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**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

West Pharmaceutical Services, Inc. and Subsidiaries

(in millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net sales	\$ 706.5	\$ 548.0	\$ 2,100.8	\$ 1,566.7
Cost of goods and services sold	418.3	353.4	1,225.6	1,010.0
Gross profit	288.2	194.6	875.2	556.7
Research and development	13.1	12.5	39.1	34.0
Selling, general and administrative expenses	91.9	76.2	264.8	225.7
Other expense (income) (Note 15)	1.8	6.7	3.0	6.2
Operating profit	181.4	99.2	568.3	290.8
Interest expense	1.8	2.1	5.6	6.1
Interest income	(0.4)	(0.2)	(0.7)	(1.2)
Other nonoperating (income) expense	(1.1)	(0.4)	(3.6)	(0.3)
Income before income taxes	181.1	97.7	567.0	286.2
Income tax expense	12.0	21.1	73.0	52.1
Equity in net income of affiliated companies	(6.5)	(5.7)	(20.1)	(13.7)
Net income	\$ 175.6	\$ 82.3	\$ 514.1	\$ 247.8
Net income per share:				
Basic	\$ 2.37	\$ 1.11	\$ 6.95	\$ 3.35
Diluted	\$ 2.31	\$ 1.09	\$ 6.78	\$ 3.28
Weighted average shares outstanding:				
Basic	74.1	73.9	74.0	73.9
Diluted	76.0	75.8	75.8	75.6

See accompanying notes to condensed consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**

West Pharmaceutical Services, Inc. and Subsidiaries

(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income	\$ 175.6	\$ 82.3	\$ 514.1	\$ 247.8
Other comprehensive (loss) income, net of tax:				
Foreign currency translation adjustments	(24.2)	29.4	(46.9)	(4.9)
Defined benefit pension and other postretirement plan adjustments, net of tax of \$0.2, \$(0.1), \$0.4, and \$(1.2), respectively	0.4	(0.2)	1.1	(4.0)
Net gain (loss) on derivatives, net of tax of \$(0.4), \$(0.2), \$(0.4) and \$(0.4), respectively	1.3	(0.9)	0.7	(1.0)
Other comprehensive (loss) income, net of tax	(22.5)	28.3	(45.1)	(9.9)
Comprehensive income	\$ 153.1	\$ 110.6	\$ 469.0	\$ 237.9

See accompanying notes to condensed consolidated financial statements.

**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

West Pharmaceutical Services, Inc. and Subsidiaries

(in millions, except per share data)	September 30, 2021	December 31, 2020
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 688.0	\$ 615.5
Accounts receivable, net	476.4	385.3
Inventories	353.8	321.3
Other current assets	80.1	51.6
<b>Total current assets</b>	<b>1,598.3</b>	<b>1,373.7</b>
Property, plant and equipment	2,146.1	2,035.5
Less: accumulated depreciation and amortization	1,139.6	1,092.3
Property, plant and equipment, net	1,006.5	943.2
Operating lease right-of-use assets	58.5	68.3
Investments in affiliated companies	215.7	214.7
Goodwill	108.9	111.1
Intangible assets, net	26.1	30.5
Deferred income taxes	80.0	16.0
Pension and other postretirement benefits	17.0	12.9
Other noncurrent assets	31.6	23.4
<b>Total Assets</b>	<b>\$ 3,142.6</b>	<b>\$ 2,793.8</b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Notes payable and other current debt	\$ 44.2	\$ 2.3
Accounts payable	207.7	213.1
Pension and other postretirement benefits	2.4	2.3
Accrued salaries, wages and benefits	114.0	106.0
Income taxes payable	39.5	26.0
Operating lease liabilities	8.1	10.1
Other current liabilities	142.7	143.6
<b>Total current liabilities</b>	<b>558.6</b>	<b>503.4</b>
Long-term debt	209.9	252.9
Deferred income taxes	11.6	10.4
Pension and other postretirement benefits	52.1	57.5
Operating lease liabilities	53.4	60.4
Deferred compensation benefits	26.9	22.9
Other long-term liabilities	27.8	31.8
<b>Total Liabilities</b>	<b>940.3</b>	<b>939.3</b>
Commitments and contingencies (Note 17)		
Equity:		
Preferred stock, 3.0 million shares authorized; 0 shares issued and outstanding	—	—
Common stock, par value \$0.25 per share; 200.0 million shares authorized; shares issued: 75.3 million and 75.3 million, respectively; shares outstanding: 74.1 million and 74.0 million, respectively	18.8	18.8
Capital in excess of par value	251.2	267.3
Retained earnings	2,335.8	1,846.7
Accumulated other comprehensive loss	(155.7)	(110.6)
Treasury stock, at cost (1.2 million and 1.3 million shares, respectively)	(247.8)	(167.7)
<b>Total Equity</b>	<b>2,202.3</b>	<b>1,854.5</b>
<b>Total Liabilities and Equity</b>	<b>\$ 3,142.6</b>	<b>\$ 2,793.8</b>

See accompanying notes to condensed consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

West Pharmaceutical Services, Inc. and Subsidiaries

(in millions)

	Nine Months Ended September 30,	
	2021	2020
<b>Cash flows from operating activities:</b>		
Net income	\$ 514.1	\$ 247.8
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation	84.6	77.3
Amortization	3.3	3.3
Stock-based compensation	27.5	27.6
Pension settlement charge	0.7	3.4
Contingent consideration payments in excess of acquisition-date liability	(1.0)	(0.7)
Other non-cash items, net	(17.5)	(9.5)
Changes in assets and liabilities	(188.5)	(25.4)
<b>Net cash provided by operating activities</b>	<b>423.2</b>	<b>323.8</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(176.9)	(116.7)
Purchase of intangibles	—	(3.8)
Other, net	1.2	(1.4)
<b>Net cash used in investing activities</b>	<b>(175.7)</b>	<b>(121.9)</b>
<b>Cash flows from financing activities:</b>		
Repayments of long-term debt	(1.1)	(1.7)
Dividend payments	(37.8)	(35.5)
Proceeds from stock-based compensation awards	23.1	22.0
Employee stock purchase plan contributions	5.7	4.6
Shares purchased under share repurchase programs	(137.1)	(115.5)
Shares repurchased for employee tax withholdings	(14.7)	(2.3)
<b>Net cash used in financing activities</b>	<b>(161.9)</b>	<b>(128.4)</b>
Effect of exchange rates on cash	(13.1)	6.8
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>72.5</b>	<b>80.3</b>
Cash, including cash equivalents at beginning of period	615.5	439.1
<b>Cash, including cash equivalents at end of period</b>	<b>\$ 688.0</b>	<b>\$ 519.4</b>

See accompanying notes to condensed consolidated financial statements.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

### Note 1: Basis of Presentation and Summary of Significant Accounting Policies

**Basis of Presentation:** The condensed consolidated financial statements included in this report are unaudited and have been prepared in accordance with United States (“U.S.”) generally accepted accounting principles (“U.S. GAAP”) for interim financial reporting and U.S. Securities and Exchange Commission (“SEC”) regulations. The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. In the opinion of management, these financial statements include all adjustments, which are of a normal recurring nature, necessary for a fair statement of the financial position, results of operations, cash flows and the change in equity for the periods presented. The condensed consolidated financial statements for the three and nine months ended September 30, 2021, should be read in conjunction with the consolidated financial statements and notes thereto of West Pharmaceutical Services, Inc. and its majority-owned subsidiaries (which may be referred to as “West”, the “Company”, “we”, “us” or “our”) appearing in our Annual Report on Form 10-K for the year ended December 31, 2020 (the “[2020 Annual Report](#)”). The results of operations for any interim period are not necessarily indicative of results for the full year.

West has been actively monitoring the novel coronavirus (“COVID-19”) situation and its impact globally. Throughout the COVID-19 pandemic, production facilities have continued to operate as they had prior to the pandemic, other than for enhanced safety measures intended to prevent the spread of the virus and higher levels of production at certain plant locations to meet additional customer demand. The remote working arrangements and travel restrictions imposed by various governments have had limited impact on our ability to maintain operations, as our manufacturing operations have generally been exempted from stay-at-home orders.

### Note 2: New Accounting Standards

#### Standards Issued Not Yet Adopted

In March 2020, the FASB issued guidance which provides optional expedients and exceptions to address the impact of reference rate reform where contracts, hedging relationships and other transactions that reference the London Interbank Offered Rate (“LIBOR”) or another reference rate need to be discontinued. This guidance was effective upon issuance and generally can be applied through December 31, 2022. We are currently evaluating the impact to our financial statements, the transition, and disclosure requirements of this guidance, and where applicable, the Company has made contract amendments to reflect the removal of the LIBOR rate.

### Note 3: Revenue

Our revenue results from the sale of goods or services and reflects the consideration to which we expect to be entitled in exchange for those goods or services. We record revenue based on a five-step model, in accordance with ASC Topic 606. Following the identification of a contract with a customer, we identify the performance obligations (goods or services) in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize the revenue when (or as) we satisfy the performance obligations by transferring the promised goods or services to our customers. A good or service is transferred when (or as) the customer obtains control of that good or service.

The following table presents the approximate percentage of our net sales by market group:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Biologics	40 %	32 %	40 %	29 %
Generics	18 %	18 %	17 %	19 %
Pharma	24 %	27 %	24 %	28 %
Contract-Manufactured Products	18 %	23 %	19 %	24 %
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

The following table presents the approximate percentage of our net sales by product category:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
High-Value Product Components	55 %	47 %	54 %	45 %
High-Value Product Delivery Devices	5 %	5 %	4 %	5 %
Standard Packaging	22 %	25 %	23 %	26 %
Contract-Manufactured Products	18 %	23 %	19 %	24 %
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

The following table presents the approximate percentage of our net sales by geographic location:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Americas	45 %	49 %	45 %	49 %
Europe, Middle East, Africa	45 %	42 %	45 %	43 %
Asia Pacific	10 %	9 %	10 %	8 %
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

### Contract Assets and Liabilities

The following table summarizes our contract assets and liabilities, excluding amounts included in accounts receivable, net:

	(\$ in millions)
Contract assets, December 31, 2020	\$ 10.9
Contract assets, September 30, 2021	12.8
Change in contract assets - increase (decrease)	<u>\$ 1.9</u>
Deferred income, December 31, 2020	\$ (57.1)
Deferred income, September 30, 2021	(38.1)
Change in deferred income - decrease (increase)	<u>\$ 19.0</u>

Starting in the third quarter of 2020, the Company entered into new capacity reservation agreements, which include the receipt of up-front cash. The decrease in the deferred income balance is primarily due to the revenue recognition associated with the capacity reservation agreements, which is to be recognized over the next 1 to 2 years.

During the nine months ended September 30, 2021, \$30.0 million of revenue was recognized that was included in deferred income at the beginning of the year.

The majority of the performance obligations within our contracts are satisfied within one year or less. Performance obligations satisfied beyond one year include those relating to a nonrefundable customer payment of \$20.0 million received in June 2013 in return for the exclusive use of the SmartDose® technology platform within a specific therapeutic area. As of September 30, 2021, there was \$4.1 million of unearned income related to this payment, of which \$0.9 million was included in other current liabilities and \$3.2 million was included in other long-term liabilities. The unearned income is being recognized as income on a straight-line basis over the remaining term of the agreement. The agreement does not include a future minimum purchase commitment from the customer.

#### Note 4: Net Income Per Share

The following table reconciles the shares used in the calculation of basic net income per share to those used for diluted net income per share:

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income	\$ 175.6	\$ 82.3	\$ 514.1	\$ 247.8
Weighted average common shares outstanding	74.1	73.9	74.0	73.9
Dilutive effect of equity awards, based on the treasury stock method	1.9	1.9	1.8	1.7
Weighted average shares assuming dilution	76.0	75.8	75.8	75.6

During the three months ended September 30, 2021 and 2020, there were 0.0 million and 0.0 million shares, respectively, from stock-based compensation plans not included in the computation of diluted net income per share because their impact was antidilutive. There were 0.0 million and 0.2 million antidilutive shares outstanding during the nine months ended September 30, 2021 and 2020, respectively.

In December 2020, we announced a share repurchase program for calendar-year 2021 authorizing the repurchase of up to 631,000 shares of our common stock from time to time on the open market or in privately-negotiated transactions as permitted under Exchange Act Rule 10b-18. The number of shares to be repurchased and the timing of such transactions will depend on a variety of factors, including market conditions. There were no shares purchased during the three months ended September 30, 2021. During the nine months ended September 30, 2021, we purchased 479,000 shares of our common stock under the program at a cost of \$137.1 million, or an average price of \$286.23 per share. This share repurchase program is expected to be completed by December 31, 2021.

#### Note 5: Inventories

Inventories are valued at the lower of cost (on a first-in, first-out basis) and net realizable value. Inventory balances were as follows:

(\$ in millions)	September 30, 2021	December 31, 2020
Raw materials	\$ 140.4	\$ 133.5
Work in process	71.1	54.9
Finished goods	142.3	132.9
	\$ 353.8	\$ 321.3

**Note 6: Leases**

A lease exists when a contract conveys to the customer the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. The definition of a lease embodies two conditions: 1) there is an identified asset in the contract that is land or a depreciable asset (i.e., property, plant, and equipment); and 2) the customer has the right to control the use of the identified asset. Lease payments included in the measurement of the operating lease right-of-use assets and lease liabilities are comprised of fixed payments (including in-substance fixed payments), variable payments that depend on an index or rate, and the exercise price of a lessee option to purchase the underlying asset if the lessee is reasonably certain to exercise.

The components of lease expense were as follows:

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Operating lease cost	\$ 3.3	\$ 3.1	\$ 9.5	\$ 9.3
Short-term lease cost	0.4	0.3	0.9	0.6
Variable lease cost	1.1	1.2	3.3	2.8
Total lease cost	\$ 4.8	\$ 4.6	\$ 13.7	\$ 12.7

Supplemental cash flow information related to leases were as follows:

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	\$ 2.9	\$ 3.2	\$ 9.2	\$ 9.6
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ —	\$ 0.3	\$ 0.8	\$ 4.6

As of September 30, 2021 and December 31, 2020, the weighted average remaining lease term for operating leases was 10.9 and 11.1 years, respectively.

As of September 30, 2021 and December 31, 2020, the weighted average discount rate was 3.67% and 3.68%, respectively.

Maturities of operating lease liabilities were as follows:

(\$ in millions) Year	September 30, 2021	December 31, 2020
2021 (remaining period as of )	\$ 3.0	\$ 12.4
2022	10.3	10.4
2023	9.3	9.3
2024	8.5	8.7
2025	6.8	6.9
Thereafter	36.2	37.5
	74.1	85.2
Less: imputed lease interest	(12.6)	(14.7)
Total lease liabilities	\$ 61.5	\$ 70.5

#### Note 7: Affiliated Companies

At September 30, 2021 and December 31, 2020, the aggregate carrying amount of our investment in affiliated companies that are accounted for under the equity method was \$207.1 million and \$201.9 million, respectively, and the aggregate carrying amount of our investment in affiliated companies that are not accounted for under the equity method was \$8.6 million and \$12.8 million, respectively. We have elected to record these investments, for which fair value was not readily determinable, at cost, less impairment, adjusted for subsequent observable price changes. We test these investments for impairment whenever circumstances indicate that the carrying value of the investments may not be recoverable.

