

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

**Form 10-Q**

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

For the quarterly period ended **March 31, 2024**

or

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

For the Transition Period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 001-32260

**Westlake Corporation**

(Exact name of Registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**76-0346924**  
(I.R.S. Employer  
Identification Number)

**2801 Post Oak Boulevard, Suite 600**  
**Houston, Texas 77056**  
(Address of principal executive offices, including zip code)

**(713) 960-9111**  
(Registrant's telephone number, including area code)

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

| Title of each class            | Trading Symbol(s) | Name of each exchange on which registered |
|--------------------------------|-------------------|---|
| Common Stock, \$0.01 par value | WLK               | The New York Stock Exchange               |
| 1.625% Senior Notes due 2029   | WLK29             | The New York Stock Exchange               |

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). **Yes**  **No**

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

**Large accelerated filer**  **Accelerated filer**   
**Non-accelerated filer**  **Smaller reporting company**   
**Emerging growth company**

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

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

The number of shares outstanding of the registrant's sole class of common stock as of April 25, 2024 was 128,569,968.

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**TABLE OF CONTENTS**

|  | <u>Page</u> |
|--|-------------|
| <b>PART I. FINANCIAL INFORMATION</b>   |             |
| <b>Item</b>  |             |
| 1) Financial Statements  | 1           |
| 2) Management's Discussion and Analysis of Financial Condition and Results of Operations | 22          |
| 3) Quantitative and Qualitative Disclosures about Market Risk                            | 34          |
| 4) Controls and Procedures   | 35          |
| <b>PART II. OTHER INFORMATION</b>  |             |
| 1) Legal Proceedings   | 35          |
| 1A) Risk Factors   | 35          |
| 2) Unregistered Sales of Equity Securities and Use of Proceeds                           | 36          |
| 5) Other Information   | 36          |
| 6) Exhibits  | 37          |

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**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**WESTLAKE CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

|  | March 31,<br>2024  | December 31,<br>2023 |
|--|--|----------------------|
|  | (in millions of dollars, except<br>par values and share amounts) |                      |
| <b>ASSETS</b>  |  |                      |
| Current assets   |  |                      |
| Cash and cash equivalents  | \$ 3,108   | \$ 3,304             |
| Accounts receivable, net   | 1,691  | 1,601                |
| Inventories  | 1,661  | 1,622                |
| Prepaid expenses and other current assets  | 66   | 82                   |
| Total current assets   | 6,526  | 6,609                |
| Property, plant and equipment, net   | 8,523  | 8,519                |
| Operating lease right-of-use assets  | 706  | 697                  |
| Goodwill   | 2,037  | 2,041                |
| Customer relationships, net  | 889  | 910                  |
| Other intangible assets, net   | 481  | 493                  |
| Equity method investments  | 1,104  | 1,115                |
| Other assets, net  | 694  | 651                  |
| <b>Total assets</b>  | <b>\$ 20,960</b>   | <b>\$ 21,035</b>     |
| <b>LIABILITIES AND EQUITY</b>  |  |                      |
| Current liabilities  |  |                      |
| Accounts payable   | \$ 891   | \$ 877               |
| Accrued and other liabilities  | 1,464  | 1,614                |
| Current portion of long-term debt, net   | 300  | 299                  |
| Total current liabilities  | 2,655  | 2,790                |
| Long-term debt, net  | 4,590  | 4,607                |
| Deferred income taxes  | 1,544  | 1,560                |
| Pension and other post-retirement benefits   | 353  | 363                  |
| Operating lease liabilities  | 622  | 611                  |
| Other liabilities  | 343  | 340                  |
| Total liabilities  | 10,107   | 10,271               |
| Commitments and contingencies (Note 13)  |  |                      |
| Stockholders' equity   |  |                      |
| Preferred stock, \$0.01 par value, 50,000,000 shares authorized; no shares issued and outstanding  | —  | —                    |
| Common stock, \$0.01 par value, 300,000,000 shares authorized; 134,651,380 and 134,651,380 shares issued at March 31, 2024 and December 31, 2023, respectively | 1  | 1                    |
| Common stock, held in treasury, at cost; 6,082,171 and 6,439,289 shares at March 31, 2024 and December 31, 2023, respectively                                  | (414)  | (435)                |
| Additional paid-in capital   | 624  | 630                  |
| Retained earnings  | 10,252   | 10,143               |
| Accumulated other comprehensive loss   | (132)  | (98)                 |
| Total Westlake Corporation stockholders' equity  | 10,331   | 10,241               |
| Noncontrolling interests   | 522  | 523                  |
| Total equity   | 10,853   | 10,764               |
| <b>Total liabilities and equity</b>  | <b>\$ 20,960</b>   | <b>\$ 21,035</b>     |

The accompanying notes are an integral part of these consolidated financial statements.

**WESTLAKE CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**

|   | <b>Three Months Ended March 31,</b>                                      |               |
|---|--|---------------|
|   | <b>2024</b>  | <b>2023</b>   |
|   | <b>(in millions of dollars, except per share data and share amounts)</b> |               |
| Net sales   | \$ 2,975   | \$ 3,356      |
| Cost of sales   | 2,509  | 2,564         |
| Gross profit  | 466  | 792           |
| Selling, general and administrative expenses                    | 209  | 222           |
| Amortization of intangibles                                     | 30   | 31            |
| Restructuring, transaction and integration-related costs        | 4  | 3             |
| Income from operations  | 223  | 536           |
| Other income (expense)  |  |               |
| Interest expense  | (40)   | (42)          |
| Other income, net   | 50   | 22            |
| Income before income taxes                                      | 233  | 516           |
| Provision for income taxes                                      | 48   | 109           |
| Net income  | 185  | 407           |
| Net income attributable to noncontrolling interests             | 11   | 13            |
| <b>Net income attributable to Westlake Corporation</b>          | <b>\$ 174</b>  | <b>\$ 394</b> |
| Earnings per common share attributable to Westlake Corporation: |  |               |
| Basic   | \$ 1.35  | \$ 3.07       |
| Diluted   | \$ 1.34  | \$ 3.05       |
| Weighted average common shares outstanding:                     |  |               |
| Basic   | 128,359,983  | 127,548,287   |
| Diluted   | 129,020,370  | 128,459,368   |

The accompanying notes are an integral part of these consolidated financial statements.

**WESTLAKE CORPORATION**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(Unaudited)**

|   | Three Months Ended March 31, |        |
|---|------------------------------|--------|
|   | 2024                         | 2023   |
|   | (in millions of dollars)     |        |
| Net income  | \$ 185                       | \$ 407 |
| Other comprehensive income (loss), net of income taxes  |                              |        |
| Pension and other post-retirement benefits liability  |                              |        |
| Pension and other post-retirement benefits reserves adjustment  | 1                            | —      |
| Foreign currency translation adjustments  |                              |        |
| Foreign currency translation  | (33)                         | 20     |
| Income tax (provision) benefit on foreign currency translation  | (4)                          | 3      |
| Other, net of income tax  | —                            | (1)    |
| Other comprehensive income (loss), net of income taxes  | (36)                         | 22     |
| Comprehensive income  | 149                          | 429    |
| Comprehensive income attributable to noncontrolling interests, net of tax of \$1 and \$1 for the three months ended March 31, 2024 and 2023, respectively | 9                            | 13     |
| Comprehensive income attributable to Westlake Corporation   | \$ 140                       | \$ 416 |

The accompanying notes are an integral part of these consolidated financial statements.

**WESTLAKE CORPORATION**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
(Unaudited)

|   | <u>Common Stock</u>                            |               | <u>Common Stock, Held in Treasury</u> |                 |                                   | <u>Retained Earnings</u> | <u>Accumulated Other Comprehensive Income (Loss)</u> | <u>Noncontrolling Interests</u> | <u>Total</u>     |
|---|--|---------------|---------------------------------------|-----------------|-----------------------------------|--------------------------|--|---------------------------------|------------------|
|   | <u>Number of Shares</u>                        | <u>Amount</u> | <u>Number of Shares</u>               | <u>At Cost</u>  | <u>Additional Paid-in Capital</u> |                          |  |                                 |                  |
|   | (in millions of dollars, except share amounts) |               |                                       |                 |                                   |                          |  |                                 |                  |
| <b>Balances at December 31, 2023</b>      | 134,651,380                                    | \$ 1          | 6,439,289                             | \$ (435)        | \$ 630                            | \$ 10,143                | \$ (98)  | \$ 523                          | \$ 10,764        |
| Net income                                | —  | —             | —                                     | —               | —                                 | 174                      | —  | 11                              | 185              |
| Other comprehensive income                | —  | —             | —                                     | —               | —                                 | —                        | (34)   | (2)                             | (36)             |
| Shares issued—stock-based compensation    | —  | —             | (357,118)                             | 21              | (14)                              | —                        | —  | —                               | 7                |
| Stock-based compensation                  | —  | —             | —                                     | —               | 8                                 | —                        | —  | —                               | 8                |
| Dividends declared                        | —  | —             | —                                     | —               | —                                 | (65)                     | —  | —                               | (65)             |
| Distributions to noncontrolling interests | —  | —             | —                                     | —               | —                                 | —                        | —  | (10)                            | (10)             |
| <b>Balances at March 31, 2024</b>         | <u>134,651,380</u>                             | <u>\$ 1</u>   | <u>6,082,171</u>                      | <u>\$ (414)</u> | <u>\$ 624</u>                     | <u>\$ 10,252</u>         | <u>\$ (132)</u>                                      | <u>\$ 522</u>                   | <u>\$ 10,853</u> |

The accompanying notes are an integral part of these consolidated financial statements.

**WESTLAKE CORPORATION**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
(Unaudited)

|  | <u>Common Stock</u> |             | <u>Common Stock, Held in Treasury</u> |                 |                            | Retained Earnings | Accumulated Other Comprehensive Loss | Noncontrolling Interests | Total            |
|--|---------------------|-------------|---------------------------------------|-----------------|----------------------------|-------------------|--------------------------------------|--------------------------|------------------|
|  | Number of Shares    | Amount      | Number of Shares                      | At Cost         | Additional Paid-in Capital |                   |                                      |                          |                  |
| (in millions of dollars, except share amounts) |                     |             |                                       |                 |                            |                   |                                      |                          |                  |
| <b>Balances at December 31, 2022</b>           | 134,651,380         | \$ 1        | 7,278,651                             | \$ (467)        | \$ 601                     | \$ 9,885          | \$ (89)                              | \$ 534                   | \$ 10,465        |
| Net income                                     | —                   | —           | —                                     | —               | —                          | 394               | —                                    | 13                       | 407              |
| Other comprehensive loss                       | —                   | —           | —                                     | —               | —                          | —                 | 22                                   | —                        | 22               |
| Common stock repurchased                       | —                   | —           | 201,742                               | (22)            | —                          | —                 | —                                    | —                        | (22)             |
| Shares issued—stock-based compensation         | —                   | —           | (469,404)                             | 24              | (20)                       | —                 | —                                    | —                        | 4                |
| Stock-based compensation                       | —                   | —           | —                                     | —               | 9                          | —                 | —                                    | —                        | 9                |
| Dividends declared                             | —                   | —           | —                                     | —               | —                          | (47)              | —                                    | —                        | (47)             |
| Distributions to noncontrolling interests      | —                   | —           | —                                     | —               | —                          | —                 | —                                    | (10)                     | (10)             |
| <b>Balances at March 31, 2023</b>              | <u>134,651,380</u>  | <u>\$ 1</u> | <u>7,010,989</u>                      | <u>\$ (465)</u> | <u>\$ 590</u>              | <u>\$ 10,232</u>  | <u>\$ (67)</u>                       | <u>\$ 537</u>            | <u>\$ 10,828</u> |

The accompanying notes are an integral part of these consolidated financial statements.

**WESTLAKE CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

|   | Three Months Ended March 31, |                 |
|---|------------------------------|-----------------|
|   | 2024                         | 2023            |
| (in millions of dollars)  |                              |                 |
| <b>Cash flows from operating activities</b>   |                              |                 |
| Net income  | \$ 185                       | \$ 407          |
| Adjustments to reconcile net income to net cash provided by operating activities    |                              |                 |
| Depreciation and amortization   | 273                          | 267             |
| Stock-based compensation expense  | 9                            | 9               |
| Loss from disposition and write-off of property, plant and equipment                | 5                            | 6               |
| Deferred income taxes   | (22)                         | (16)            |
| Other gains, net  | (3)                          | (4)             |
| Changes in operating assets and liabilities, net of effect of business acquisitions |                              |                 |
| Accounts receivable   | (97)                         | (15)            |
| Inventories   | (47)                         | 34              |
| Prepaid expenses and other current assets   | 15                           | 6               |
| Accounts payable  | 63                           | (20)            |
| Accrued and other liabilities   | (111)                        | (69)            |
| Other, net  | (101)                        | (93)            |
| