021 | 2022 | 2021 |
| Service cost | \$ 34 | \$ 36 | \$ 69 | \$ 79 |
| Interest cost | 19 | 17 | 38 | 37 |
| Expected return on plan assets | (46) | (41) | (94) | (89) |
| Amortization of prior service credit | (4) | (3) | (8) | (7) |
| Amortization of loss | 15 | 23 | 31 | 50 |
| Settlements | 1 | — | 6 | — |
| Net pension cost | \$ 18 | \$ 32 | \$ 42 | \$ 69 |

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 cost, aside from service cost, are recorded to *Other (expense) income, net* on its condensed consolidated statements of income.

Note 8 – Business Restructuring Charges

The Company incurred restructuring costs during the six months ended March 31, 2022, primarily in connection with the Company's simplification and other cost saving initiatives, which were largely recorded within *Acquisition-related 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 six months ended March 31, 2022 was as follows:

| (Millions of dollars) | Employee Termination | Other | Total |
|-------------------------------|----------------------|-------------|--------------|
| Balance at September 30, 2021 | \$ 14 | \$ 5 | \$ 19 |
| Charged to expense | 4 | 30 | 34 |
| Cash payments | (6) | (32) | (38) |
| Balance at March 31, 2022 | <u>\$ 12</u> | <u>\$ 3</u> | <u>\$ 15</u> |

Note 9 – Intangible Assets

Intangible assets consisted of:

| (Millions of dollars) | March 31, 2022 | | | September 30, 2021 | | |
|--|-----------------------|--------------------------|---------------------|-----------------------|--------------------------|---------------------|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Amortized intangible assets | | | | | | |
| Developed technology | \$ 14,535 | \$ (5,491) | \$ 9,044 | \$ 14,399 | \$ (4,983) | \$ 9,417 |
| Customer relationships | 4,686 | (2,005) | 2,681 | 4,658 | (1,839) | 2,818 |
| Product rights | 115 | (82) | 33 | 123 | (83) | 40 |
| Trademarks | 408 | (146) | 262 | 409 | (137) | 271 |
| Patents and other | 543 | (343) | 200 | 533 | (342) | 191 |
| Amortized intangible assets | <u>\$ 20,287</u> | <u>\$ (8,067)</u> | <u>\$ 12,220</u> | <u>\$ 20,122</u> | <u>\$ (7,385)</u> | <u>\$ 12,737</u> |
| Unamortized intangible assets | | | | | | |
| Acquired in-process research and development | \$ 44 | | | \$ 44 | | |
| Trademarks | 2 | | | 2 | | |
| Unamortized intangible assets | <u>\$ 46</u> | | | <u>\$ 46</u> | | |

Intangible amortization expense for the three months ended March 31, 2022 and 2021 was \$352 million and \$350 million, respectively. Intangible amortization expense for the six months ended March 31, 2022 and 2021 was \$707 million and \$698 million, respectively.

The following is a reconciliation of goodwill by business segment:

| (Millions of dollars) | Medical | Life Sciences | Interventional | Total |
|---------------------------------------|------------------|---------------|------------------|------------------|
| Goodwill as of September 30, 2021 | \$ 10,255 | \$ 836 | \$ 12,810 | \$ 23,901 |
| Acquisitions (a) | — | 71 | 205 | 276 |
| Purchase price allocation adjustments | — | — | (2) | (2) |
| Currency translation | (32) | (6) | (42) | (80) |
| Goodwill as of March 31, 2022 | <u>\$ 10,223</u> | <u>\$ 902</u> | <u>\$ 12,971</u> | <u>\$ 24,096</u> |

(a) Represents goodwill recognized relative to certain acquisitions which were not material individually or in the aggregate.

Note 10 – 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 March 31, 2022 and September 30, 2021 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.

The notional amounts of the Company's foreign currency-related derivative instruments as of March 31, 2022 and September 30, 2021 were as follows:

| (Millions of dollars) | Hedge Designation | March 31, 2022 | September 30, 2021 |
|---------------------------------------|-----------------------|----------------|--------------------|
| Foreign exchange contracts (a) | Undesignated | \$ 1,486 | \$ 2,735 |
| Foreign currency-denominated debt (b) | Net investment hedges | 2,419 | 2,543 |
| Cross-currency swaps (c) | Net investment hedges | 1,958 | 1,958 |

- 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) income, net*, during the three and six months ended March 31, 2022 and 2021 were immaterial to the Company's consolidated financial results.
- 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.
- 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 gains (losses) recorded to *Accumulated other comprehensive income (loss)* relating to the Company's net investment hedges for the three and six-month periods were as follows:

| (Millions of dollars) | Three Months Ended March 31, | | Six Months Ended March 31, | |
|-----------------------------------|---------------------------------|-------|-------------------------------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| Foreign currency-denominated debt | \$ 45 | \$ 35 | \$ 94 | \$ (21) |
| Cross-currency swaps | 16 | 40 | 46 | (84) |

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 March 31, 2022 and 2021, as well as the amounts expected to be reclassified within the next 12 months, are not material to the Company's consolidated financial results.

The Company recorded net after-tax gains of \$43 million and \$78 million during the three months ended March 31, 2022 and 2021, respectively, and \$39 million and \$105 million during the six months ended March 31, 2022 and 2021, respectively, in *Other comprehensive income* relating to interest rate hedges.

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 March 31, 2022 and 2021 were immaterial to the Company's consolidated financial results.

The notional amounts of the Company's interest rate-related derivative instruments as of March 31, 2022 and September 30, 2021 were as follows:

| (Millions of dollars) | Hedge Designation | March 31, 2022 | September 30, 2021 |
|--|-------------------|----------------|--------------------|
| Interest rate swaps (a) | Fair value hedges | \$ 700 | \$ 700 |
| Forward starting interest rate swaps (b) | Cash flow hedges | 1,000 | 1,000 |

- (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 LIBOR.
- (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 outstanding commodity derivative forward contracts at March 31, 2022 were immaterial to the Company's consolidated financial results and the Company had no outstanding commodity derivative forward contracts at September 30, 2021.

Note 11 – Financial Instruments and Fair Value Measurements

The following reconciles cash and equivalents and restricted cash reported within the Company's consolidated balance sheets at March 31, 2022 and September 30, 2021 to the total of these amounts shown on the Company's consolidated statements of cash flows:

| (Millions of dollars) | March 31, 2022 | September 30, 2021 |
|--|----------------|--------------------|
| Cash and equivalents | \$ 3,147 | \$ 2,283 |
| Restricted cash | 173 | 109 |
| Cash and equivalents and restricted cash | \$ 3,320 | \$ 2,392 |

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) | Basis of fair value measurement | March 31, 2022 | September 30, 2021 |
|---|---------------------------------|----------------|--------------------|
| Institutional money market accounts and ultra-short bond fund (a) | Level 1 | \$ 609 | \$ 200 |
| Current portion of long-term debt (b) | Level 2 | 1,056 | 503 |
| Long-term debt (b) | Level 2 | 17,576 | 18,537 |

- (a) These financial instruments are recorded within *Cash and equivalents* on the 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 consist of instruments with maturities greater than three months and less than one year. All other instruments measured by the Company at fair value, including derivatives and contingent consideration liabilities, are immaterial to the Company's consolidated balance sheets.

Nonrecurring Fair Value Measurements

In the second quarter of fiscal year 2022, the Company recorded a noncash asset impairment charge of \$54 million to *Cost of products sold* in the Medical segment. In the first quarter of fiscal year 2021, the Company recorded charges to *Cost of products sold* of \$34 million to write down the carrying value of certain fixed assets. The amounts recognized were recorded to adjust the carrying amount of assets to the assets' fair values, which were estimated, based upon a market participant's perspective, using Level 3 inputs, including values estimated using the income approach.

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) | Three Months Ended March 31, | | Six Months Ended March 31, | |
|---|------------------------------|--------|----------------------------|------|
| | 2022 | 2021 | 2022 | 2021 |
| Trade receivables transferred to third parties under factoring arrangements | \$ 323 | \$ 364 | \$ 478 | \$ 8 |
| | March 31, 2022 | | September 30, 2021 | |
| Amounts yet to be collected and remitted to the third parties | \$ 237 | \$ 130 | | |

Note 12 – Debt

In February 2022, Embecta, as a wholly-owned subsidiary of the Company, issued \$500 million of 5.000% senior secured notes due February 15, 2030, in advance of the Company's spin-off of Embecta, which is further discussed in Note 1.

After the spin-off was effective on April 1, 2022, \$200 million of 6.750% senior secured notes issued by Embecta and due February 15, 2030 were exchanged for \$199 million of the aggregate principal amount outstanding on the Company's Floating Rate Notes due June 6, 2022, which were purchased through a tender offer. The carrying value of the long-term notes tendered was \$199 million, and the Company recognized a loss on this debt extinguishment of \$2 million, which will be recorded in the third quarter of fiscal year 2022 within *Other (expense) income, net*, on the Company's condensed consolidated statements of income.

Also in connection with the spin-off, on March 31, 2022 Embecta issued a senior secured term loan facility with an aggregate principal amount of \$950 million and a senior secured revolving credit facility providing borrowings of up to \$500 million that was undrawn at March 31, 2022 and at the spin-off date.

The borrowings from the 5.000% senior secured notes due February 15, 2030 and the senior secured term loan facility were included within the Company's condensed consolidated balance sheet at March 31, 2022. The senior secured notes and credit agreement for the term loan and revolving credit facilities were guaranteed on an unsecured, unsubordinated basis solely by the Company prior to the spin-off date. The Company's guarantees automatically and unconditionally terminated upon the consummation of the spin-off on April 1, 2022.

On March 31, 2022, Embecta used a portion of the proceeds from the financing transactions discussed above to make a cash distribution of approximately \$1.266 billion to the Company. On April 1, 2022, an additional \$197 million was distributed to the Company through the exchange of the senior secured notes discussed above.

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, Africa, Latin America and certain countries within Greater Asia. We are primarily focused on certain countries whose healthcare systems are expanding.

BD’s Spin-Off of Diabetes Care

Subsequent to the end of our second quarter, on April 1, 2022, BD completed the separation and distribution of Embecta, formerly BD’s Diabetes Care business, into a separate, publicly-traded company. Additional disclosures regarding our spin-off of the Diabetes Care business are provided in Note 1 in the Notes to Condensed Consolidated Financial Statements.

Key Trends Affecting Results of Operations

As noted above, our products are manufactured and sold worldwide, which exposes our operations, supply chain and suppliers to various global macroeconomic factors. The factors which are currently most impactful to our operating results include the following:

- Inflation, which has increased the costs of raw materials, components, labor, energy, and logistical services;
- Availability of skilled labor, global energy sources, raw materials and electrical components; and
- Constrained logistics capacity related to the movement of goods around the globe.

The shortages of certain raw materials and components, delays in global transportation and the scarcity of labor in our manufacturing facilities are contributing to product backlogs and increasing our lead times in some of our product lines. During our fiscal year 2022, significant inflationary pressures are impacting our supply chain costs in certain areas. Our raw material and freight costs have been particularly impacted and these increased costs are pressuring our operating expenses and the costs of our investments. We are mitigating these inflationary pressures through the following:

- Driving strategic procurement initiatives to leverage alternatives sources of raw material and transportation;
- Intensifying continuous improvement programs in our manufacturing and distribution facilities;
- Continuing strategic rationalization programs across multiple product lines as part of our simplification strategy; and
- Optimizing our sales through product allocation and price initiatives.

The COVID-19 pandemic continues to drive volatility in global economic conditions as governments around the world implement various measures to slow and control the ongoing spread of the virus. Resurgences in COVID-19 infections or new strains of the virus may affect the prioritization of acute and non-acute healthcare utilization, which may temporarily weaken future demand for certain of our products. The pandemic has also contributed to the inflationary pressures and supply chain disruptions discussed above and these challenges could persist if governments continue to impose lockdowns, quarantine requirements and other restrictions in order to control rates of COVID-19 infections, such as in China. Additionally, the pandemic has escalated challenges that existed for global healthcare systems prior to the pandemic, such as staffing shortages, including nursing shortages, and budget constraints.

While resurgences of COVID-19 infections have continued to occur in various countries around the world, demand for our SARS-CoV-2 diagnostics tests and injection devices used for COVID-19 vaccinations has declined from levels reached during the highest peaks in COVID-19 infections. As discussed below, our second quarter fiscal year 2022 revenues in our Life Sciences segment reflected sales related to COVID-19-only diagnostic testing on the BD Veritor™ Plus and BD Max™ Systems of \$214 million, compared with revenues from such testing products in the prior-year period of \$474 million. During the second quarter of fiscal year 2022, revenues in our Life Sciences segment benefited from high demand for our new combination influenza/COVID-19 testing assays.

Geopolitical conditions may also impact our operations. Our operations in Russia and Ukraine are not material to our financial results, and as such, the conflict between Russia and Ukraine has not materially impacted our results of operations to date. However, the continuation of the Russia-Ukraine military conflict and/or an escalation of the conflict beyond its current scope may weaken the global economy and could result in additional inflationary pressures and supply chain constraints.

Due to the significant uncertainty that exists relative to the duration and overall impact of the macroeconomic factors discussed above, our future operating performance, particularly in the short-term, may be subject to volatility. The impacts of macroeconomic conditions on our business, results of operations, financial condition and cash flows is dependent on certain factors, including those discussed in Item 1A. Risk Factors in this report and in our 2021 Annual Report on Form 10-K (the “2021 Annual Report”).

Overview of Financial Results and Financial Condition

For the three months ended March 31, 2022, worldwide revenues of \$5.011 billion increased 2.1% from the prior-year period. This increase reflected the following impacts:

| | Increase (decrease) in current-period revenues |
|---|---|
| Volume | 7.3 % |
| Period-over-period decline in revenues related to COVID-19-only testing | (5.2)% |
| Pricing | 1.8 % |
| Foreign currency translation | (1.8)% |
| Increase in revenues from the prior-year period | <u>2.1 %</u> |

As noted above, our second quarter fiscal year 2022 revenues reflected sales related to COVID-19-only diagnostic testing on the BD Veritor™ Plus and BD Max™ Systems of \$214 million, compared with revenues from testing products in the prior-year period of \$474 million.

Volume growth in the second quarter of fiscal year 2022 was driven by demand for our core products and reflected the following:

- Medical segment revenues reflected strong demand in the Medication Delivery Solutions, Medication Management Solutions and Pharmaceutical Systems units.
- The Life Sciences segment revenues reflected strong demand for core products in both units.
- Interventional segment revenues reflected strong demand across all units, as well as a favorable comparison to the prior-year period decline in revenues which resulted from resurgences in COVID-19 infections.

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 geographical expansion), develop innovative new products, and continue to improve operating efficiency and organizational effectiveness. As further discussed above, current global economic conditions have been relatively volatile due to various macroeconomic factors. We have mitigated the inflationary pressures on our businesses through the various strategies discussed above. However, there can be no assurance that we will be able to effectively mitigate such inflationary pressures in future periods, and an inability to offset inflationary pressures, at least in part, through the strategies discussed above could adversely impact our results of operations.

Cash flows from operating activities were \$1.118 billion in the first six months of fiscal year 2022. At March 31, 2022, we had \$3.335 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 six months of fiscal year 2022, we paid cash dividends of \$541 million, including \$496 million paid to common shareholders and \$45 million paid to preferred shareholders.

Each reporting period, we face currency exposure that arises from translating the results of our worldwide operations to the U.S. dollar at exchange rates that fluctuate from the beginning of such period. A stronger U.S. dollar, compared to the prior-year

period, resulted in an unfavorable foreign currency translation impact to our revenues during the second quarter of fiscal year 2022. A favorable foreign currency impact to our earnings during the second quarter of fiscal year 2022 resulted from current-period sales of inventory recorded on our consolidated balance sheet in fiscal year 2021, when the U.S. dollar was weaker. 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 second quarter Medical revenues by organizational unit:

| (Millions of dollars) | Three months ended March 31, | | | | |
|---------------------------------|------------------------------|-----------------|--------------|---------------------|--------------|
| | 2022 | 2021 | Total Change | Estimated FX Impact | FXN Change |
| Medication Delivery Solutions | \$ 1,038 | \$ 999 | 3.9 % | (1.4)% | 5.3 % |
| Medication Management Solutions | 604 | 566 | 6.7 % | (1.1)% | 7.8 % |
| Diabetes Care | 273 | 284 | (3.9)% | (2.2)% | (1.7)% |
| Pharmaceutical Systems | 501 | 462 | 8.5 % | (3.7)% | 12.2 % |
| Total Medical Revenues | \$ 2,416 | \$ 2,311 | 4.5 % | (1.9)% | 6.4 % |

The Medication Delivery Solutions unit's revenue growth in the second quarter of 2022 reflected strong U.S. demand for core offerings that was driven by competitive gains for catheters and vascular care products, as well as by improved healthcare utilization in the current-year period. This revenue growth was partially offset by lower vaccination sales compared with the prior-year period. In the Medication Management Solutions unit, revenue growth reflected strong growth in global placements of dispensing systems in both acute and non-acute settings, as well as infusion pump sales and the utilization of sets in international markets. The Diabetes Care unit's revenue decline reflected the accelerated timing of U.S. orders into the first quarter of our fiscal year 2022. The Pharmaceutical Systems unit's revenue growth in the second quarter of 2022 was driven by demand for our pre-filled devices and is enabled by capacity expansion investments. The Pharmaceutical Systems unit's current-period revenues also benefited from continued expansion of service offerings.

| (Millions of dollars) | Six months ended March 31, | | | | |
|------------------------|----------------------------|----------|--------------|---------------------|------------|
| | 2022 | 2021 | Total Change | Estimated FX Impact | FXN Change |
| Total Medical Revenues | \$ 4,813 | \$ 4,572 | 5.3 % | (0.9)% | 6.2 % |

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

| (Millions of dollars) | Three months ended March 31, | | Six months ended March 31, | |
|--|------------------------------|--------|----------------------------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| Medical segment income | \$ 615 | \$ 634 | \$ 1,331 | \$ 1,300 |
| <i>Segment income as % of Medical revenues</i> | 25.5 % | 27.4 % | 27.6 % | 28.4 % |

The Medical segment's income in the second quarter reflected lower gross profit margin and higher operating expenses as discussed in greater detail below:

- The Medical segment's lower gross profit margin in the second quarter of 2022 compared with the second quarter of 2021 primarily reflected higher raw material and freight costs, as well as a noncash asset impairment charge of \$54 million. These unfavorable impacts to the Medical segment's second quarter gross margin were partially offset by lower manufacturing costs resulting from continuous improvement projects which enhanced the efficiency of our operations, as well as favorable impacts from foreign currency translation and price initiatives.
- Selling and administrative expense as a percentage of revenues was higher in the second quarter of 2022 compared with the second quarter of 2021, which reflected the curtailment of certain selling, travel and other administrative activities in the prior-year period due to the COVID-19 pandemic, as well as higher shipping costs in the current-year period.
- Research and development expense as a percentage of revenues was higher in the second quarter of 2022 compared with the second quarter of 2021, which reflected the timing of project spending and our continued reinvestment in the segment's growth initiatives.

Life Sciences Segment

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

| (Millions of dollars) | Three months ended March 31, | | | | |
|-------------------------------------|-------------------------------------|-----------------|---------------------|----------------------------|-------------------|
| | 2022 | 2021 | Total Change | Estimated FX Impact | FXN Change |
| Integrated Diagnostic Solutions | \$ 1,150 | \$ 1,261 | (8.8)% | (2.0)% | (6.8)% |
| Biosciences | 335 | 325 | 3.1 % | (2.5)% | 5.6 % |
| Total Life Sciences Revenues | \$ 1,485 | \$ 1,586 | (6.4)% | (2.2)% | (4.2)% |

As previously discussed above, the Integrated Diagnostic Solutions unit's revenues related to COVID-19-only diagnostic testing on the BD Veritor™ Plus and BD Max™ Systems in the second quarter of 2022 were \$214 million, compared with revenues from such testing products in the prior-year period of \$474 million. The Integrated Diagnostic Solutions unit's second quarter revenues were favorably impacted by a recovery of routine lab testing to pre-pandemic levels, as well as high demand for the new combination influenza/COVID-19 testing assays which was driven by stronger adoption of our broader respiratory panel and the timing of dealer stocking. Second quarter revenues in the Integrated Diagnostic Solutions unit were unfavorably impacted to a limited extent by supply chain challenges, as well as by pandemic-related lockdowns imposed by China. The Biosciences unit's revenue growth in the second quarter of 2022 reflected strong demand for research reagents, which was primarily driven by a return of lab utilization to pre-pandemic levels. The Biosciences unit's sales of instruments in the second quarter of 2022 were unfavorably impacted by a backlog which resulted from constraints on supplies of electronic components.

| (Millions of dollars) | Six months ended March 31, | | | | |
|-------------------------------------|-----------------------------------|-----------------|---------------------|----------------------------|-------------------|
| | 2022 | 2021 | Total Change | Estimated FX Impact | FXN Change |
| Total Life Sciences Revenues | \$ 2,968 | \$ 3,565 | (16.7)% | (1.1)% | (15.6)% |

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

| (Millions of dollars) | Three months ended March 31, | | Six months ended March 31, | | |
|--|-------------------------------------|-------------|-----------------------------------|-------------|--------|
| | 2022 | 2021 | 2022 | 2021 | |
| Life Sciences segment income | \$ 475 | \$ 548 | \$ 1,009 | \$ 1,521 | |
| <i>Segment income as % of Life Sciences revenues</i> | | 32.0 % | 34.6 % | 34.0 % | 42.7 % |

The Life Sciences segment's income in the second quarter reflected lower gross profit margin and higher operating expenses as discussed in greater detail below:

- The Life Sciences segment's lower gross profit margin in the second quarter of 2022 compared with the second quarter of 2021 primarily reflected the decline in COVID-19-only testing revenues compared with the prior-period, as well as higher raw material and freight costs. These unfavorable impacts were partially offset by lower manufacturing costs resulting from continuous improvement projects, product mix, and price initiatives.
- Selling and administrative expense as a percentage of revenues was higher in the second quarter of 2022 compared with the second quarter of 2021, primarily due to the current-period decline in revenues. Higher selling and administrative expense as a percentage of revenues in the current-year period also reflected the curtailment of certain selling, travel and other administrative activities in the prior-year period due to the COVID-19 pandemic.
- Research and development expense as a percentage of revenues was higher in the second quarter of 2022 compared with the second quarter of 2021, primarily due to the current-period decline in revenues and our continued reinvestment in the segment's growth initiatives.

Interventional Segment

The following summarizes second quarter Interventional revenues by organizational unit:

| (Millions of dollars) | Three months ended March 31, | | | | |
|-------------------------------|------------------------------|----------|--------------|---------------------|------------|
| | 2022 | 2021 | Total Change | Estimated FX Impact | FXN Change |
| Surgery | \$ 340 | \$ 292 | 16.5 % | (1.0)% | 17.5 % |
| Peripheral Intervention | 450 | 420 | 7.1 % | (1.4)% | 8.5 % |
| Urology and Critical Care | 320 | 298 | 7.4 % | (1.4)% | 8.8 % |
| Total Interventional Revenues | \$ 1,111 | \$ 1,011 | 9.9 % | (1.3)% | 11.2 % |

Second quarter 2022 revenue growth in the Surgery unit reflected double-digit growth in revenues for hernia, biosurgery and infection prevention platforms; the unit's prior-period revenues were impacted by a decline that was driven by resurgences of COVID-19 infections. The Surgery unit's current-period revenues also benefited from its acquisitions of Tepha, Inc., which occurred in the fourth quarter of fiscal year 2021, and Tissuemed, Ltd., which occurred in the first quarter of fiscal year 2022. Second quarter revenues in the Peripheral Intervention unit reflected strong demand across its end-stage kidney disease, oncology and peripheral vascular platforms, as well as a benefit from the unit's acquisition of Venclose, Inc., which occurred in the first quarter of fiscal year 2022. The Urology and Critical Care unit's revenue growth in the second quarter of 2022 reflected strong demand for acute urology products and the unit's targeted temperature management platform. Second quarter revenues in the Interventional segment also reflected strong international growth across each of its organizational units.

| (Millions of dollars) | Six months ended March 31, | | | | |
|-------------------------------|----------------------------|----------|--------------|---------------------|------------|
| | 2022 | 2021 | Total Change | Estimated FX Impact | FXN Change |
| Total Interventional Revenues | \$ 2,225 | \$ 2,086 | 6.7 % | (0.7)% | 7.4 % |

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

| (Millions of dollars) | Three months ended March 31, | | Six months ended March 31, | |
|--|------------------------------|--------|----------------------------|--------|
| | 2022 | 2021 | 2022 | 2021 |
| Interventional segment income | \$ 280 | \$ 209 | \$ 544 | \$ 511 |
| Segment income as % of Interventional revenues | 25.2 % | 20.7 % | 24.5 % | 24.5 % |

The Interventional segment's income in the second quarter reflected higher gross profit margin as discussed in greater detail below:

- The Interventional segment's higher gross profit margin in the second quarter of 2022 compared with the second quarter of 2021 primarily reflected higher revenues in the current-year period compared with the prior-year period, as well as current-period price initiatives. Gross profit margin in the prior-year period was unfavorably impacted by product quality-related expenses.

- Selling and administrative expense as a percentage of revenues was higher in the second quarter of 2022 compared with the second quarter of 2021, which benefited from the curtailment of certain selling, travel and other administrative activities due to the COVID-19 pandemic in the prior year.
- Research and development expense as a percentage of revenues was lower in the second quarter of 2022 compared with the second quarter of 2021, as the increase in current-period revenues outpaced the timing of project spending.

Geographic Revenues

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

| Three months ended March 31, | | | | | |
|------------------------------|----------|----------|--------------|---------------------|------------|
| (Millions of dollars) | 2022 | 2021 | Total Change | Estimated FX Impact | FXN Change |
| United States | \$ 2,807 | \$ 2,462 | 14.0 % | — % | 14.0 % |
| International | 2,204 | 2,446 | (9.9)% | (3.7)% | (6.2)% |
| Total Revenues | \$ 5,011 | \$ 4,907 | 2.1 % | (1.8)% | 3.9 % |

U.S. revenue growth in the second quarter of 2022 was primarily driven by a recovery of routine lab testing to pre-pandemic levels and high demand for the new combination influenza/COVID-19 testing assays in the Life Sciences segment's Integrated Diagnostic Solutions unit. U.S. revenues in the second quarter of 2022 also reflected strong sales in the Medical segment's Medication Delivery Solutions, Medication Management Solutions and Pharmaceutical Systems units, as well as by strong sales in all three of the Interventional segment's units.

The decline in international revenues in the second quarter of 2022 was primarily driven by an unfavorable comparison to the prior-year quarter, which substantially benefited from sales in the Life Sciences segment's Integrated Diagnostic Solutions unit related to COVID-19 diagnostic testing, as further discussed above. This decline in international revenues in the second quarter of 2022 was partially offset by strong sales in the Medical segment's Medication Management Solutions and Pharmaceutical Systems units, as well as by strong sales in the Life Sciences segment's Biosciences unit. All three of the Interventional segment's units contributed to international revenue growth in the second quarter of 2022, particularly the Surgery and Peripheral Intervention units.

Emerging market revenues were as follows and reflected growth in Greater Asia, including China, and Latin America:

| Three months ended March 31, | | | | | |
|------------------------------|--------|--------|--------------|---------------------|------------|
| (Millions of dollars) | 2022 | 2021 | Total Change | Estimated FX Impact | FXN Change |
| Emerging markets | \$ 753 | \$ 714 | 5.4 % | (1.3)% | 6.7 % |

Specified Items

Reflected in the financial results for the three and six-month periods of fiscal years 2022 and 2021 were the following specified items:

| (Millions of dollars) | Three months ended March 31, | | Six months ended March 31, | |
|---|------------------------------|--------|----------------------------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| Integration costs (a) | \$ 11 | \$ 33 | \$ 28 | \$ 66 |
| Restructuring costs (a) | 17 | 19 | 34 | 36 |
| Separation and related costs (b) | 53 | — | 78 | — |
| Purchase accounting adjustments (c) | 356 | 348 | 720 | 700 |
| European regulatory initiative-related costs (d) | 36 | 33 | 67 | 59 |
| Investment gains/losses and asset impairments (e) | 73 | — | 90 | — |
| Transaction gain/loss, product and other litigation-related matters (f) | 36 | 333 | 41 | 328 |
| Impacts of debt extinguishment | — | 20 | — | 30 |
| Total specified items | 582 | 785 | 1,059 | 1,220 |
| Less: tax impact of specified items | 99 | 125 | 187 | 204 |
| After-tax impact of specified items | \$ 483 | \$ 660 | \$ 872 | \$ 1,016 |

- (a) Represents amounts associated with acquisition-related integration and restructuring activities which are primarily recorded in *Acquisition-related integration and restructuring expense* and are further discussed below.
- (b) Represents costs which were primarily recorded to *Other operating expense, net* and were incurred for consulting, legal, tax, other advisory services, as well as interest expense that was associated with the spin-off of BD's Diabetes Care business.
- (c) Includes amortization and other adjustments related to the purchase accounting for acquisitions impacting identified intangible assets and valuation of fixed assets and debt. BD's amortization expense is primarily 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 a noncash asset impairment charge recorded in *Cost of products sold* of \$54 million in the Medical segment, as well as losses recorded within *Other (expense) income, net* relating to certain investments.
- (f) Includes charges of \$35 million and \$37 million recorded to *Cost of products sold* in 2022 and 2021, respectively, to adjust the estimate of future product remediation costs. The amounts in 2021 also include charges of \$296 million in *Other operating expense, net* to record product liability reserves, including related legal defense costs, as further discussed below.

Gross Profit Margin

Gross profit margin for the three and six-month periods of fiscal year 2022 compared with the prior-year periods in fiscal year 2021 reflected the following impacts:

| | Three-month period | Six-month period |
|---|--------------------|------------------|
| March 31, 2021 gross profit margin % | 45.8 % | 48.7 % |
| Impact of purchase accounting adjustments and other specified items | (1.1)% | (0.8)% |
| Period-over-period decline in COVID-19-only testing profitability | (0.1)% | (1.3)% |
| Operating performance | 0.2 % | (0.2)% |
| Foreign currency translation | 1.2 % | 0.9 % |
| March 31, 2022 gross profit margin % | 46.0 % | 47.3 % |

The impacts of other specified items on gross profit margin in the three and six-month periods of 2022 included a noncash asset impairment charge of \$54 million in the Medical segment. Operating performance in the three and six-month periods of 2022 reflected our efforts to mitigate higher raw material costs through leveraging our ongoing continuous improvement projects and implementing price initiatives.

Operating Expenses

A summary of operating expenses for the three and six-month periods of fiscal years 2022 and 2021 is as follows:

| | Three months ended March 31, | | Increase (decrease) in basis points | Six months ended March 31, | | Increase (decrease) in basis points |
|---|------------------------------|----------|---|-------------------------------|----------|---|
| | 2022 | 2021 | | 2022 | 2021 | |
| (Millions of dollars) | | | | | | |
| Selling and administrative expense | \$ 1,232 | \$ 1,148 | | \$ 2,456 | \$ 2,298 | |
| % of revenues | 24.6 % | 23.4 % | 120 | 24.5 % | 22.5 % | 200 |
| Research and development expense | \$ 343 | \$ 317 | | \$ 673 | \$ 608 | |
| % of revenues | 6.9 % | 6.5 % | 40 | 6.7 % | 5.9 % | 80 |
| Acquisition-related integration and restructuring expense | \$ 28 | \$ 52 | | \$ 62 | \$ 102 | |
| Other operating expense, net | \$ 49 | \$ 296 | | \$ 70 | \$ 296 | |

Selling and administrative expense

Higher selling and administrative expense as a percentage of revenues in the three and six-month periods of 2022 compared with the prior-year periods reflected higher shipping costs in the current-year periods, as well as the curtailment of certain selling, travel and other administrative activities in the prior-year periods due to the COVID-19 pandemic. Higher selling and administrative expense as a percentage of revenues in the six-month period of 2022 also reflected the current-period decline in revenues. Selling and administrative expense as a percentage of revenues in the three and six-month periods of 2022 was favorably impacted by foreign currency translation.

Research and development expense

Research and development expense as a percentage of revenues in the three and six-month periods of 2022 was higher compared with the prior-year periods, which primarily reflected the timing of project spending. Spending in both the current and prior-year periods reflected our continued commitment to drive innovation and growth with new products and platforms.

Acquisition-related integration and restructuring expense

Acquisition-related integration and restructuring expense in the three and six-month periods of 2022 and 2021 included restructuring costs related to simplification and other cost saving initiatives, as well as system integration costs. Costs in the three and six-month periods of 2021 also included integration costs incurred due to our acquisition of C.R. Bard, Inc. in the first quarter of fiscal year 2018. For further disclosures regarding restructuring costs, refer to Note 8 in the Notes to Condensed Consolidated Financial Statements.

Other operating expense, net

Other operating expense in the three and six-month periods of 2022 primarily included consulting, legal, tax and other advisory expenses associated with the spin-off of BD's Diabetes Care business. Other operating expense in the three and six-month periods of 2021 represents charges of \$296 million to record product liability reserves, including related legal defense costs.

Nonoperating Income

Net interest expense

The components for the three and six-month periods of fiscal years 2022 and 2021 were as follows:

| (Millions of dollars) | Three months ended March 31, | | Six months ended March 31, | |
|-----------------------|------------------------------|-----------------|----------------------------|-----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Interest expense | \$ (101) | \$ (124) | \$ (199) | \$ (242) |
| Interest income | 2 | 2 | 4 | 5 |
| Net interest expense | <u>\$ (100)</u> | <u>\$ (122)</u> | <u>\$ (195)</u> | <u>\$ (238)</u> |

Lower interest expense in the current-year periods compared with the prior-year periods primarily reflected lower overall interest rates on debt outstanding as a result of prior-year refinancing activities.

Income Taxes

The income tax rates for the three and six-month periods of fiscal years 2022 and 2021 are provided below.

| | Three months ended March 31, | | Six months ended March 31, | |
|---|------------------------------|---------|----------------------------|--------|
| | 2022 | 2021 | 2022 | 2021 |
| Effective income tax rate | 13.6 % | 1.9 % | 9.4 % | 10.9 % |
| Impact, in basis points, from specified items | (180) | (1,010) | (380) | (260) |

The effective income tax rate for the three-month period of fiscal year 2022 reflected a tax impact from specified items that was less favorable compared with the benefit associated with specified items recognized in the prior-year period. The effective income tax rate for the six-month period reflected a tax impact from specified items that was more favorable compared with the benefit recognized in the prior-year period, as well as a favorable impact relating to the timing of certain discrete items.

Net Income and Diluted Earnings per Share

Net Income and Diluted Earnings per Share for the three and six-month periods of fiscal years 2022 and 2021 were as follows:

| | Three months ended March 31, | | Six months ended March 31, | |
|---|------------------------------|----------------|----------------------------|-----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Net Income (Millions of dollars) | <u>\$ 454</u> | <u>\$ 299</u> | <u>\$ 1,131</u> | <u>\$ 1,302</u> |
| Diluted Earnings per Share | <u>\$ 1.50</u> | <u>\$ 0.94</u> | <u>\$ 3.78</u> | <u>\$ 4.28</u> |
| Unfavorable impact-specified items | \$ (1.68) | \$ (2.25) | \$ (3.04) | \$ (3.46) |
| Favorable impact-foreign currency translation | \$ 0.12 | | \$ 0.19 | |

Liquidity and Capital Resources

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

| (Millions of dollars) | Six months ended March 31, | |
|---------------------------------|----------------------------|----------|
| | 2022 | 2021 |
| Net cash provided by (used for) | | |
| Operating activities | \$ 1,118 | \$ 2,721 |
| Investing activities | \$ (990) | \$ (863) |
| Financing activities | \$ 804 | \$ (893) |

Net Cash Flows from Operating Activities

Cash flows from operating activities in the first six months of fiscal year 2022 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 lower levels of accounts payable and accrued expenses and higher levels of inventory and prepaid expenses, partially offset by lower levels of trade receivables. Cash flows from operating activities in the current-year period additionally reflected a discretionary cash contribution of \$134 million to fund our pension obligation.

Cash flows from operating activities in the first six months of fiscal year 2021 reflected net income, adjusted by a change in operating assets and liabilities that was a net source of cash. This net source of cash primarily reflected lower levels of trade receivables, partially offset by higher levels of inventory and prepaid expenses, as well as lower levels of accounts payable and accrued expenses.

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 six months of fiscal year 2022 included capital expenditure-related outflows of \$415 million, compared with \$499 million in the prior-year period. Net outflows from investing activities in the first six months of fiscal year 2022 also included cash payments of \$450 million relating to various strategic acquisitions we have executed as part of our growth strategy, including our acquisitions of Scanwell Health, Inc, Tissuemed, Ltd., and Venclose, Inc. Net outflows from investing activities in the first six months of fiscal year 2021 included cash payments related to acquisitions of \$179 million.

Net Cash Flows from Financing Activities

Net cash from financing activities in the first six months of fiscal years 2022 and 2021 included the following significant cash flows:

| (Millions of dollars) | Six months ended March 31, | |
|---|----------------------------|------------|
| | 2022 | 2021 |
| Cash inflow (outflow) | | |
| Proceeds from long-term debt | \$ — | \$ 1,715 |
| Proceeds from debt issued in connection with the spin-off | \$ 1,424 | \$ — |
| Payments of debt | \$ (2) | \$ (1,998) |
| Dividends paid | \$ (541) | \$ (528) |

Additional disclosures regarding the debt issued in connection with the spin-off are provided in Note 12 in the Notes to Condensed Consolidated Financial Statements.

Certain measures relating to our total debt were as follows:

| (Millions of dollars) | March 31, 2022 | September 30, 2021 |
|--|-----------------------|---------------------------|
| Total debt | \$ 18,635 | \$ 17,610 |
| Weighted average cost of total debt | 2.6 % | 2.4 % |
| Total debt as a percentage of total capital* | 40.4 % | 41.0 % |

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

Cash and Short-Term Investments

At March 31, 2022, total worldwide cash and equivalents and short-term investments, including restricted cash, were approximately \$3.335 billion. These assets were largely held in the United 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 \$2.75 billion, with separate sub-limits of \$100 million for letters of credit and swingline loans. 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 \$3.25 billion. Proceeds from this facility may be used for general corporate purposes. There were no borrowings outstanding under the revolving credit facility at March 31, 2022.

The agreement for our revolving credit facility contains the following financial covenants. We were in compliance with these covenants, as applicable, as of March 31, 2022.

- 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 also have informal lines of credit outside the United States. We may, from time to time, access the commercial paper market as we manage working capital over the normal course of our business activities. We had no commercial paper borrowings outstanding as of March 31, 2022. 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 11 in the Notes to Condensed Consolidated Financial Statements.

Access to Capital and Credit Ratings

Our corporate credit ratings with the rating agencies Standard & Poor's Ratings Services, Moody's Investor Service and Fitch Ratings at March 31, 2022 were unchanged compared with our ratings at September 30, 2021.

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 the COVID-19 pandemic. 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 pandemic and its economic impact.

Other Matters

Critical Accounting Policies

There were no changes to our critical accounting policies from those disclosed in our 2021 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 clear or 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, BD received FDA clearance for its BD Vacutainer® ACD Blood Collection Tubes used in immunohematology. 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.

Consent Order — Covington, Georgia, USA

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, including a condition to continue ambient air monitoring. However, BD's sterilization operations in Georgia remain subject to the EPD's final approval of BD's permit applications and could be subject to additional restrictions. BD has business continuity plans in place to mitigate the impact of any additional restrictions on our operations at these facilities, although it is possible that these plans will not be able to fully offset such impact, especially considering the reduced capacity of third-party sterilization service providers and the regulatory timelines associated with transferring sterilization operations for regulated products.

At a broader level, several states have increased the regulatory requirements associated with the use and emission of ethylene oxide, the most frequently used sterilant for medical devices and health care products in the U.S. This increased regulation could require BD or sterilization service providers, including providers used by BD, to temporarily suspend operations to install additional fugitive emissions control technology, limit the use of ethylene oxide or take other actions, which would further reduce the available capacity of third-party providers to sterilize medical devices and health care products. 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 the federal level, in late 2019, the U.S. Environmental Protection Agency provided notice that it would be conducting rulemaking to reconsider federal regulations applicable to the use and emission of ethylene oxide. If any such proceedings or rulemaking result in the suspension 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. 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 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 quality system regulations. In addition, 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 CareFusion 303, Inc. infusion pump facilities over the next four years. CareFusion 303, Inc. will update its corrective action plan to address any observations that may arise during the course of these audits, and these updates, as well as the audit reports, will be shared with FDA in accordance with the terms of the Non-Compliance Letter. 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 the 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 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.

We are undertaking certain remediation of our BD Alaris™ System, and are currently shipping the product in the United States, only in cases of medical necessity and to remediate recalled software versions. As previously disclosed, we submitted our 510(k) premarket notification to the FDA for the BD Alaris™ System in April 2021. The 510(k) submission is intended to bring the regulatory clearance for the BD Alaris™ System up-to-date, address open recall issues and provide other updates and features, including a new version of BD Alaris™ System software that will provide clinical, operational and cybersecurity updates. We will not be able to fully resume commercial operations for the BD Alaris™ System in the United States until BD’s 510(k) submission relating to the product has been cleared by the FDA. No assurances can be given as to when or if clearance will be obtained from the FDA.

For further discussion of risks relating to the regulations to which we are subject, see Part I, Item 1A, of our 2021 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, 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. The Russia and Ukraine conflict may also heighten the impact of certain of these factors described below and the Risk Factors in our 2021 Annual Report. For further discussion of certain of these factors, see Item 1A. Risk Factors in this report and in our 2021 Annual Report.

- Any impact of the COVID-19 pandemic, including resurgences in COVID-19 infections or new strains of the virus, may have on our business, the global economy's recovery and the global healthcare system, which may include decreases in the demand for our products, disruptions to our operations (including employee absenteeism) or disruptions to our supply chain.
- Factors such as the rate of vaccination, the effectiveness of vaccines against different strains, the rate of infections, and competitive factors that could impact the demand and pricing for our COVID-19 diagnostics testing.
- The impact of inflation and disruptions in our global supply chain 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, product shortages, energy shortages or increased energy costs, labor shortages in the United States and elsewhere, increased operating and labor costs, the ability to maintain favorable supplier and service arrangements and relationships (particularly with respect to sole-source suppliers and sterilization services), and the potential adverse effects of any disruption in the availability of such items and services.
- Weakness in the global economy and financial markets, which could increase the cost of operating our business, weaken demand for our products and services, negatively impact the prices we can charge for our products and services, or impair our ability to produce our products.
- The risks associated with the spin-off of our former Diabetes Care business, including factors that could adversely affect our ability to realize the expected benefits of the spin-off, or the qualification of the spin-off as a tax-free transaction for U.S. federal income tax purposes.
- Competitive factors that could adversely affect our operations, including new product introductions and technologies (for example, new forms of drug delivery) 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.
- 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 our overall financial condition at such time.
- The adverse financial impact resulting from unfavorable changes in foreign currency exchange rates.
- Regional, national and foreign economic factors, including inflation, deflation and fluctuations in interest rates, and their potential effect on our operating performance.
- 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 reimbursement practices of governments or third-party payers, or adverse decisions relating to our products by such payers, which could reduce demand for our products or the price we can charge for such products.
- 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 implementation of similar cost containment efforts.
- Changes in the domestic and foreign healthcare industry or in medical practices 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 impact of changes in U.S. federal laws and policies that could affect fiscal and tax policies, healthcare and international trade, including import and export regulation and international trade agreements. In particular, tariffs 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.
- Security breaches of our information 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 customers' 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.

- 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 United States 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.
- 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.
- Conditions in international markets, including social and political conditions, civil unrest, terrorist activity, governmental changes, restrictions on the ability to transfer capital across borders, tariffs and other protectionist measures, 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 laws, as well as regulatory and privacy laws.
- 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.
- 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 effects of climate change, weather, regulatory or other events that adversely impact our supply chain, including our ability to manufacture 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.
- Natural disasters, including the impacts of climate change, 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, or adversely affecting our manufacturing and distribution capabilities or causing 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 and vena cava filter products), 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 laws relating to trade, monetary and fiscal policies, taxation (including tax reforms that could adversely impact multinational corporations), sales practices, environmental protection, price controls, 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.

- Product efficacy or safety concerns 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. We are undertaking certain remediation of our BD Alaris™ System, and are currently shipping the product in the U.S., only in cases of medical necessity and to remediate recalled software versions. We will not be able to fully resume commercial operations for the BD Alaris System in the U.S. until BD's 510(k) submission relating to the product has been cleared by the FDA. No assurances can be given as to when or if clearance will be obtained from the FDA.
- 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, 2021.

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 March 31, 2022. 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 March 31, 2022 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 2021 Annual Report, and in Note 4 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 2021 Annual Report, except as follows.

The military conflict between Russia and Ukraine may adversely affect our business, financial condition and results of operations.

Given the global nature of our business, political, economic, social and other conditions in non-U.S. countries and regions, including geopolitical risks such as the current military conflict between Russia and Ukraine, may adversely affect our business, financial condition and results of operations. The military conflict in Ukraine has increased global economic and political uncertainty. Furthermore, governments in the U.S., United Kingdom, and European Union have each imposed export controls on certain products and financial and economic sanctions on certain industry sectors and parties in Russia, and additional controls and sanctions could be enacted in the future.

We are actively monitoring the situation in Russia and Ukraine and assessing its impact on our business, including our suppliers and customers. We have no manufacturing facilities or significant operations in Russia or Ukraine and as such, to date, the conflict between Russia and Ukraine has not had a material impact on our business, financial condition or results of operations. However, it is possible that the conflict in Ukraine may escalate or expand, and the scope, extent and duration of the military action, current or future sanctions and resulting market and geopolitical disruptions could be significant. We cannot predict the impact the conflict may have on the global economy or our business, financial condition and operations in the future.

The Russia and Ukraine conflict may also heighten the impact of other risks factors described in our 2021 Annual Report. These potential effects could include but are not limited to increased inflation; volatility in prices for transportation, energy, commodities and other raw materials; constraints on the availability of commodities and other raw materials; disruptions in the global supply chain; decreased demand for certain of our products; disruptions to our global technology infrastructure, including through cyberattacks, ransom attacks or cyber-intrusion; adverse changes in international trade policies and relations; increased exposure to foreign currency fluctuations; and constraints, volatility or disruptions in the credit and capital markets.

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 March 31, 2022.

Issuer Purchases of Equity Securities

| For the three months ended March 31, 2022 | Total Number of Shares Purchased (1) | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (2) |
|---|--------------------------------------|------------------------------|--|--|
| January 1 – 31, 2022 | 1,204 | \$ 256.38 | — | 10,753,131 |
| February 1 – 28, 2022 | 309 | 253.60 | — | 10,753,131 |
| March 1 – 31, 2022 | — | — | — | 10,753,131 |
| Total | 1,513 | \$ 255.81 | — | 10,753,131 |

- (1) Includes 1,513 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) Includes 753,131 shares under a repurchase program authorized by the Board of Directors on September 24, 2013, and 10,000,000 shares under a repurchase program authorized by the Board of Directors on November 3, 2021. There is no expiration date for either program.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

- [3](#) Certificate of Designation of Series C Junior Participating Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K dated March 21, 2022).
- [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)

Dated: May 5, 2022

/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, Controller and Chief Accounting Officer
(Principal Accounting Officer)

Subsidiary Issuers of Guaranteed Securities

As of March 31, 2022, 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.

0.334% Notes due August 13, 2028

1.336% Notes due August 13, 2041

1.213% Notes due February 12, 2036

1.208% Notes due June 4, 2026

0.632% Notes due June 4, 2023

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 the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2022

/s/ Thomas E. Polen

Thomas E. Polen

Chairman, Chief Executive Officer and President

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):
 - (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: May 5, 2022

/s/ Christopher J. DelOrefice

Christopher J. DelOrefice

Executive Vice President and Chief Financial 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 March 31, 2022 (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:

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

Date: May 5, 2022

/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 March 31, 2022 (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:

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

Date: May 5, 2022

/s/ Christopher J. DelOrefice

Name: Christopher J. DelOrefice

Chief Financial Officer