Our purchases from, and royalty payments made to, affiliates totaled \$34.0 million and \$119.6 million for the three and nine months ended September 30, 2021, respectively, as compared to \$36.6 million and \$97.0 million, respectively, for the same periods in 2020. As of September 30, 2021 and December 31, 2020, the payable balance due to affiliates was \$13.8 million and \$33.6 million, respectively. The majority of these transactions related to a distributorship agreement with Daikyo that allows us to purchase and re-sell Daikyo products.

Sales to affiliates were \$2.8 million and \$8.8 million, respectively, for the three and nine months ended September 30, 2021, as compared to \$2.7 million and \$7.7 million, respectively, for the same periods in 2020. As of September 30, 2021 and December 31, 2020, the receivable balance due from affiliates was \$2.2 million and \$1.4 million, respectively.

Please refer to Note 7, [Affiliated Companies](#), to the consolidated financial statements in our [2020 Annual Report](#) for additional details.

**Note 8: Debt**

The following table summarizes our long-term debt obligations, net of unamortized debt issuance costs and current maturities. The interest rates shown in parentheses are as of September 30, 2021.

(\$ in millions)	September 30, 2021	December 31, 2020
Term Loan, due December 31, 2024 (1.01%)	\$ 86.6	\$ 87.7
Series A notes, due July 5, 2022 (3.67%)	42.0	42.0
Series B notes, due July 5, 2024 (3.82%)	53.0	53.0
Series C notes, due July 5, 2027 (4.02%)	73.0	73.0
	<u>254.6</u>	<u>255.7</u>
Less: unamortized debt issuance costs	0.5	0.5
<b>Total debt</b>	<u>254.1</u>	<u>255.2</u>
Less: current portion of long-term debt	44.2	2.3
<b>Long-term debt, net</b>	<u>\$ 209.9</u>	<u>\$ 252.9</u>

Please refer to Note 8, [Debt](#), to the consolidated financial statements in our [2020 Annual Report](#) for additional details regarding our debt agreements.

**Credit Agreement - Credit Facility**

At September 30, 2021, the borrowing capacity available under our \$300.0 million multi-currency revolving credit facility (the “Credit Facility”), including outstanding letters of credit of \$2.4 million, was \$297.6 million.

**Credit Agreement Amendment - Term Loan**

At September 30, 2021, we had \$86.6 million in borrowings under the Term Loan, of which \$2.2 million was classified as current and \$84.4 million was classified as long-term. Please refer to Note 9, [Derivative Financial Instruments](#), for a discussion of the foreign currency hedge associated with the Term Loan.

**Note 9: Derivative Financial Instruments**

Our ongoing business operations expose us to various risks, such as fluctuating interest rates, foreign currency exchange rates and increasing commodity prices. To manage these market risks, we periodically enter into derivative financial instruments, such as interest rate swaps, options and foreign exchange contracts for periods consistent with, and for notional amounts equal to or less than, the related underlying exposures. We do not purchase or hold any derivative financial instruments for investment or trading purposes. All derivatives are recorded in our condensed consolidated balance sheet at fair value.

**Foreign Exchange Rate Risk**

We have entered into forward exchange contracts, designated as fair value hedges, to manage our exposure to fluctuating foreign exchange rates on cross-currency intercompany loans. As of both September 30, 2021 and December 31, 2020, the total amount of these forward exchange contracts was Singapore Dollar (“SGD”) 601.5 million and \$13.4 million.

In addition, we have entered into several foreign currency contracts, designated as cash flow hedges, for periods of up to eighteen months, intended to hedge the currency risk associated with a portion of our forecasted transactions denominated in foreign currencies. As of September 30, 2021, we had outstanding foreign currency contracts to purchase and sell certain pairs of currencies, as follows:

(in millions) Currency	Purchase	USD	Sell	Euro
USD	28.8		—	24.0
Yen	6,131.7		24.6	27.7
SGD	28.7		17.8	3.0

In December 2019, we entered into a cross-currency swap for \$90 million, which we designated as a hedge of our net investment in Daikyo. The notional amount of the cross-currency swap is ¥9.4 billion (\$86.1 million) and the swap termination date is December 31, 2024. Under the cross-currency swap, we receive floating interest rate payments based on three-month U.S. Dollar (“USD”) LIBOR plus a margin, in return for paying floating interest rate payments based on three-month Japanese Yen (“Yen”) LIBOR plus a margin.

### Commodity Price Risk

Many of our proprietary products are made from synthetic elastomers, which are derived from the petroleum refining process. We purchase the majority of our elastomers via long-term supply contracts, some of which contain clauses that provide for surcharges related to fluctuations in crude oil prices. The following economic hedges did not qualify for hedge accounting treatment since they did not meet the highly effective requirement at inception.

From November 2017 through September 2021, we purchased several series of call options for a total of 596,367 barrels of crude oil to mitigate our exposure to such oil-based surcharges and protect operating cash flows with regard to a portion of our forecasted elastomer purchases.

As of September 30, 2021, we had outstanding contracts to purchase 182,495 barrels of crude oil from October 2021 to March 2023, at a weighted-average strike price of \$70.40 per barrel.

### Effects of Derivative Instruments on Financial Position and Results of Operations

Please refer to Note 10, [Fair Value Measurements](#), for the balance sheet location and fair values of our derivative instruments as of September 30, 2021 and December 31, 2020.

The following table summarizes the effects of derivative instruments designated as fair value hedges on the condensed consolidated statements of income:

(\$ in millions)	Amount of (Gain) Loss Recognized in Income for the Three Months Ended September 30,		Amount of (Gain) Loss Recognized in Income for the Nine Months Ended September 30,		Location on Statement of Income
	2021	2020	2021	2020	
<b>Fair Value Hedges:</b>					
Hedged item (intercompany loan)	\$ (5.9)	\$ 9.3	\$ (11.0)	\$ 25.1	Other expense (income)
Derivative designated as hedging instrument	5.9	(9.3)	11.0	(25.1)	Other expense (income)
Amount excluded from effectiveness testing	(0.9)	(1.9)	(2.1)	(5.9)	Other expense (income)
<b>Total</b>	<b>\$ (0.9)</b>	<b>\$ (1.9)</b>	<b>\$ (2.1)</b>	<b>\$ (5.9)</b>	

We recognize in earnings the initial value of forward point components on a straight-line basis over the life of the fair value hedge. The amounts recognized in earnings, pre-tax, for forward point components for the three and nine months ended September 30, 2021 and 2020 were \$0.6 million, \$1.9 million, and \$1.3 million, \$5.0 million, respectively.

The following tables summarize the effects of derivative instruments designated as fair value, cash flow, and net investment hedges on other comprehensive income ("OCI") and earnings, net of tax:

(\$ in millions)	Amount of Gain (Loss) Recognized in OCI for the Three Months Ended September 30,		Amount of (Gain) Loss Reclassified from Accumulated OCI into Income for the Three Months Ended September 30,		Location of (Gain) Loss Reclassified from Accumulated OCI into Income
	2021	2020	2021	2020	
<b>Fair Value Hedges</b>					
Foreign currency hedge contracts	\$ (0.2)	\$ (0.1)	\$ 0.1	\$ (0.7)	Other expense (income)
<b>Total</b>	<b>\$ (0.2)</b>	<b>\$ (0.1)</b>	<b>\$ 0.1</b>	<b>\$ (0.7)</b>	
<b>Cash Flow Hedges:</b>					
Foreign currency hedge contracts	\$ 0.1	\$ (0.5)	\$ 0.1	\$ 0.2	Net sales
Foreign currency hedge contracts	1.4	—	(0.3)	0.1	Cost of goods and services sold
Forward treasury locks	—	—	0.1	0.1	Interest expense
<b>Total</b>	<b>\$ 1.5</b>	<b>\$ (0.5)</b>	<b>\$ (0.1)</b>	<b>\$ 0.4</b>	
<b>Net Investment Hedges:</b>					
Cross-currency swap	\$ 0.6	\$ (3.0)	\$ —	\$ —	Other expense (income)
<b>Total</b>	<b>\$ 0.6</b>	<b>\$ (3.0)</b>	<b>\$ —</b>	<b>\$ —</b>	

(\$ in millions)	Amount of Gain (Loss) Recognized in OCI for the		Amount of (Gain) Loss Reclassified from Accumulated OCI into Income for the		Location of (Gain) Loss Reclassified from Accumulated OCI into Income
	Nine Months Ended September 30,		Nine Months Ended September 30,		
	2021	2020	2021	2020	
<b>Fair Value Hedges</b>					
Foreign currency hedge contracts	\$ (0.6)	\$ 2.8	\$ 0.9	\$ (3.3)	Other expense (income)
Total	\$ (0.6)	\$ 2.8	\$ 0.9	\$ (3.3)	
<b>Cash Flow Hedges:</b>					
Foreign currency hedge contracts	\$ (0.5)	\$ —	\$ 0.9	\$ (0.3)	Net sales
Foreign currency hedge contracts	(1.4)	(0.3)	1.2	(0.1)	Cost of goods and services sold
Forward treasury locks	—	—	0.2	0.2	Interest expense
Total	\$ (1.9)	\$ (0.3)	\$ 2.3	\$ (0.2)	
<b>Net Investment Hedges:</b>					
Cross-currency swap	\$ 6.0	\$ (2.0)	\$ —	\$ —	Other expense (income)
Total	\$ 6.0	\$ (2.0)	\$ —	\$ —	

The following table summarizes the effects of derivative instruments designated as fair value, cash flow, and net investment hedges by line item in our condensed consolidated statements of income:

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	Net sales	\$ 0.1	\$ 0.2	\$ 0.9
Cost of goods and services sold	(0.3)	0.1	1.2	(0.1)
Interest expense	0.1	0.1	0.2	0.2
Other expense (income)	0.1	(0.7)	0.9	(3.3)

The following table summarizes the effects of derivative instruments not designated as hedges on the condensed consolidated statements of income:

(\$ in millions)	Amount of Gain (Loss) Recognized in Income for the		Amount of Gain (Loss) Recognized in Income for the		Location on Statement of Income
	Three Months Ended September 30,		Nine Months Ended September 30,		
	2021	2020	2021	2020	
Commodity call options	\$ 0.5	\$ 0.1	\$ 1.6	\$ 0.3	Other expense (income)
Total	\$ 0.5	\$ 0.1	\$ 1.6	\$ 0.3	

For the three and nine months ended September 30, 2021 and 2020, there was no material ineffectiveness related to our hedges.

**Note 10: Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The following fair value hierarchy classifies the inputs to valuation techniques used to measure fair value into one of three levels:

- **Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- **Level 3:** Unobservable inputs that reflect the reporting entity's own assumptions.

The following tables present the assets and liabilities recorded at fair value on a recurring basis:

(\$ in millions)	Balance at September 30, 2021	Basis of Fair Value Measurements		
		Level 1	Level 2	Level 3
<b>Assets:</b>				
Deferred compensation assets	\$ 14.4	\$ 14.4	\$ —	\$ —
Foreign currency contracts	12.0	—	12.0	—
Cross-currency swap	2.2	—	2.2	—
Commodity call options	1.8	—	1.8	—
	<u>\$ 30.4</u>	<u>\$ 14.4</u>	<u>\$ 16.0</u>	<u>\$ —</u>
<b>Liabilities:</b>				
Contingent consideration	\$ 3.5	\$ —	\$ —	\$ 3.5
Deferred compensation liabilities	15.7	15.7	—	—
Foreign currency contracts	2.8	—	2.8	—
	<u>\$ 22.0</u>	<u>\$ 15.7</u>	<u>\$ 2.8</u>	<u>\$ 3.5</u>

(\$ in millions)	Balance at December 31, 2020	Basis of Fair Value Measurements		
		Level 1	Level 2	Level 3
<b>Assets:</b>				
Deferred compensation assets	\$ 12.8	\$ 12.8	\$ —	\$ —
Foreign currency contracts	3.0	—	3.0	—
Commodity call options	0.3	—	0.3	—
	<u>\$ 16.1</u>	<u>\$ 12.8</u>	<u>\$ 3.3</u>	<u>\$ —</u>
<b>Liabilities:</b>				
Contingent consideration	\$ 3.6	\$ —	\$ —	\$ 3.6
Deferred compensation liabilities	14.5	14.5	—	—
Cross-currency swap	5.6	—	5.6	—
Foreign currency contracts	9.7	—	9.7	—
	<u>\$ 33.4</u>	<u>\$ 14.5</u>	<u>\$ 15.3</u>	<u>\$ 3.6</u>

Deferred compensation assets are included within other noncurrent assets and are valued using a market approach based on quoted market prices in an active market. The fair value of our foreign currency contracts, included within other current and other noncurrent assets, as well as other current and other long-term liabilities, is valued using an income approach based on quoted forward foreign exchange rates and spot rates at the reporting date. The fair value of our commodity call options, included within other current and other noncurrent assets, is valued using a market approach. The fair value of our contingent consideration, included within other current and other long-term liabilities, is discussed further in the section related to Level 3 fair value measurements. The fair value of deferred compensation liabilities is based on quoted prices of the underlying employees' investment selections and is included within other long-term liabilities. The fair value of the cross-currency swap, included within other non-current assets and long-term liabilities, is valued using a market approach. Please refer to Note 9, [Derivative Financial Instruments](#), for further discussion of our derivatives. All derivatives are recognized on a gross basis as either assets or liabilities in the balance sheet.

### Level 3 Fair Value Measurements

The fair value of the contingent consideration liability related to the SmartDose<sup>®</sup> technology platform (the "SmartDose<sup>®</sup> contingent consideration") was initially determined using a probability-weighted income approach, and is revalued at each reporting date or more frequently if circumstances dictate. Changes in the fair value of this obligation are recorded as income or expense within other expense (income) in our condensed consolidated statements of income. The significant unobservable inputs used in the fair value measurement of the SmartDose<sup>®</sup> contingent consideration are the sales projections, the probability of success factors, and the discount rate. Significant increases or decreases in any of those inputs in isolation would result in a significantly lower or higher fair value measurement. Sales projections were derived using upside, base and downside forecasted cases for each partnership and applying probability-weighted scenarios of 10%, 50% and 40% to the three cases, respectively, to reflect the likelihood of West meeting the estimated sales projection targets. The probability of success factors included the probabilities of successful FDA approval for each partnership drug, which was estimated in a range of 19% to 100% based on the development phase of each respective drug, and the probability of the successful execution of supply agreements with each partnership, which was estimated in the range of 25% to 100% based on historical, current, and future supply agreements with the respective partnerships. The fair value of this liability utilized a risk-adjusted discount rate of 19% to present value the cash flows. The discount rate is calculated by determining the after-tax required returns on debt and equity and weighting each return by the respective percent of debt and equity to total capital. Key inputs for the discount rate include the risk-free rate on the 20-Year United States Treasury maturity, equity risk premium, company-specific risk premium, pre-tax cost of debt, and U.S. tax rate, among others. As development and commercialization of the SmartDose<sup>®</sup> technology platform progresses, we may need to update the sales projections, the probability of success factors, and the discount rate used. This could result in an increase or decrease to the SmartDose<sup>®</sup> contingent consideration.

The following table provides a summary of changes in our Level 3 fair value measurements:

	(\$ in millions)
Balance, December 31, 2019	\$ 3.3
Increase in fair value recorded in earnings	1.2
Payments	(0.9)
Balance, December 31, 2020	3.6
Increase in fair value recorded in earnings	0.9
Payments	(1.0)
Balance, September 30, 2021	\$ 3.5

### Other Financial Instruments

We believe that the carrying amounts of our cash and cash equivalents and accounts receivable approximate their fair values due to their near-term maturities.

The estimated fair value of long-term debt is based on quoted market prices for debt issuances with similar terms and maturities and is classified as Level 2 within the fair value hierarchy. At September 30, 2021, the estimated fair value of long-term debt was \$220.3 million compared to a carrying amount of \$209.9 million. At December 31, 2020, the estimated fair value of long-term debt was \$265.7 million and the carrying amount was \$252.9 million.

**Note 11: Accumulated Other Comprehensive Loss**

The following table presents the changes in the components of accumulated other comprehensive income ("AOCI") (loss), net of tax, for the nine months ended September 30, 2021:

(\$ in millions)	(Losses) gains on derivatives	Change in equity affiliate investment AOCI	Defined benefit pension and other postretirement plans	Foreign currency translation	Total
Balance, December 31, 2020	\$ (1.9)	\$ 0.6	\$ (40.5)	\$ (68.8)	\$ (110.6)
Other comprehensive income (loss) before reclassifications	(2.5)	—	0.6	(46.9)	(48.8)
Amounts reclassified out from accumulated other comprehensive income (loss)	3.2	—	0.5	—	3.7
Other comprehensive income (loss), net of tax	0.7	—	1.1	(46.9)	(45.1)
Balance, September 30, 2021	\$ (1.2)	\$ 0.6	\$ (39.4)	\$ (115.7)	\$ (155.7)

A summary of the reclassifications out of accumulated other comprehensive loss is presented in the following table:

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,		Location on Statement of Income
	2021	2020	2021	2020	
Detail of components					
Gains (losses) on derivatives:					
Foreign currency contracts	\$ (0.1)	\$ (0.3)	\$ (1.1)	\$ 0.3	Net sales
Foreign currency contracts	0.4	(0.1)	(1.9)	0.3	Cost of goods and services sold
Foreign currency contracts	(0.9)	1.1	(2.1)	5.1	Other expense (income)
Forward treasury locks	(0.1)	(0.1)	(0.3)	(0.3)	Interest expense
Total before tax	(0.7)	0.6	(5.4)	5.4	
Tax benefit (expense)	0.7	(0.3)	2.2	(1.9)	
Net of tax	\$ —	\$ 0.3	\$ (3.2)	\$ 3.5	
Amortization of defined benefit pension and other postretirement plans:					
Prior service credit	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.4	(a)
Actuarial losses	0.1	0.2	(0.1)	—	(a)
Settlements	—	(1.1)	(0.7)	(3.4)	(a)
Total before tax	0.2	(0.8)	(0.6)	(3.0)	
Tax benefit (expense)	(0.1)	0.3	0.1	0.8	
Net of tax	\$ 0.1	\$ (0.5)	\$ (0.5)	\$ (2.2)	
Total reclassifications for the period, net of tax	\$ 0.1	\$ (0.2)	\$ (3.7)	\$ 1.3	

(a) These components are included in the computation of net periodic benefit cost. Please refer to Note 14, [Benefit Plans](#), for additional details.

**Note 12: Shareholders' Equity**

The following table presents the changes in shareholders' equity for the nine months ended September 30, 2021:

(in millions)	Common Shares Issued	Common Stock	Capital in Excess of Par Value	Number of Treasury Shares	Treasury Stock	Retained earnings	Accumulated other comprehensive loss	Total
Balance, December 31, 2020	75.3	\$ 18.8	\$ 267.3	1.3	\$ (167.7)	\$ 1,846.7	\$ (110.6)	\$ 1,854.5
Net income	—	—	—	—	—	151.2	—	151.2
Activity related to stock-based compensation	—	—	(20.6)	(0.3)	23.1	—	—	2.5
Shares purchased under share repurchase program	—	—	—	0.5	(137.1)	—	—	(137.1)
Dividends declared (\$0.17 per share)	—	—	—	—	—	(12.5)	—	(12.5)
Other comprehensive loss, net of tax	—	—	—	—	—	—	(29.6)	(29.6)
Balance, March 31, 2021	<u>75.3</u>	<u>\$ 18.8</u>	<u>\$ 246.7</u>	<u>1.5</u>	<u>\$ (281.7)</u>	<u>\$ 1,985.4</u>	<u>\$ (140.2)</u>	<u>\$ 1,829.0</u>
Net income	—	—	—	—	—	187.3	—	187.3
Activity related to stock-based compensation	—	—	1.3	(0.2)	20.5	—	—	21.8
Dividends declared (\$0.17 per share)	—	—	—	—	—	(12.5)	—	(12.5)
Other comprehensive income, net of tax	—	—	—	—	—	—	7.0	7.0
Balance, June 30, 2021	<u>75.3</u>	<u>\$ 18.8</u>	<u>\$ 248.0</u>	<u>1.3</u>	<u>\$ (261.2)</u>	<u>\$ 2,160.2</u>	<u>\$ (133.2)</u>	<u>\$ 2,032.6</u>
Net income	—	—	—	—	—	175.6	—	175.6
Activity related to stock-based compensation	—	—	3.2	(0.1)	13.4	—	—	16.6
Other comprehensive loss, net of tax	—	—	—	—	—	—	(22.5)	(22.5)
Balance, September 30, 2021	<u>75.3</u>	<u>\$ 18.8</u>	<u>\$ 251.2</u>	<u>1.2</u>	<u>\$ (247.8)</u>	<u>\$ 2,335.8</u>	<u>\$ (155.7)</u>	<u>\$ 2,202.3</u>

The following table presents the changes in shareholders' equity for the nine months ended September 30, 2020:

(in millions)	Common Shares Issued	Common Stock	Capital in Excess of Par Value	Number of Treasury Shares	Treasury Stock	Retained earnings	Accumulated other comprehensive loss	Total
Balance, December 31, 2019	75.3	\$ 18.8	\$ 272.7	1.2	\$ (118.1)	\$ 1,549.4	\$ (149.6)	\$ 1,573.2
Effect of modified retrospective application of a new accounting standard	—	—	—	—	—	(0.1)	—	(0.1)
Net income	—	—	—	—	—	74.3	—	74.3
Activity related to stock-based compensation	—	—	(5.1)	(0.3)	17.9	—	—	12.8
Shares purchased under share repurchase program	—	—	—	0.8	(115.5)	—	—	(115.5)
Dividends declared (\$0.16 per share)	—	—	—	—	—	(11.8)	—	(11.8)
Other comprehensive loss, net of tax	—	—	—	—	—	—	(42.7)	(42.7)
Balance, March 31, 2020	<u>75.3</u>	<u>\$ 18.8</u>	<u>\$ 267.6</u>	<u>1.7</u>	<u>\$ (215.7)</u>	<u>\$ 1,611.8</u>	<u>\$ (192.3)</u>	<u>\$ 1,490.2</u>
Net income	—	—	—	—	—	91.2	—	91.2
Activity related to stock-based compensation	—	—	(4.5)	(0.2)	24.9	—	—	20.4
Other comprehensive income, net of tax	—	—	—	—	—	—	4.5	4.5
Balance, June 30, 2020	<u>75.3</u>	<u>\$ 18.8</u>	<u>\$ 263.1</u>	<u>1.5</u>	<u>\$ (190.8)</u>	<u>\$ 1,703.0</u>	<u>\$ (187.8)</u>	<u>\$ 1,606.3</u>
Net income	—	—	—	—	—	82.3	—	82.3
Activity related to stock-based compensation	—	—	5.1	(0.1)	8.8	—	—	13.9
Dividends declared (\$0.16 per share)	—	—	—	—	—	(11.9)	—	(11.9)
Other comprehensive loss, net of tax	—	—	—	—	—	—	28.3	28.3
Balance, September 30, 2020	<u>75.3</u>	<u>\$ 18.8</u>	<u>\$ 268.2</u>	<u>1.4</u>	<u>\$ (182.0)</u>	<u>\$ 1,773.4</u>	<u>\$ (159.5)</u>	<u>\$ 1,718.9</u>

### **Note 13: Stock-Based Compensation**

The West Pharmaceutical Services, Inc. 2016 Omnibus Incentive Compensation Plan (the “2016 Plan”) provides for the granting of stock options, stock appreciation rights, restricted stock awards and performance awards to employees and non-employee directors. A committee of the Board of Directors determines the terms and conditions of awards to be granted. Vesting requirements vary by award. At September 30, 2021, there were 2,485,724 shares remaining in the 2016 Plan for future grants.

During the nine months ended September 30, 2021, we granted 159,932 stock options at a weighted average exercise price of \$277.23 per share based on the grant-date fair value of our stock to employees under the 2016 Plan. The weighted average grant date fair value of options granted was \$63.72 per share as determined by the Black-Scholes option valuation model using the following weighted average assumptions: a risk-free interest rate of 0.7%; expected life of 5.6 years based on prior experience; stock volatility of 23.9% based on historical data; and a dividend yield of 0.3%. Stock option expense is recognized over the vesting period, net of forfeitures.

During the nine months ended September 30, 2021, we granted 36,902 stock-settled performance share unit (“PSU”) awards at a weighted average grant-date fair value of \$331.56 per share to eligible employees. These awards are earned based on the Company’s performance against pre-established targets, including annual growth rate of revenue and return on invested capital, over a specified performance period. Depending on the achievement of the targets, recipients of stock-settled PSU awards are entitled to receive a certain number of shares of common stock. Shares earned under PSU awards may vary from 0% to 200% of an employee’s targeted award. The fair value of stock-settled PSU awards is based on the market price of our stock at the grant date and is recognized as expense over the performance period, adjusted for estimated target outcomes and net of forfeitures.

During the nine months ended September 30, 2021, we granted 5,109 stock-settled restricted share unit (“RSU”) awards at a weighted average grant-date fair value of \$292.42 per share to eligible employees. These awards are earned over a specified performance period. The fair value of stock-settled RSU awards is based on the market price of our stock at the grant date and is recognized as expense over the vesting period, net of forfeitures.

Stock-based compensation expense was \$11.4 million and \$27.5 million for the three and nine months ended September 30, 2021, respectively. For the three and nine months ended September 30, 2020, stock-based compensation expense was \$10.0 million and \$27.6 million, respectively.

**Note 14: Benefit Plans**

The components of net periodic benefit cost for the three months ended September 30 were as follows:

(\$ in millions)	Pension benefits		Other retirement benefits		Total	
	2021	2020	2021	2020	2021	2020
Service cost	\$ 0.1	\$ 0.4	\$ —	\$ —	\$ 0.1	\$ 0.4
Interest cost	1.6	1.7	—	—	1.6	1.7
Expected return on assets	(2.9)	(2.8)	—	—	(2.9)	(2.8)
Amortization of prior service credit	—	0.1	(0.1)	(0.2)	(0.1)	(0.1)
Recognized actuarial losses (gains)	0.5	0.4	(0.3)	(0.6)	0.2	(0.2)
Settlements	—	1.1	—	—	—	1.1
Net periodic benefit cost	\$ (0.7)	\$ 0.9	\$ (0.4)	\$ (0.8)	\$ (1.1)	\$ 0.1

  

(\$ in millions)	Pension benefits		Other retirement benefits		Total	
	2021	2020	2021	2020	2021	2020
U.S. plans	\$ (0.9)	\$ 0.5	\$ (0.4)	\$ (0.8)	\$ (1.3)	\$ (0.3)
International plans	0.2	0.4	—	—	0.2	0.4
Net periodic benefit cost	\$ (0.7)	\$ 0.9	\$ (0.4)	\$ (0.8)	\$ (1.1)	\$ 0.1

The components of net periodic benefit cost for the nine months ended September 30 were as follows:

(\$ in millions)	Pension benefits		Other retirement benefits		Total	
	2021	2020	2021	2020	2021	2020
Service cost	\$ 0.9	\$ 1.0	\$ —	\$ —	\$ 0.9	\$ 1.0
Interest cost	4.5	5.5	0.1	0.1	4.6	5.6
Expected return on assets	(9.0)	(8.8)	—	—	(9.0)	(8.8)
Amortization of prior service credit	0.1	0.1	(0.3)	(0.5)	(0.2)	(0.4)
Recognized actuarial losses (gains)	1.5	1.4	(1.2)	(1.4)	0.3	—
Settlements	0.7	3.4	—	—	0.7	3.4
Net periodic benefit cost	\$ (1.3)	\$ 2.6	\$ (1.4)	\$ (1.8)	\$ (2.7)	\$ 0.8

  

(\$ in millions)	Pension benefits		Other retirement benefits		Total	
	2021	2020	2021	2020	2021	2020
U.S. plans	\$ (2.4)	\$ 1.5	\$ (1.4)	\$ (1.8)	\$ (3.8)	\$ (0.3)
International plans	1.1	1.1	—	—	1.1	1.1
Net periodic benefit cost	\$ (1.3)	\$ 2.6	\$ (1.4)	\$ (1.8)	\$ (2.7)	\$ 0.8

During the nine months ended September 30, 2021, we recorded a \$0.7 million pension settlement charge within other nonoperating (income) expense, as we determined that normal-course lump-sum payments for our U.S. qualified defined benefit pension plan exceeded the threshold for settlement accounting under U.S. GAAP for the year.

**Note 15: Other Expense (Income)**

Other expense (income) consists of:

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Restructuring and related charges	\$ 0.4	\$ 4.5	\$ 2.5	\$ 4.5
Fixed asset impairments and loss (gain) on sale of equipment	0.2	0.9	0.6	7.2
Contingent consideration	0.1	0.8	0.9	0.9
Foreign exchange transaction losses (gains)	0.4	1.0	(2.5)	(4.5)
Other items	0.7	(0.5)	1.5	(1.9)
Total other expense (income)	\$ 1.8	\$ 6.7	\$ 3.0	\$ 6.2

**Restructuring and Related Charges**

In July 2020, our Board of Directors approved a restructuring plan designed to optimize certain organizational structures within the Company to better support our continued growth and business priorities. These changes are expected to be implemented over a period of up to twenty-four months from the date of approval. The plan was originally expected to require restructuring and related charges of approximately \$15 million to \$17 million, with annualized savings being in the range of \$3.5 million to \$4.5 million. Due to the recent increase in customer demand, the Company will no longer proceed with certain portions of the plan, thus reducing the total expected charges to be approximately \$9 million to \$11 million. Similarly, annualized savings are now expected to be in the range of \$0.9 million to \$1.6 million. Since its approval, we recorded a net pre-tax amount equal to \$7.1 million in restructuring and related charges associated with this plan.

The following table presents activity related to our restructuring obligations related to our 2020 restructuring plan:

(\$ in millions)	Severance and benefits	Other charges	Total
Balance, December 31, 2020	\$ 4.6	\$ —	\$ 4.6
Charges	1.0	1.5	2.5
Cash payments	(1.4)	(0.9)	(2.3)
Balance, September 30, 2021	\$ 4.2	\$ 0.6	\$ 4.8

In February 2018, our Board of Directors approved a restructuring plan designed to realign our manufacturing capacity with demand. These changes were expected to be implemented over a period of up to twenty-four months from the date of approval. The plan was expected to require restructuring and related charges of approximately \$16 million. Since its approval, we have recorded \$13.7 million in restructuring and related charges associated with this plan. The plan is now considered complete.

The following table presents activity related to our restructuring obligations related to our 2018 restructuring plan:

(\$ in millions)	Severance and benefits	Total
Balance, December 31, 2020	\$ 0.1	\$ 0.1
Cash payments	(0.1)	(0.1)
Balance, September 30, 2021	\$ —	\$ —

## Contingent Consideration

Contingent consideration represents changes in the fair value of the SmartDose<sup>®</sup> contingent consideration. Please refer to Note 10, [Fair Value Measurements](#), for additional details.

## Other Items

During the three months ended September 30, 2021, we recorded a net loss of \$0.9 million on the sale of one of the Company's cost investments. During the nine months ended September 30, 2021, we recorded a net loss in our cost investment activity of \$1.8 million, inclusive of an impairment charge of \$2.2 million for one of the Company's cost investments. For the three and nine months ended September 30, 2020, there was no activity related to our cost investments.

During both the three and nine months ended September 30, 2021 and 2020, we recorded development income of \$0.2 million and \$0.6 million, respectively, related to a nonrefundable customer payment of \$20.0 million received in June 2013 in return for the exclusive use of the SmartDose<sup>®</sup> technology platform within a specific therapeutic area. Please refer to Note 3, [Revenue](#), for additional information.

## Note 16: Income Taxes

The tax provision for interim periods is determined using the estimated annual effective consolidated tax rate, based on the current estimate of full-year earnings before taxes, adjusted for the impact of discrete quarterly items.

The provision for income taxes was \$12.0 million and \$21.1 million for the three months ended September 30, 2021 and 2020, respectively, and the effective tax rate was 6.6% and 21.6%, respectively. The provision for income taxes was \$73.0 million and \$52.1 million for the nine months ended September 30, 2021 and 2020, respectively, and the effective tax rate was 12.9% and 18.2%, respectively. The reduction in effective tax rates for the three and nine months ended September 30, 2021 is the result of the Company's prepayment of future royalties from one of its subsidiaries, which resulted in a \$20.4 million tax benefit.

## Note 17: Commitments and Contingencies

From time to time, we are involved in product liability matters and other legal proceedings and claims generally incidental to our normal business activities. We accrue for loss contingencies when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. While the outcome of current proceedings cannot be accurately predicted, we believe their ultimate resolution should not have a material adverse effect on our business, financial condition, results of operations or liquidity.

There have been no significant changes to the commitments and contingencies included in our [2020 Annual Report](#).

## Note 18: Segment Information

Our business operations are organized into two reportable segments, Proprietary Products and Contract-Manufactured Products. Our Proprietary Products reportable segment offers proprietary packaging, containment and drug delivery products, along with analytical lab services and other integrated services and solutions, primarily to biologic, generic and pharmaceutical drug customers. Our Contract-Manufactured Products reportable segment serves as a fully integrated business, focused on the design, manufacture, and automated assembly of complex devices, primarily for pharmaceutical, diagnostic, and medical device customers.

The Chief Operating Decision Maker ("CODM") evaluates the performance of our segments based upon, among other things, segment net sales and operating profit. Segment operating profit excludes general corporate costs, which include executive and director compensation, stock-based compensation, certain pension and other retirement benefit costs, and other corporate facilities and administrative expenses not allocated to the segments. Also excluded are items that the CODM considers not representative of ongoing operations. Such items are referred to as other unallocated items and generally include restructuring and related charges, certain asset impairments and other specifically-identified income or expense items. The segment operating profit metric is what the CODM uses in evaluating our results of operations and the financial measure that provides a valuable insight into our overall performance and financial position.

The following table presents information about our reportable segments, reconciled to consolidated totals:

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
<b>Net sales:</b>				
Proprietary Products	\$ 577.0	\$ 421.5	\$ 1,708.0	\$ 1,194.5
Contract-Manufactured Products	129.7	126.6	393.2	372.5
Intersegment sales elimination	(0.2)	(0.1)	(0.4)	(0.3)
<b>Consolidated net sales</b>	<b>\$ 706.5</b>	<b>\$ 548.0</b>	<b>\$ 2,100.8</b>	<b>\$ 1,566.7</b>

The intersegment sales elimination, which is required for the presentation of consolidated net sales, represents the elimination of components sold between our segments.

The following table provides summarized financial information for our segments:

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
<b>Operating profit (loss):</b>				
Proprietary Products	\$ 195.5	\$ 107.5	\$ 594.3	\$ 312.9
Contract-Manufactured Products	16.8	18.8	51.9	52.1
<b>Total business and segment operating profit</b>	<b>\$ 212.3</b>	<b>\$ 126.3</b>	<b>\$ 646.2</b>	<b>\$ 365.0</b>
<b>Corporate and Unallocated</b>				
Stock-based compensation expense	\$ (11.4)	\$ (10.0)	\$ (27.5)	\$ (27.6)
Corporate general costs (1)	(18.1)	(12.4)	(45.5)	(39.5)
<b>Unallocated Items:</b>				
Restructuring and severance related charges	(0.3)	(4.5)	(2.5)	(6.7)
Amortization of Acquisition-related Intangible Assets (2)	(0.2)	(0.2)	(0.6)	(0.4)
Cost investment activity	(0.9)	—	(1.8)	—
Total Corporate and Unallocated	(30.9)	(27.1)	(77.9)	(74.2)
<b>Total consolidated operating profit</b>	<b>\$ 181.4</b>	<b>\$ 99.2</b>	<b>\$ 568.3</b>	<b>\$ 290.8</b>
Other expense, net	0.3	1.5	1.3	4.6
<b>Income before income taxes</b>	<b>\$ 181.1</b>	<b>\$ 97.7</b>	<b>\$ 567.0</b>	<b>\$ 286.2</b>

(1) Corporate general costs includes executive and director compensation, certain pension and other retirement benefit costs, and other corporate facilities and administrative expenses not allocated to the segments.

(2) During the three and nine months ended September 30, 2021, the Company recorded \$0.2 million and \$0.6 million, respectively, of amortization expense within operating profit associated with an intangible asset acquired during the second quarter of 2020.

Please refer to Note 15, [Other Expense \(Income\)](#), for further discussion of these items.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### OVERVIEW

The following discussion is intended to further the reader's understanding of the consolidated financial condition and results of operations of our Company. It should be read in conjunction with our condensed consolidated financial statements and accompanying notes elsewhere in this Quarterly Report on Form 10-Q ("Form 10-Q") as well as Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and accompanying notes included in our 2020 Annual Report. Our historical financial statements may not be indicative of our future performance. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains a number of forward-looking statements, all of which are based on our current expectations and could be affected by the uncertainties and risks discussed in Part I, Item 1A of our 2020 Annual Report and in Part II, Item 1A of this Form 10-Q.

Throughout this section, references to "Notes" refer to the notes to our condensed consolidated financial statements (unaudited) in Part I, Item 1 of this Form 10-Q, unless otherwise indicated.

### Non-U.S. GAAP Financial Measures

For the purpose of aiding the comparison of our year-over-year results, we may refer to net sales and other financial results excluding the effects of changes in foreign currency exchange rates. Organic net sales exclude the impact from acquisitions and/or divestitures and translate the current-period reported sales of subsidiaries whose functional currency is other than USD at the applicable foreign exchange rates in effect during the comparable prior-year period. We may also refer to adjusted consolidated operating profit and adjusted consolidated operating profit margin, which exclude the effects of unallocated items. The unallocated items are not representative of ongoing operations, and generally include restructuring and related charges, certain asset impairments, and other specifically-identified income or expense items. The re-measured results excluding effects from currency translation, the impact from acquisitions and/or divestitures, and excluding the effects of unallocated items are not in conformity with U.S. GAAP and should not be used as a substitute for the comparable U.S. GAAP financial measures. The non-U.S. GAAP financial measures are incorporated in our discussion and analysis as management uses them in evaluating our results of operations and believes that this information provides users with a valuable insight into our overall performance and financial position.

### Our Operations

We are a leading global manufacturer in the design and production of technologically advanced, high-quality, integrated containment and delivery systems for injectable drugs and healthcare products. Our products include a variety of primary packaging, containment solutions, reconstitution and transfer systems, and drug delivery systems, as well as contract manufacturing, analytical lab services and integrated solutions. Our customers include the leading biologic, generic, pharmaceutical, diagnostic, and additional medical device companies in the world. Our top priority is delivering quality products that meet the exact product specifications and quality standards customers require and expect. This focus on quality includes a commitment to excellence in manufacturing, scientific and technical expertise and management, which enables us to partner with our customers in order to deliver safe, effective drug products to patients quickly and efficiently.

Our business operations are organized into two reportable segments, Proprietary Products and Contract-Manufactured Products. Our Proprietary Products reportable segment offers proprietary packaging, containment and drug delivery products, along with analytical lab services and other integrated services and solutions, primarily to biologic, generic and pharmaceutical drug customers. Our Contract-Manufactured Products reportable segment serves as a fully integrated business, focused on the design, manufacture, and automated assembly of complex devices, primarily for pharmaceutical, diagnostic, and medical device customers. We also maintain collaborations to share technologies and market products with affiliates in Japan and Mexico.

### Impact of COVID-19

West has been actively monitoring the COVID-19 situation and its impact globally. Our primary objectives have remained the same throughout the pandemic: to support the safety of our team members and their families and continue to support patients around the world. Throughout the COVID-19 pandemic, our production facilities have continued to operate as they had prior to the pandemic, other than for enhanced safety measures intended to prevent the spread of the virus and higher levels of production at certain plant locations to meet additional customer demand. Our capital and financial resources, including overall liquidity, remain strong. The remote working arrangements and travel restrictions imposed by various governments have had limited impact on our ability to maintain operations, as our manufacturing operations have generally been exempted from stay-at-home orders. However, we cannot predict the impact of the progression of the COVID-19 pandemic on future results due to a variety of factors, including the continued good health of our employees, the ability of suppliers to continue to operate and deliver, the ability of West and its customers to maintain operations, continued access to transportation resources, the changing needs and priorities of customers, any further government and/or public actions taken in response to the pandemic and ultimately the length of the pandemic. We will continue to closely monitor the COVID-19 pandemic in order to ensure the safety of our people and our ability to serve our customers and patients worldwide.

### 2021 Financial Performance Summary

The following tables present a reconciliation from U.S. GAAP to non-U.S. GAAP financial measures for the three and nine months ended September 30, 2021:

(\$ in millions, except per share data)	Operating Profit	Income tax expense	Net income	Diluted EPS
Three months ended September 30, 2021 GAAP	\$ 181.4	\$ 12.0	\$ 175.6	\$ 2.31
Unallocated items:				
Restructuring and related charges	0.3	0.1	0.2	—
Amortization of acquisition-related intangible assets <sup>(2)</sup>	0.2	—	0.7	0.01
Cost investment activity <sup>(3)</sup>	0.9	0.2	0.7	0.01
Royalty acceleration <sup>(5)</sup>	—	20.4	(20.4)	(0.27)
Three months ended September 30, 2021 adjusted amounts (non-U.S. GAAP)	\$ 182.8	\$ 32.7	\$ 156.8	\$ 2.06

(\$ in millions, except per share data)	Operating Profit	Income tax expense	Net income	Diluted EPS
Nine months ended September 30, 2021 GAAP	\$ 568.3	\$ 73.0	\$ 514.1	\$ 6.78
Unallocated items:				
Restructuring and related charges	2.5	0.6	1.9	0.02
Pension settlement <sup>(1)</sup>	—	0.2	0.6	0.01
Amortization of acquisition-related intangible assets <sup>(2)</sup>	0.6	0.1	2.1	0.03
Cost investment activity <sup>(3)</sup>	1.8	(0.1)	1.9	0.02
Tax law changes <sup>(4)</sup>	—	1.4	(1.4)	(0.02)
Royalty acceleration <sup>(5)</sup>	—	20.4	(20.4)	(0.27)
Nine months ended September 30, 2021 adjusted amounts (non-U.S. GAAP)	<u>\$ 573.2</u>	<u>\$ 95.6</u>	<u>\$ 498.8</u>	<u>\$ 6.57</u>

During the three and nine months ended September 30, 2021, we recorded a tax benefit of \$8.4 million and \$26.9 million, respectively, associated with stock-based compensation.

The following tables present a reconciliation from U.S. GAAP to non-U.S. GAAP financial measures for the three and nine months ended September 30, 2020:

(\$ in millions, except per share data)	Operating Profit	Income tax expense	Net income	Diluted EPS
Three months ended September 30, 2020 GAAP	\$ 99.2	\$ 21.1	\$ 82.3	\$ 1.09
Unallocated items:				
Pension settlement <sup>(1)</sup>	—	0.3	0.8	0.01
Restructuring and severance related charges	4.5	1.1	3.4	0.04
Amortization of acquisition-related intangible assets <sup>(2)</sup>	0.2	—	0.7	0.01
Three months ended September 30, 2020 adjusted amounts (non-U.S. GAAP)	<u>\$ 103.9</u>	<u>\$ 22.5</u>	<u>\$ 87.2</u>	<u>\$ 1.15</u>

(\$ in millions, except per share data)	Operating Profit	Income tax expense	Net income	Diluted EPS
Nine months ended September 30, 2020 GAAP	\$ 290.8	\$ 52.1	\$ 247.8	\$ 3.28
Unallocated items:				
Pension settlement <sup>(1)</sup>	—	0.8	2.6	0.03
Restructuring and severance related charges	6.7	1.7	5.0	0.06
Amortization of acquisition-related intangible assets <sup>(2)</sup>	0.4	0.1	2.9	0.04
Nine months ended September 30, 2020 adjusted amounts (non-U.S. GAAP)	<u>\$ 297.9</u>	<u>\$ 54.7</u>	<u>\$ 258.3</u>	<u>\$ 3.41</u>

During the three and nine months ended September 30, 2020, we recorded a tax benefit of \$2.0 million and \$14.0 million, respectively, associated with stock-based compensation.

- (1) The Company recorded a pension settlement charge within other nonoperating (income) expense, as it determined that normal-course lump-sum payments for our U.S. qualified, and in 2020 our non-qualified, defined benefit pension plan exceeded the threshold for settlement accounting.
- (2) During the three and nine months ended September 30, 2021, the Company recorded \$0.2 million and \$0.6 million, respectively, of amortization expense within operating profit associated with an intangible asset acquired during the second quarter of 2020. During the three and nine months ended September 30, 2021, the Company recorded \$0.5 million and \$1.6 million, respectively, of amortization expense in association with an acquisition of increased ownership interest in Daikyo. During the three and nine months ended September 30, 2020 the Company recorded \$0.2 million and \$0.4 million, respectively, of amortization expense within operating profit associated with an intangible asset acquired during the second quarter of 2020. During the three and nine months ended September 30, 2020, the Company recorded \$0.5 million and \$2.5 million, respectively, of amortization expense in association with an acquisition of increased ownership interest in Daikyo.
- (3) During the three months ended September 30, 2021, we recorded a net loss on the sale of one of the Company's cost investments. During the nine months ended September 30, 2021, we recorded an impairment charge on one of our cost investments, partially offset by the gain on the sale of a cost investment.
- (4) During the nine months ended September 30, 2021, the Company recorded a tax benefit of \$1.4 million due to the impact of a United Kingdom tax law change enacted during the period.
- (5) During the three and nine months ended September 30, 2021, the Company prepaid future royalties from one of its subsidiaries, which resulted in a \$20.4 million tax benefit.

## RESULTS OF OPERATIONS

We evaluate the performance of our segments based upon, among other things, segment net sales and operating profit. Segment operating profit excludes general corporate costs, which include executive and director compensation, stock-based compensation, certain pension and other retirement benefit costs, and other corporate facilities and administrative expenses not allocated to the segments. Also excluded are items that we consider not representative of ongoing operations. Such items are referred to as other unallocated items for which further information can be found above in the reconciliation from U.S. GAAP to non-U.S. GAAP financial measures.

Percentages in the following tables and throughout the Results of Operations section may reflect rounding adjustments.

### Net Sales

The following table presents net sales, consolidated and by reportable segment, for the three months ended September 30, 2021 and 2020:

(\$ in millions)	Three Months Ended September 30,		Percentage Change	
	2021	2020	As-Reported	Organic
Proprietary Products	\$ 577.0	\$ 421.5	36.9 %	35.7 %
Contract-Manufactured Products	129.7	126.6	2.4 %	2.1 %
Intersegment sales elimination	(0.2)	(0.1)	—	—
Consolidated net sales	\$ 706.5	\$ 548.0	28.9 %	27.9 %

Consolidated net sales increased by \$158.5 million, or 28.9%, for the three months ended September 30, 2021, as compared to the same period in 2020, including a favorable foreign currency translation impact of \$5.5 million.

Excluding foreign currency translation effects, consolidated net sales for the three months ended September 30, 2021 increased by \$153.0 million, or 27.9%, as compared to the same period in 2020.

**Proprietary Products** – Proprietary Products net sales increased by \$155.5 million, or 36.9%, for the three months ended September 30, 2021, as compared to the same period in 2020, including a favorable foreign currency translation impact of \$5.0 million. Excluding foreign currency translation effects, net sales for the three months ended September 30, 2021 increased by \$150.5 million, or 35.7%, as compared to the same period in 2020, primarily due to growth in our high-value product offerings, including Westar<sup>®</sup>, NovaPure<sup>®</sup>, and FluroTec<sup>®</sup>-coated components. The three months ended September 30, 2021 included approximately \$115 million in COVID-19 related activity for vaccines, antiviral treatments and treatment of underlying COVID-19 symptoms. The three months ended September 30, 2020 included approximately \$32 million in COVID-19 related activity for antiviral treatments and treatment of underlying COVID-19 symptoms.

**Contract-Manufactured Products** – Contract-Manufactured Products net sales increased by \$3.1 million, or 2.4%, for the three months ended September 30, 2021, as compared to the same period in 2020, including a favorable foreign currency translation impact of \$0.5 million. Excluding foreign currency translation effects, net sales for the three months ended September 30, 2021 increased by \$2.6 million, or 2.1%, as compared to the same period in 2020, due to an increase in the sale of healthcare-related medical devices.

The intersegment sales elimination, which is required for the presentation of consolidated net sales, represents the elimination of components sold between our segments.

The following table presents net sales, consolidated and by reportable segment, for the nine months ended September 30, 2021 and 2020:

(\$ in millions)	Nine Months Ended September 30,		Percentage Change	
	2021	2020	As-Reported	Organic
Proprietary Products	\$ 1,708.0	\$ 1,194.5	43.0 %	38.1 %
Contract-Manufactured Products	393.2	372.5	5.6 %	3.1 %
Intersegment sales elimination	(0.4)	(0.3)	—	—
Consolidated net sales	\$ 2,100.8	\$ 1,566.7	34.1 %	29.8 %

Consolidated net sales increased by \$534.1 million, or 34.1%, for the nine months ended September 30, 2021, as compared to the same period in 2020, including a favorable foreign currency translation impact of \$67.2 million. Excluding foreign currency translation effects, consolidated net sales for the nine months ended September 30, 2021 increased by \$466.9 million, or 29.8%, as compared to the same period in 2020.

**Proprietary Products** – Proprietary Products net sales increased by \$513.5 million, or 43.0%, for the nine months ended September 30, 2021, as compared to the same period in 2020, including a favorable foreign currency translation impact of \$57.9 million. Excluding foreign currency translation effects, net sales for the nine months ended September 30, 2021 increased by \$455.6 million, or 38.1%, as compared to the same period in 2020, primarily due to growth in our high-value product offerings, including Westar<sup>®</sup>, NovaPure<sup>®</sup>, Daikyo<sup>®</sup>, and FluroTec<sup>®</sup>-coated components. The nine months ended September 30, 2021 included approximately \$335 million in COVID-19 related activity for vaccines, antiviral treatments and treatment of underlying COVID-19 symptoms. The nine months ended September 30, 2020 included approximately \$52 million in COVID-19 related activity for antiviral treatments and treatment of underlying COVID-19 symptoms.

**Contract-Manufactured Products** – Contract-Manufactured Products net sales increased by \$20.7 million, or 5.6%, for the nine months ended September 30, 2021, as compared to the same period in 2020, including a favorable foreign currency translation impact of \$9.3 million. Excluding foreign currency translation effects, net sales for the nine months ended September 30, 2021 increased by \$11.4 million, or 3.1%, as compared to the same period in 2020, due to an increase in the sale of healthcare-related medical devices.

## Gross Profit

The following table presents gross profit and related gross profit margins, consolidated and by reportable segment:

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
<b>Proprietary Products:</b>				
Gross profit	\$ 267.3	\$ 171.9	\$ 811.5	\$ 492.8
Gross profit margin	46.3 %	40.8 %	47.5 %	41.3 %
<b>Contract-Manufactured Products:</b>				
Gross profit	\$ 20.9	\$ 22.7	\$ 63.7	\$ 63.9
Gross profit margin	16.1 %	17.9 %	16.2 %	17.2 %
<b>Consolidated gross profit</b>	<b>\$ 288.2</b>	<b>\$ 194.6</b>	<b>\$ 875.2</b>	<b>\$ 556.7</b>
<b>Consolidated gross profit margin</b>	<b>40.8 %</b>	<b>35.5 %</b>	<b>41.7 %</b>	<b>35.5 %</b>

Consolidated gross profit increased by \$93.6 million, or 48.1%, for the three months ended September 30, 2021, as compared to the same period in 2020, including a favorable foreign currency translation impact of \$1.6 million for the three months ended September 30, 2021, as compared to the same period in 2020. Consolidated gross profit margin increased by 5.3 margin points for the three months ended September 30, 2021, as compared to the same period in 2020.

Consolidated gross profit increased by \$318.5 million, or 57.2% for the nine months ended September 30, 2021, as compared to the same period in 2020, including a favorable foreign currency translation impact of \$25.7 million for the nine months ended September 30, 2021, as compared to the same period in 2020. Consolidated gross profit margin increased by 6.2 margin points for the nine months ended September 30, 2021, as compared to the same period in 2020.

**Proprietary Products** - Proprietary Products gross profit increased by \$95.4 million, or 55.5%, for the three months ended September 30, 2021, as compared to the same period in 2020, including a favorable foreign currency translation impact of \$1.5 million. Proprietary Products gross profit margin increased by 5.5 margin points for the three months ended September 30, 2021, as compared to the same periods in 2020, due to a favorable mix of products sold, sales price increases and production efficiencies, partially offset by increased overhead costs including compensation costs.

Proprietary Products gross profit increased by \$318.7 million, or 64.7%, for the nine months ended September 30, 2021, as compared to the same period in 2020, including a favorable foreign currency translation impact of \$23.9 million. Proprietary Products gross profit margin increased by 6.2 margin points for the nine months ended September 30, 2021, as compared to the same period in 2020, due to a favorable mix of products sold, sales price increases and production efficiencies, partially offset by increased overhead costs including compensation costs.

**Contract-Manufactured Products** - Contract-Manufactured Products gross profit decreased by \$1.8 million, or 7.9%, for the three months ended September 30, 2021, as compared to the same period in 2020, including a favorable foreign currency translation impact of \$0.1 million. Contract-Manufactured Products gross profit margin decreased by 1.8 margin points for the three months ended September 30, 2021, as compared to the same period in 2020, due to unfavorable mix of products sold and timing of the pass-through of raw material price increases to customers.

Contract-Manufactured Products gross profit decreased by \$0.2 million, or 0.3%, for the nine months ended September 30, 2021, as compared to the same period in 2020, including a favorable foreign currency translation impact of \$1.8 million. Contract-Manufactured Products gross profit margin decreased by 1.0 margin points for the nine months ended September 30, 2021, as compared to the same period in 2020, due to unfavorable mix of products sold and timing of the pass-through of raw material price increases to customers, partially offset by production efficiencies.

### Research and Development (“R&D”) Costs

The following table presents R&D costs, consolidated and by reportable segment:

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Proprietary Products	\$ 13.1	\$ 12.5	\$ 39.1	\$ 34.0
Contract-Manufactured Products	—	—	—	—
Consolidated R&D costs	\$ 13.1	\$ 12.5	\$ 39.1	\$ 34.0

Consolidated R&D costs increased by \$0.6 million, or 4.8%, and \$5.1 million, or 15.0%, for the three and nine months ended September 30, 2021, respectively, as compared to the same period in 2020. Efforts remain focused on the continued investment in self-injection systems development, fluid transfer admixture devices, elastomeric packaging components, and formulation development.

All of the R&D costs incurred during the three and nine months ended September 30, 2021 related to Proprietary Products.

### Selling, General and Administrative (“SG&A”) Costs

The following table presents SG&A costs, consolidated and by reportable segment and corporate:

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Proprietary Products	\$ 58.5	\$ 50.6	\$ 180.0	\$ 144.7
Contract-Manufactured Products	3.9	3.7	11.4	11.4
Corporate	29.5	21.9	73.4	69.6
Consolidated SG&A costs	\$ 91.9	\$ 76.2	\$ 264.8	\$ 225.7
<i>SG&amp;A as a % of net sales</i>	<i>13.0 %</i>	<i>13.9 %</i>	<i>12.6 %</i>	<i>14.4 %</i>

Consolidated SG&A costs increased by \$15.7 million, or 20.6%, for the three months ended September 30, 2021, as compared to the same period in 2020, due to an increase in compensation costs, costs related to professional services and an unfavorable foreign currency translation impact of \$0.4 million.

Consolidated SG&A costs increased by \$39.1 million, or 17.3%, for the nine months ended September 30, 2021, as compared to the same period in 2020, due to an increase in compensation costs and an unfavorable foreign currency translation impact of \$4.5 million.

**Proprietary Products** - Proprietary Products SG&A costs increased by \$7.9 million, or 15.6%, for the three months ended September 30, 2021, as compared to the same period in 2020. Proprietary Products SG&A costs increased primarily due to an increase in compensation costs and costs related to professional services.

Proprietary Products SG&A costs increased by \$35.3 million, or 24.4%, for the nine months ended September 30, 2021, as compared to the same period in 2020. Proprietary Products SG&A costs increased primarily due to an increase in compensation costs, costs related to professional services and an unfavorable foreign currency translation impact of \$4.2 million.

**Contract-Manufactured Products** - Contract-Manufactured Products SG&A costs increased by \$0.2 million, or 5.4% for the three months ended September 30, 2021, as compared to the same period in 2020, and remained consistent for the nine months ended September 30, 2021, as compared to the same period in 2020.

**Corporate** - Corporate SG&A costs increased by \$7.6 million, or 34.7%, for the three months ended September 30, 2021, as compared to the same period in 2020, primarily due to an increase in compensation costs and costs related to professional services.

Corporate SG&A costs increased by \$3.8 million, or 5.5%, for the nine months ended September 30, 2021, as compared to the same period in 2020, primarily due to an increase in compensation costs and costs related to professional services.

### Other Expense (Income)

The following table presents other income and expense items, consolidated and by reportable segment, corporate and unallocated items:

Expense (Income) (\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Proprietary Products	\$ 0.2	\$ 1.3	\$ (1.9)	\$ 1.2
Contract-Manufactured Products	0.2	0.2	0.4	0.4
Corporate and unallocated	1.4	5.2	4.5	4.6
Consolidated other expense	<u>\$ 1.8</u>	<u>\$ 6.7</u>	<u>\$ 3.0</u>	<u>\$ 6.2</u>

Other income and expense items, consisting of foreign exchange transaction gains and losses, gains and losses on the sale of fixed assets, development and licensing income, contingent consideration, fixed asset impairments and miscellaneous income and charges, are generally recorded within segment results.

Consolidated other expense (income) changed by \$4.9 million for the three months ended September 30, 2021, as compared to the same period in 2020, due to a decrease in restructuring and related charges, and fixed asset impairments recorded within the Proprietary Products segment, offset by a net loss recorded in the three months ended September 30, 2021 as a result of the sale one of the Company's cost investments.

Consolidated other expense (income) changed by \$3.2 million for the nine months ended September 30, 2021, as compared to the same period in 2020, due to a decrease in restructuring and related charges, and fixed asset impairments recorded within the Proprietary Products segment, offset by a net loss recorded in the nine months ended September 30, 2021 as a result of activity related to the Company's cost investments.

## Operating Profit

The following table presents adjusted operating profit, consolidated and by reportable segment, corporate and unallocated items:

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Proprietary Products	\$ 195.5	\$ 107.5	\$ 594.3	\$ 312.9
Contract-Manufactured Products	16.8	18.8	51.9	52.1
Corporate	(29.5)	(22.4)	(73.0)	(67.1)
Adjusted consolidated operating profit	\$ 182.8	\$ 103.9	\$ 573.2	\$ 297.9
Adjusted consolidated operating profit margin	25.9 %	19.0 %	27.3 %	19.0 %
Unallocated items	(1.4)	(4.7)	(4.9)	(7.1)
Consolidated operating profit	\$ 181.4	\$ 99.2	\$ 568.3	\$ 290.8
Consolidated operating profit margin	25.7 %	18.1 %	27.1 %	18.6 %

Consolidated operating profit increased by \$82.2 million, or 82.9%, for the three months ended September 30, 2021, as compared to the same period in 2020, including a favorable foreign currency translation impact of \$1.2 million for the three months ended September 30, 2021, as compared to the same period in 2020.

Consolidated operating profit increased by \$277.5 million, or 95.4%, for the nine months ended September 30, 2021, as compared to the same period in 2020, including a favorable foreign currency translation impact of \$20.8 million for the nine months ended September 30, 2021, as compared to the same period in 2020.

**Proprietary Products** - Proprietary Products operating profit increased by \$88.0 million, or 81.9%, for the three months ended September 30, 2021, as compared to the same period in 2020, including a favorable foreign currency translation impact of \$1.1 million, due to the factors described above, most notably the sales increase in our high-value product offerings, inclusive of COVID-19 related activity.

Proprietary Products operating profit increased by \$281.4 million, or 89.9%, for the nine months ended September 30, 2021, as compared to the same period in 2020, including a favorable foreign currency translation impact of \$19.3 million, due to the factors described above, most notably due to the sales increase in our high-value product offerings, inclusive of COVID-19 related activity.

**Contract-Manufactured Products** - Contract-Manufactured Products operating profit decreased by \$2.0 million, or 10.6%, for the three months ended September 30, 2021, as compared to the same period in 2020, including a favorable foreign currency translation impact of \$0.1 million, due to the factors described above, most notably due an unfavorable mix of products sold and timing of the pass-through of raw material price increases to customers.

Contract-Manufactured Products operating profit decreased by \$0.2 million, or 0.4%, for the nine months ended September 30, 2021, respectively, as compared to the same period in 2020, including a favorable foreign currency translation impact of \$1.5 million, due to the factors described above.

**Corporate**- Corporate costs increased by \$7.1 million, or 31.7%, for the three months ended September 30, 2021, as compared to the same period in 2020, due to the factors described above.

Corporate costs increased by \$5.9 million, or 8.8%, for the nine months ended September 30, 2021, respectively, as compared to the same period in 2020, due to the factors described above.

**Unallocated items** – Other unallocated items during the three months ended September 30, 2021 consisted of \$0.3 million in restructuring and related costs, \$0.2 million of amortization expense associated with an acquisition of an intangible asset during the second quarter of 2020, and a net loss of \$0.9 million on the sale of one of the Company's cost investments.

Other unallocated items during the nine months ended September 30, 2021 consisted of \$2.5 million in restructuring and related costs, \$0.6 million of amortization expense associated with an acquisition of an intangible asset during the second quarter of 2020, and a net loss in our cost investment activity of \$1.8 million.

Other unallocated items during the three months ended September 30, 2020 consisted of \$4.5 million in restructuring and related costs and \$0.2 million of amortization expense associated with an acquisition of an intangible asset during the second quarter of 2020. Other unallocated items during the nine months ended September 30, 2020 consisted of \$4.5 million in restructuring and related charges, \$2.2 million in severance related costs, and \$0.4 million of amortization expense associated with an acquisition of an intangible asset. Please refer to Note 15, [Other Expense \(Income\)](#), for further discussion of these items.

### Interest Expense, Net

The following table presents interest expense, net, by significant component:

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Interest expense	\$ 2.7	\$ 2.4	\$ 7.6	\$ 7.1
Capitalized interest	(0.9)	(0.3)	(2.0)	(1.0)
Interest income	(0.4)	(0.2)	(0.7)	(1.2)
Interest expense, net	\$ 1.4	\$ 1.9	\$ 4.9	\$ 4.9

Interest expense, net, decreased by \$0.5 million, or 26.3%, for the three months ended September 30, 2021, as compared to the same period in 2020, and remained consistent for the nine months ended September 30, 2021, as compared to the same period in 2020.

### Other Nonoperating (Income) Expense

Other nonoperating (income) expense changed by \$0.7 million for the three months ended September 30, 2021, as compared to the same period in 2020, primarily due to the pension settlement charge recorded in 2020. In the three months ended September 30, 2020, we determined that normal-course lump-sum payments for our U.S. qualified defined benefit pension plan exceeded the threshold for settlement accounting under U.S. GAAP for the year.

Other nonoperating (income) expense changed by \$3.3 million for the nine months ended September 30, 2021, as compared to the same period in 2020, primarily due to a reduction in the pension settlement charge and by a decrease in U.S. pension interest cost. In each nine month period, we determined that normal-course lump-sum payments for our U.S. qualified, and non-qualified in 2020, defined benefit pension plan exceeded the threshold for settlement accounting under U.S. GAAP for the year.

### Income Tax Expense

The provision for income taxes was \$12.0 million and \$21.1 million for the three months ended September 30, 2021 and 2020, respectively, and the effective tax rate was 6.6% and 21.6%, respectively.

The decrease in the effective tax rate is primarily due to the Company's prepayment of future royalties from one of its subsidiaries, which resulted in a \$20.4 million tax benefit for the three months ended September 30, 2021.

The provision for income taxes was \$73.0 million and \$52.1 million for the nine months ended September 30, 2021 and 2020, respectively, and the effective tax rate was 12.9% and 18.2%, respectively. The decrease in the effective tax rate is primarily due to the Company's prepayment of future royalties from one of its subsidiaries, which resulted in a \$20.4 million tax benefit for the nine months ended September 30, 2021.

#### Equity in Net Income of Affiliated Companies

Equity in net income of affiliated companies represents the contribution to earnings from our 49% ownership interest in Daikyo, and our 49% ownership interest in five companies majority-owned by a long-time partner located in Mexico. Please refer to Note 7, [Affiliated Companies](#), for further discussion. Equity in net income of affiliated companies increased by \$0.8 million for the three months ended September 30, 2021, as compared to the same period in 2020, due to favorable operating results at Daikyo and the Mexico affiliates.

Equity in net income of affiliated companies increased by \$6.4 million for the nine months ended September 30, 2021, as compared to the same period in 2020, due to favorable operating results at Daikyo and the Mexico affiliates and reduction in amortization expense related to our increase in ownership interest in Daikyo of \$0.9 million.

### FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

#### Cash Flows

The following table presents cash flow data for the nine months ended September 30:

(\$ in millions)	2021	2020
Net cash provided by operating activities	\$ 423.2	\$ 323.8
Net cash used in investing activities	\$ (175.7)	\$ (121.9)
Net cash used in financing activities	\$ (161.9)	\$ (128.4)

**Net Cash Provided by Operating Activities** – Net cash provided by operating activities increased by \$99.4 million for the nine months ended September 30, 2021, as compared to the same period in 2020, primarily due to improved operating results, offset by increases in working capital and timing of tax payments in 2021.

**Net Cash Used in Investing Activities** – Net cash used in investing activities increased by \$53.8 million for the nine months ended September 30, 2021, as compared to the same period in 2020, due to the increase in capital expenditures in 2021 to meet customer demand.

**Net Cash Used in Financing Activities** – Net cash used in financing activities increased by \$33.5 million for the nine months ended September 30, 2021, as compared to the same period in 2020, primarily due to increases in purchases under our share repurchases.

## Liquidity and Capital Resources

The table below presents selected liquidity and capital measures:

(\$ in millions)	September 30, 2021	December 31, 2020
Cash and cash equivalents	\$ 688.0	\$ 615.5
Accounts receivable, net	\$ 476.4	\$ 385.3
Inventories	\$ 353.8	\$ 321.3
Accounts payable	\$ 207.7	\$ 213.1
Debt	\$ 254.1	\$ 255.2
Equity	\$ 2,202.3	\$ 1,854.5
Working capital	\$ 1,039.7	\$ 870.3

Cash and cash equivalents include all instruments that have maturities of ninety days or less when purchased. Working capital is defined as current assets less current liabilities.

**Cash and cash equivalents** – Our cash and cash equivalents balance at September 30, 2021 consisted of cash held in depository accounts with banks around the world and cash invested in high-quality, short-term investments. The cash and cash equivalents balance at September 30, 2021 included \$234.2 million of cash held by subsidiaries within the U.S., and \$453.8 million of cash held by subsidiaries outside of the U.S. During the nine months ended September 30, 2021, we purchased 479,000 shares of our common stock under the share repurchase program at a cost of \$137.1 million, or an average price of \$286.23 per share.

**Working capital** – Working capital at September 30, 2021 increased by \$169.4 million, or 19.5%, as compared to December 31, 2020, which includes an unfavorable foreign currency translation impact of \$18.9 million. Excluding the impact of currency exchange rates, cash and cash equivalents, accounts receivable, inventories, and total current liabilities increased by \$85.5 million, \$104.1 million, \$42.1 million, and \$66.4 million, respectively. The increase in accounts receivable was due to increased sales activity. The increase in inventories that occurred in the period was to ensure we have sufficient inventory on hand to support the needs of our customers. The increase in total current liabilities was primarily due to the reclassification of a portion of the Company's debt from long-term to short-term.

**Debt and credit facilities** – The \$1.1 million decrease in total debt at September 30, 2021, as compared to December 31, 2020, resulted from debt repayments under our Term Loan.

Our sources of liquidity include our Credit Facility. At September 30, 2021, we had no outstanding borrowings under the Credit Facility. At September 30, 2021, the borrowing capacity available under the Credit Facility, including outstanding letters of credit of \$2.4 million, was \$297.6 million. We do not expect any significant limitations on our ability to access this source of funds.

Pursuant to the financial covenants in our debt agreements, we are required to maintain established interest coverage ratios and to not exceed established leverage ratios. In addition, the agreements contain other customary covenants, none of which we consider restrictive to our operations. At September 30, 2021, we were in compliance with all of our debt covenants.

We believe that cash on hand and cash generated from operations, together with availability under our Credit Facility, will be adequate to address our foreseeable liquidity needs based on our current expectations of our business operations, capital expenditures and scheduled payments of debt obligations.

## **Commitments and Contractual Obligations**

A table summarizing the amounts and estimated timing of future cash payments resulting from commitments and contractual obligations was provided in our 2020 Annual Report. During the three months ended September 30, 2021, there were no material changes outside of the ordinary course of business to our commitments and contractual obligations.

## **OFF-BALANCE SHEET ARRANGEMENTS**

At September 30, 2021, we had no off-balance sheet financing arrangements other than unconditional purchase obligations incurred in the ordinary course of business and outstanding letters of credit related to various insurance programs, as noted in our 2020 Annual Report.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

There have been no changes to the Critical Accounting Policies and Estimates disclosed in Part II, Item 7 of our 2020 Annual Report.

## **NEW ACCOUNTING STANDARDS**

For information on new accounting standards that were issued but not yet adopted, during the three months ended September 30, 2021, and the impact, if any, on our financial position or results of operations, see Note 2, [New Accounting Standards](#).

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Our disclosure and analysis in this Form 10-Q contains some forward-looking statements that are based on management's beliefs and assumptions, current expectations, estimates and forecasts. We also provide forward-looking statements in other materials we release to the public, as well as oral forward-looking statements. Such statements provide our current expectations or forecasts of future events. They do not relate strictly to historical or current facts. We have attempted, wherever possible, to identify forward-looking statements by using words such as "plan," "expect," "believe," "intend," "will," "estimate," "continue" and other words of similar meaning in conjunction with, among other things, discussions of future operations and financial performance, as well as our strategy for growth, product development, market position and expenditures. All statements that address operating performance or events or developments that we expect or anticipate will occur in the future - including statements relating to sales and earnings per share growth, cash flows or uses, and statements expressing views about future operating results - are forward-looking statements.

Forward-looking statements are based on current expectations of future events. The forward-looking statements are, and will be, based on management's then-current views and assumptions regarding future events and operating performance, and speak only as of their dates. Investors should realize that, if underlying assumptions prove inaccurate or unknown 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.

The following are some important factors that could cause our actual results to differ from our expectations in any forward-looking statements:

- sales demand and our ability to meet that demand;
- competition from other providers in our businesses, including customers' in-house operations, and from lower-cost producers in emerging markets, which can impact unit volume, price and profitability;

- customers' changing inventory requirements and manufacturing plans that alter existing orders or ordering patterns for the products we supply to them;
- interruptions or weaknesses in our supply chain, including from reasons beyond our control such as extreme weather, longer-term climate changes, natural disasters, pandemic, war, accidental damage, or unauthorized access to our or our customers' information and systems, which could cause delivery delays or restrict the availability of raw materials, key purchased components and finished products;
- the timing, regulatory approval and commercial success of customer products that incorporate our products and systems;
- whether customers agree to incorporate our products and delivery systems with their new and existing drug products, the ultimate timing and successful commercialization of those products and systems, which involves substantial evaluations of the functional, operational, clinical and economic viability of our products, and the rate, timing and success of regulatory approval for the drug products that incorporate our components and systems;
- the timely and adequate availability of filling capacity, which is essential to conducting definitive stability trials and the timing of first commercialization of customers' products in Crystal Zenith prefilled syringes;
- average profitability, or mix, of the products sold in any reporting period, including lower-than-expected sales growth of our high-value proprietary product offerings;
- maintaining or improving production efficiencies and overhead absorption;
- dependence on third-party suppliers and partners, some of which are single-source suppliers of critical materials and products, including our Japanese partner and affiliate, Daikyo;
- the loss of key personnel or highly-skilled employees;
- the availability and cost of skilled employees required to meet increased production, managerial, research and other needs, including professional employees and persons employed under collective bargaining agreements;
- the successful and timely implementation of price increases necessary to offset rising production costs, including raw material prices, particularly petroleum-based raw materials;
- the cost and progress of development, regulatory approval and marketing of new products;
- our ability to obtain and maintain licenses in any jurisdiction in which we do business;
- the relative strength of USD in relation to other currencies, particularly the Euro, SGD, the Danish Krone, Yen, Colombian Peso, Brazilian Real, and the South Korean Won; and
- the potential adverse effects of global healthcare legislation on customer demand, product pricing and profitability.

This list sets forth many, but not all, of the factors that could affect our ability to achieve results described in any forward-looking statements. Investors should understand that it is not possible to predict or identify all of the factors and should not consider this list to be a complete statement of all potential risks and uncertainties. For further discussion of these and other factors, see the risk factors disclosed in Part I, Item 1A of our 2020 Annual Report as well as Part II, section 1A of this quarterly report.

Except as required by law or regulation, we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There have been no material changes in our exposure to market risk or the information provided in Part II, Item 7A of our 2020 Annual Report.

### **ITEM 4. CONTROLS AND PROCEDURES**

Disclosure controls are controls and procedures designed to reasonably ensure that information required to be disclosed in our reports filed under the Exchange Act, such as this quarterly report, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. Our disclosure controls include some, but not all, components of our internal control over financial reporting.

#### **Evaluation of Disclosure Controls and Procedures**

An evaluation was performed under the supervision and with the participation of our management, including our CEO and CFO, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934), as of the end of the period covered by this quarterly report on Form 10-Q. Based on this evaluation, our CEO and CFO have concluded that, as of September 30, 2021, our disclosure controls and procedures are effective.

#### **Changes in Internal Controls**

During the quarter ended September 30, 2021, there have been no changes to our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

None.

### **ITEM 1A. RISK FACTORS**

There are no material changes to the risk factors disclosed in Part I, Item 1A of our 2020 Annual Report.

### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

During the three months ended September 30, 2021, there were no purchases of our common stock made by us or any of our "affiliated purchasers" as defined in Rule 10b-18(a)(3) under the Exchange Act.

### **ITEM 6. EXHIBITS**

The list of exhibits in the Exhibit Index to this report is incorporated herein by reference.

**SIGNATURE**

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

WEST PHARMACEUTICAL SERVICES, INC.  
(Registrant)

By: /s/ Bernard J. Birkett  
Bernard J. Birkett  
Senior Vice President and Chief Financial Officer

October 28, 2021

## EXHIBIT INDEX

<b><u>Exhibit Number</u></b>	<b><u>Description</u></b>
3.1	<a href="#">Our Amended and Restated Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Form 10-Q report for the quarter ended June 30, 2020, filed July 24, 2020).</a>
3.2	<a href="#">Our Bylaws, as amended through February 23, 2021 (incorporated by reference from our Form 8-k, filed March 1, 2021).</a>
4.1	<a href="#">Form of stock certificate for common stock (incorporated by reference to Exhibit 4 to the Company's 1998 Form 10-K, filed May 6, 1999).</a>
4.2	<a href="#">Article 5, 6, 8(c) and 9 of our Amended and Restated Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Form 10-Q report for the quarter ended June 30, 2020, filed July 24, 2020).</a>
4.3	<a href="#">Article I and V of our Bylaws, as amended through May 5, 2015 (incorporated by reference to Exhibit 3.2 to the Company's Form 10-Q report for the quarter ended March 31, 2015, filed May 6, 2015).</a>
4.4 <sup>(1)</sup>	Instruments defining the rights of holders of long-term debt securities of West and its subsidiaries have been omitted.
10.1	<a href="#">LIBOR Transition Amendment to the Credit Agreement, dated as of March 28, 2019, between West, each of the lenders party thereto from time to time, and Bank of America, N.A</a>
10.10	<a href="#">Non-Qualified Deferred Compensation Plan for Designated Employees, as amended and restated effective January 1, 2020 (incorporated by reference to Exhibit 10.10 to the Company's Form 10-Q report for the quarter ended September 30, 2020, filed October 23, 2020).</a>
10.36	<a href="#">2016 Omnibus Incentive Compensation Plan, as amended through May 4, 2021 (incorporated by reference from our Form 8-k, filed May 4, 2021).</a>
31.1	<a href="#">Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2	<a href="#">Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1*	<a href="#">Certification by the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2*	<a href="#">Certification by the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS	The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Inline XBRL for the cover page of this Quarterly Report on Form 10-Q, included in the Exhibit 101 Inline XBRL Document Set.

<sup>(1)</sup> We agree to furnish to the SEC, upon request, a copy of each instrument with respect to issuances of long-term debt of the Company and its subsidiaries.

\* Furnished, not filed.

## LIBOR TRANSITION AMENDMENT

THIS LIBOR TRANSITION AMENDMENT (this “Agreement”), dated as of October 26, 2021 (the “Amendment Effective Date”), is entered into between WEST PHARMACEUTICAL SERVICES, INC., a Pennsylvania corporation (the “Company” or “Borrowers’ Representative”), and BANK OF AMERICA, N.A., as administrative agent (the “Administrative Agent”).

### RECITALS

WHEREAS, the Company, the other borrowers party thereto (collectively with the “Borrowers” and each a “Borrower”), the lenders from time to time party thereto (the “Lenders”), and Bank of America, N.A., as Administrative Agent, have entered into that certain Credit Agreement dated as of March 28, 2019 (as amended, modified, extended, restated, replaced, or supplemented from time to time, the “Credit Agreement”);

WHEREAS, certain Loans under the Credit Agreement denominated in Sterling, Yen, and Euros (collectively, the “Impacted Currencies”) incur or are permitted to incur interest, fees, commissions or other amounts based on the London Interbank Offered Rate as administered by the ICE Benchmark Administration (“LIBOR”) in accordance with the terms of the Credit Agreement; and

WHEREAS, applicable parties under the Credit Agreement have determined in accordance with the Credit Agreement that LIBOR for the Impacted Currencies should be replaced with a successor rate in accordance with the Credit Agreement and, in connection therewith, the Administrative Agent has determined that certain conforming changes are necessary or advisable.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used herein but not otherwise defined herein (including on any Appendix attached hereto) shall have the meanings provided to such terms in the Credit Agreement, as amended by this Agreement.
2. Agreement. Notwithstanding any provision of the Credit Agreement or any other document related thereto (the “Loan Documents”) to the contrary, the parties hereto hereby agree that the terms set forth on Appendix A shall apply to the Impacted Currencies. For the avoidance of doubt, to the extent provisions in the Credit Agreement apply to the Impacted Currencies and such provisions are not specifically addressed by Appendix A, the provisions in the Credit Agreement shall continue to apply to the Impacted Currencies.
3. Conflict with Loan Documents. In the event of any conflict between the terms of this Agreement and the terms of the Credit Agreement or the other Loan Documents, the terms hereof shall control.
4. Conditions Precedent. This Agreement shall become effective upon receipt by the Administrative Agent of counterparts of this Agreement, properly executed by the Borrowers’ Representative and the Administrative Agent.
5. Payment of Expenses. The Company agrees to reimburse the Administrative Agent for all reasonable and documented out-of-pocket costs and expenses of the Administrative Agent in

connection with the preparation, execution and delivery of this Agreement, including all reasonable fees and expenses of counsel to the Administrative Agent (paid directly to such counsel if requested by the Administrative Agent).

6. Miscellaneous.

(a) The Loan Documents, and the obligations of the Borrowers under the Loan Documents, are hereby ratified and confirmed and shall remain in full force and effect according to their terms. This Agreement is a Loan Document.

(b) The Borrowers' Representative (i) acknowledges and consents to all of the terms and conditions of this Agreement, (ii) affirms all of the Borrowers' obligations under the Loan Documents and (iii) agrees that this Agreement and all documents executed in connection herewith do not operate to reduce or discharge any Borrower's obligations under the Loan Documents.

(c) The Borrowers' Representative represents and warrants as follows:

(i) It has taken all necessary corporate or other action to authorize the execution, delivery and performance of this Agreement.

(ii) This Agreement has been duly executed and delivered by the Borrowers' Representative and constitutes the legal, valid and binding obligation, enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

(iii) No consent or authorization of, filing with or other act by or in respect of, any Governmental Authority or any other Person (including stockholders and creditors of the Borrowers) is required in connection with the execution, delivery, performance, validity or enforceability of this Agreement, except to the extent that such consent or authorization has been obtained or such filing or action has been completed prior to the date hereof.

(iv) The execution and delivery of this Agreement does not violate any Requirement of Law or material Contractual Obligation of any Borrower or any of its Subsidiaries.

(iv) Before and after giving effect to this Agreement, (A) the representations and warranties of each Borrower contained in Section 3 of the Credit Agreement or any other Loan Document are (i) with respect to representations and warranties that contain a materiality qualification or are qualified by Material Adverse Effect, true and correct and (ii) with respect to representations and warranties that do not contain a materiality qualification and are not qualified by Material Adverse Effect, true and correct in all material respects, except to the extent that such representations and warranties specifically refer to an earlier date, in which case such representations and warranties are (1) with respect to representations and warranties that contain a materiality qualification or are qualified by Material Adverse Effect, true and correct and (2) with respect to representations and warranties that do not contain a materiality qualification and are not

qualified by Material Adverse Effect, true and correct in all material respects, in each case, as of such earlier date; and (b) no Default or Event of Default exists.

(d) This Agreement may be in the form of an electronic record (in “.pdf” form or otherwise) and may be executed using electronic signatures, which shall be considered as originals and shall have the same legal effect, validity and enforceability as a paper record. This Agreement may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts shall be one and the same Agreement. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Administrative Agent of a manually signed Agreement which has been converted into electronic form (such as scanned into “.pdf” format), or an electronically signed Agreement converted into another format, for transmission, delivery and/or retention.

(e) Any provision of this Agreement held to be illegal, invalid or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity or unenforceability without affecting the legality, validity or enforceability of the remaining provisions hereof and the illegality, invalidity or unenforceability of a particular provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(f) The terms of the Credit Agreement with respect to governing law, submission to jurisdiction, waiver of venue and waiver of jury trial are incorporated herein by reference, *mutatis mutandis*, and the parties hereto agree to such terms.

[remainder of page intentionally left blank]

Each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

BORROWERS' REPRESENTATIVE: WEST PHARMACEUTICAL SERVICES, INC.

By: /s/ Charles Witherspoon

Name: Charles Witherspoon

Title: Vice President and Treasurer

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ADMINISTRATIVE AGENT: BANK OF AMERICA, N.A.,  
as Administrative Agent

By: /s/ Elizabeth Uribe  
Name: Elizabeth Uribe  
Title: Assistant Vice President

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## Appendix A

### TERMS APPLICABLE TO ALTERNATIVE CURRENCY LOANS

1. Defined Terms. The following terms shall have the meanings set forth below:

“Alternative Currency” means each of the following currencies: Sterling, Yen, and Euros.

“Alternative Currency Daily Rate” means, for any day, with respect to any extension of credit under the Credit Agreement denominated in Sterling, the rate per annum equal to SONIA determined pursuant to the definition thereof plus the SONIA Adjustment; provided, that, if any Alternative Currency Daily Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement. Any change in an Alternative Currency Daily Rate shall be effective from and including the date of such change without further notice.

“Alternative Currency Daily Rate Loan” means a Loan that bears interest at a rate based on the definition of “Alternative Currency Daily Rate.” All Alternative Currency Daily Rate Loans must be denominated in an Alternative Currency.

**1** “Alternative Currency Loan” means an Alternative Currency Daily Rate Loan or an Alternative Currency Term Rate Loan, as applicable.

“Alternative Currency Term Rate” means, for any Interest Period, with respect to any extension of credit under the Credit Agreement:

(a) denominated in Euros, the rate per annum equal to the Euro Interbank Offered Rate (“EURIBOR”), as published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) on the day that is two TARGET Days preceding the first day of such Interest Period with a term equivalent to such Interest Period; and

(b) denominated in Yen, the rate per annum equal to the Tokyo Interbank Offer Rate (“TIBOR”), as published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) on the day that is two Business Days preceding the first day of such Interest Period (or such other day as is generally treated as the rate fixing day by market practice in such interbank market, as determined by the Administrative Agent; provided that, to the extent such market practice is not administratively feasible for the Administrative Agent, then such date shall be such other day as otherwise reasonably determined by the Administrative Agent) with a term equivalent to such Interest Period;

provided, that, if any Alternative Currency Term Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

“Alternative Currency Term Rate Loan” means a Loan that bears interest at a rate based on the definition of “Alternative Currency Term Rate.” All Alternative Currency Term Rate Loans must be denominated in an Alternative Currency.

1 “Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the laws of, or are in fact closed in, the state where the Administrative Agent’s Office is located; provided that

(a) if such day relates to any interest rate settings as to an Alternative Currency Loan denominated in Euro or €STR Loan, any fundings, disbursements, settlements and payments in Euro in respect of any such Alternative Currency Loan or €STR Loan, as applicable, or any other dealings in Euro to be carried out pursuant to this Agreement in respect of any such Alternative Currency Loan or €STR Loan, as applicable, means a Business Day that is also a TARGET Day;

(b) if such day relates to any interest rate settings as to an Alternative Currency Loan denominated in (i) Sterling, means a day other than a day banks are closed for general business in London because such day is a Saturday, Sunday or a legal holiday under the laws of the United Kingdom; and (ii) Yen, means a day other than when banks are closed for general business in Japan; and

(c) if such day relates to any fundings, disbursements, settlements and payments in a currency other than Euro in respect of an Alternative Currency Loan denominated in a currency other than Euro, or any other dealings in any currency other than Euro to be carried out pursuant to this Agreement in respect of any such Alternative Currency Loan (other than any interest rate settings), means any such day on which banks are open for foreign exchange business in the principal financial center of the country of such currency.

“Committed Loan Notice” means a Notice of Borrowing, and such term shall be deemed to include the Committed Loan Notice attached hereto as Exhibit A.

“Conforming Changes” means, with respect to the use, administration of or any conventions associated with SONIA, EURIBOR, TIBOR, €STR or any proposed Successor Rate for any currency, any conforming changes to the definitions of “SONIA”, “EURIBOR”, “TIBOR”, “€STR”, “Interest Period”, timing and frequency of determining rates and making payments of interest and other technical, administrative or operational matters (including, for the avoidance of doubt, the definition of “Business Day”, timing of borrowing requests or prepayment, conversion or continuation notices and length of lookback periods) as may be appropriate, in the discretion of the Administrative Agent, to reflect the adoption and implementation of such applicable rate(s) and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice for such currency (or, if the Administrative Agent determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such rate for such currency exists, in such other manner of administration as the Administrative Agent determines is reasonably necessary in connection with the administration of this Agreement and any other Loan Document).

“Dollar” and “\$” mean lawful money of the United States.

“EONIA-€STR Spread” means, with respect to any day:

(a) the percentage rate per annum which is, or remains, published on that day as the “EONIA-€STR spread” by the European Central Bank; or

(b) if no such rate is, or remains, published on that day, the percentage rate per annum which was the “EONIA-€STR spread” most recently published by the European Central Bank.

“€STR” means, in relation to any day, the applicable €STR Screen Rate for that day.

“€STR Loan” means a Euro Swing Line Loan that bears interest at a rate based on the definition of “Enhanced €STR”. All €STR Loans must be denominated in Euros.

“€STR Screen Rate” means the euro short-term rate administered by the European Central Bank (or any other person which takes over the administration of that rate) as published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent and the Swing Line Lender from time to time).

“Enhanced €STR” means, with respect to any day, the percentage rate per annum which is the equal to the sum of:

(a) €STR; and

(b) EONIA-€STR Spread,

and if that rate is less than zero, Enhanced €STR shall be deemed to be zero.

“Interest Payment Date” means, (a) as to any Alternative Currency Daily Rate Loan, the last Business Day of each March, June, September and December and the Termination Date, (b) as to any €STR Loan, the last Business Day of each calendar quarter and the Termination Date and (c) as to any Alternative Currency Term Rate Loan, the last day of each Interest Period applicable to such Loan; provided, however, that if any Interest Period for an Alternative Currency Term Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall be Interest Payment Dates.

“Interest Period” means as to each Alternative Currency Term Rate Loan, the period commencing on the date such Alternative Currency Term Rate Loan is disbursed or converted to or continued as an Alternative Currency Term Rate Loan and ending on the date one, three or six months thereafter (in each case, subject to availability for the interest rate applicable to the relevant currency), as selected by the Borrowers’ Representative in its Committed Loan Notice; provided that:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless, in the case of an Alternative Currency Term Rate Loan, such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(b) any Interest Period pertaining to an Alternative Currency Term Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period shall extend beyond the applicable maturity date set forth in the Credit Agreement.

“Relevant Rate” means, with respect to any Loan denominated in (a) Sterling, SONIA, (b) Euros, EURIBOR, and (c) Yen, TIBOR, as applicable.

“SONIA” means, with respect to any applicable determination date, the Sterling Overnight Index Average Reference Rate published on the fifth Business Day preceding such date on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time); provided however that if such determination date is not a Business Day, SONIA means such rate that applied on the first Business Day immediately prior thereto.

“SONIA Adjustment” means, with respect to SONIA, 0.1193% per annum.

“Successor Rate” means the Successor Rate, LIBOR Successor Rate or any similar or analogous definition in the Credit Agreement.

“TARGET2” means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilizes a single shared platform and which was launched on November 19, 2007.

“TARGET Day” means any day on which TARGET2 (or, if such payment system ceases to be operative, such other payment system, if any, determined by the Administrative Agent to be a suitable replacement) is open for the settlement of payments in Euro.

“Type” means, with respect to a Loan, its character as a Base Rate Loan, a LIBOR Loan, an Alternative Currency Daily Rate Loan, an Alternative Currency Term Rate Loan, or an €STR Loan.

2. Terms Applicable to Alternative Currency Loans. From and after the Amendment Effective Date, the parties hereto agree as follows:

(a) Alternative Currencies. (i) No Alternative Currency shall be considered a currency for which there is a published LIBOR rate, and (ii) any request for a new Loan denominated in an Alternative Currency, or to continue an existing Loan denominated in an Alternative Currency, shall be deemed to be a request for a new Loan bearing interest at the Alternative Currency Daily Rate, Alternative Currency Term Rate or Enhanced €STR, as applicable; provided, that, to the extent any Loan bearing interest at the LIBOR Rate is outstanding on the Amendment Effective Date, such Loan shall continue to bear interest at the LIBOR Rate until the end of the current Interest Period or payment period applicable to such Loan unless, in the case of a Loan that bears interest at a daily floating rate, such daily floating rate is no longer representative or being made available, in which case such Loan shall bear

interest at the applicable Alternative Currency Daily Rate or Enhanced €STR, as applicable, immediately upon the effectiveness of this Agreement.

(b) References to LIBOR Rate and LIBOR Loans in the Credit Agreement and Loan Documents.

(i) References to the LIBOR Rate and LIBOR Loans in provisions of the Credit Agreement and the other Loan Documents that are not specifically addressed herein (other than the definitions of LIBOR Rate and LIBOR Loan) shall be deemed to include Alternative Currency Daily Rates, Alternative Currency Term Rates, Alternative Currency Loans, Enhanced €STR and €STR Loans, as applicable; provided, that, references to the LIBOR Rate and LIBOR Loans in Section 2.01(d) of the Credit Agreement shall be deemed to be references to Enhanced €STR and €STR Loans, respectively.

(ii) For purposes of any requirement for the Borrowers to compensate Lenders for losses in the Credit Agreement resulting from any continuation, conversion, payment or prepayment of any Alternative Currency Loan on a day other than the last day of any Interest Period (as defined in the Credit Agreement), references to the Interest Period (as defined in the Credit Agreement) shall be deemed to include any relevant interest payment date or payment period for an Alternative Currency Loan.

(c) Interest Rates. **The Administrative Agent does not warrant, nor accept responsibility, nor shall the Administrative Agent have any liability with respect to the administration, submission or any other matter related to the rates in the definition of “Alternative Currency Daily Rate”, “Alternative Currency Term Rate”, “Enhanced €STR” or with respect to any rate (including, for the avoidance of doubt, the selection of such rate and any related spread or other adjustment) that is an alternative or replacement for or successor to any such rate or the effect of any of the foregoing, or of any Conforming Changes.**

(d) Computation Dates. The Administrative Agent shall determine the Dollar Equivalent amounts of Borrowings and Loans denominated in Alternative Currencies. Such Dollar Equivalent shall become effective as of such Computation Date and shall be the Dollar Equivalent of such amounts until the next Computation Date to occur.

(e) Borrowings and Continuations of Alternative Currency Loans. In addition to any other borrowing requirements set forth in the Credit Agreement:

(i) Alternative Currency Loans. Each Borrowing of Alternative Currency Loans, and each continuation of an Alternative Currency Term Rate Loan shall be made upon the Borrowers' Representative's irrevocable notice to the Administrative Agent, which may be given by (A) telephone or (B) a Committed Loan Notice; provided that any telephonic notice must be confirmed immediately by delivery to the Administrative Agent of a Committed Loan Notice. Each such Committed Loan Notice must be received by the Administrative Agent not later than 11:00 a.m. (Eastern time) three Business Days (or five Business Days in the case of a Special Notice Currency) prior to the requested date of any Borrowing or, in the case of Alternative Currency Term Rate Loans, any continuation. Each Borrowing of or continuation of Alternative Currency Loans shall be in a principal amount of the Dollar Equivalent of \$1,000,000 or a whole multiple of the

Dollar Equivalent of \$100,000 in excess thereof. Each Committed Loan Notice shall specify (i) whether the applicable Borrower is requesting a Borrowing or a continuation of Alternative Currency Term Rate Loans, (ii) the requested date of the Borrowing or continuation, as the case may be (which shall be a Business Day), (iii) the currency and principal amount of Loans to be borrowed or continued, (iv) the Type of Loans to be borrowed, (v) if applicable, the duration of the Interest Period with respect thereto. If the Borrowers' Representative fails to specify a currency in a Loan Notice requesting a Borrowing, then the Loans so requested shall be made in Dollars. If the Borrowers' Representative fails to specify a Type of Loan in a Committed Loan Notice or if the Borrowers' Representative fails to give a timely notice requesting a continuation, then the applicable Loans shall be made as Base Rate Loans denominated in Dollars; provided, however, that in the case of a failure to timely request a continuation of Alternative Currency Term Rate Loans, such Loans shall be continued as Alternative Currency Term Rate Loans in their original currency with an Interest Period of one (1) month. If the Borrowers' Representative requests a Borrowing of or continuation of Alternative Currency Term Rate Loans in any such Committed Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month. Except as otherwise specified in the Credit Agreement, no Alternative Currency Loan may be converted into or continued as a Loan denominated in a different currency, but instead must be repaid in the original currency of such Alternative Currency Loan and reborrowed in the other currency.

(ii) Conforming Changes. With respect to any Alternative Currency Rate the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein, in the Credit Agreement or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement, the Credit Agreement or any other Loan Document; provided, that, with respect to any such amendment effected, the Administrative Agent shall post each such amendment implementing such Conforming Changes to the Borrowers and the Lenders reasonably promptly after such amendment becomes effective.

(iii) Committed Loan Notice. For purposes of a Borrowing of Alternative Currency Loans, or a continuation of and Alternative Currency Term Rate Loan, the Borrowers shall use the Committed Loan Notice attached hereto as Exhibit A.

(f) Euro Swing Line Loans. In addition to any other borrowing requirements set forth in the Credit Agreement,

(i) €STR Loans. Each Euro Swing Line Loan shall be an €STR Loan.

(ii) Borrowing Procedures. Each Borrowing of Euro Swing Line Loans shall be made upon the German Borrower's irrevocable notice to the Swing Line Lender and the Administrative Agent, which may be given by (A) telephone or (B) by a Committed Loan Notice; provided, that, any telephonic notice must be confirmed promptly by delivery to the Swing Line Lender and the Administrative Agent of a Committed Loan Notice. Each such Notice of Borrowing must be received by the Swing Line Lender and the Administrative Agent not later than 11:00 a.m. (London time) on the requested Borrowing Date, and shall specify (1) the amount to be borrowed, which shall be a

minimum principal amount of €500,000, and (2) the requested Borrowing Date, which shall be a Business Day. Promptly after receipt by the Swing Line Lender of any Committed Loan Notice, the Swing Line Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has also received such Committed Loan Notice and, if not, the Swing Line Lender will notify the Administrative Agent (by telephone or in writing) of the contents thereof. Unless the Swing Line Lender has received notice (by telephone or in writing) from the Administrative Agent (including at the request of any Lender) prior to 12:00 p.m. (London time) on the date of the proposed Borrowing of Euro Swing Line Loans (A) directing the Swing Line Lender not to make such Euro Swing Line Loan as a result of the limitations set forth in the first proviso to the first sentence of Section 2.01(d)(i) of the Credit Agreement, or (B) that one or more of the applicable conditions specified in Section 4 of the Credit Agreement is not then satisfied, then, subject to the terms and conditions hereof, the Swing Line Lender will, not later than 1:00 p.m. (London time) on the Borrowing Date specified in such Committed Loan Notice, make the amount of its Euro Swing Line Loan available to the German Borrower.

(iii) Conforming Changes. With respect to Enhanced €STR, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein, in the Credit Agreement or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement, the Credit Agreement or any other Loan Document; provided, that, with respect to any such amendment effected, the Administrative Agent shall post each such amendment implementing such Conforming Changes to the Borrower and the Lenders reasonably promptly after such amendment becomes effective.

(iv) Committed Loan Notice. For purposes of Borrowing a Euro Swing Line Loan, the German Borrower shall use the Committed Loan Notice attached hereto as Exhibit A.

(g) Interest.

(i) Subject to the provisions of the Credit Agreement with respect to default interest, (x) each Alternative Currency Daily Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Alternative Currency Daily Rate plus the Applicable Margin; (y) each Alternative Currency Term Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Alternative Currency Term Rate for such Interest Period plus the Applicable Margin and (z) each Euro Swing Line Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to Enhanced €STR plus the Applicable Margin.

(ii) Interest on each Alternative Currency Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified the Credit Agreement. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any debtor relief law.

(h) Computations. All computations of interest for Alternative Currency Loans shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed, or, in the case of interest in respect of Alternative Currency Loans as to which market practice differs from the foregoing, in accordance with such market practice. All other computations of fees and interest with respect to €STR Loans shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). Interest shall accrue on each Alternative Currency Loan for the day on which the Alternative Currency Loan or €STR Loan is made, and shall not accrue on an Alternative Currency Loan or €STR Loan, or any portion thereof, for the day on which the Alternative Currency Loan or €STR Loan or such portion thereof is paid, provided that any Alternative Currency Loan or €STR Loan that is repaid on the same day on which it is made shall, subject to the terms of the Credit Agreement, bear interest for one day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(i) Successor Rates. The provisions in the Credit Agreement addressing the replacement of a current Successor Rate for a currency shall be deemed to apply to Alternative Currency Loans and SONIA, TIBOR and EURIBOR, as applicable, and the related defined terms shall be deemed to include Sterling, Yen and Euros and SONIA, TIBOR and EURIBOR, as applicable.

Exhibit A

**[FORM OF]  
NOTICE OF BORROWING  
(Alternative Currency Loans)**

TO: BANK OF AMERICA, N.A., AS ADMINISTRATIVE AGENT

FROM: WEST PHARMACEUTICAL SERVICES, INC.

RE: Credit Agreement dated as of March 28, 2019 by and among West Pharmaceutical Services, Inc. (the "Company"), certain subsidiaries of the Company party thereto (together with the Company, the "Borrowers" and each a "Borrower"), the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent, Swing Line Lender and an Issuing Lender (as amended, restated, supplemented or otherwise modified from time to time, the "Agreement"). Capitalized terms used but not defined herein shall have the meanings given to them in the Agreement.

Pursuant to Section 2.01(c) or 2.04 of the Agreement, as applicable, the undersigned hereby makes the following request:

1. This request is for (choose one):

- A Borrowing of Revolver Loans
- A Borrowing or Euro Swing Line Loans
- A Continuation of Revolver Loans

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1. On \_\_\_\_\_ (a Business Day)
2. In the amount of [\$]\_\_\_\_\_ [in the following currency: \_\_\_\_\_].
3. Comprised of:  Alternative Currency Daily Rate Loans  
 Alternative Currency Term Rate Loans  
 €STR Loans
4. For Alternative Currency Term Rate Loans: with an Interest Period of \_\_ month[s].
5. On behalf of \_\_\_\_\_ [insert name of applicable Borrower]

[With respect to such Borrowing, the Borrowers' Representative hereby represents and warrants that (i) such request complies with the requirements of Section 2.01 of the Credit Agreement and (ii) each of the

conditions set forth in Section 4.02 of the Credit Agreement has been satisfied on and as of the date of such Borrowing.]<sup>1</sup>

[With respect to such Borrowing of Swing Line Loans, the Borrowers' Representative hereby represents and warrants that (i) such request complies with the requirements of the first proviso to the first sentence of Section 2.01(c) or 2.01(d) of the Credit Agreement, as applicable and (ii) each of the conditions set forth in Section 4.02 of the Credit Agreement has been satisfied on and as of the date of such Borrowing of Swing Line Loans.]<sup>2</sup>

*[signature page follow]*

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<sup>1</sup>Include for Borrowings of Revolver Loans.

<sup>2</sup>Include for Borrowings of Swing Line Loans.

The undersigned certifies to the accuracy of the foregoing.

Date:

WEST PHARMACEUTICAL SERVICES, INC.,  
as Borrowers' Representative

By:

Name:

Title:

**CERTIFICATION**

I, Eric M. Green, certify that:

1. I have reviewed this quarterly report on Form 10-Q of West Pharmaceutical Services, Inc.;
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.

/s/ Eric M. Green

Eric M. Green

President and Chief Executive Officer

Date: October 28, 2021

**CERTIFICATION**

I, Bernard J. Birkett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of West Pharmaceutical Services, Inc.;
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.

/s/ Bernard J. Birkett

Bernard J. Birkett

Senior Vice President and Chief Financial Officer

Date: October 28, 2021

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO SECTION 906 OF  
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of West Pharmaceutical Services, Inc. (the "Company") for the period ended September 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eric M. Green, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Eric M. Green

Eric M. Green  
President and Chief Executive Officer

Date: October 28, 2021

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO SECTION 906 OF  
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of West Pharmaceutical Services, Inc. (the "Company") for the period ended September 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bernard J. Birkett, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Bernard J. Birkett

Bernard J. Birkett  
Senior Vice President and Chief Financial Officer

Date: October 28, 2021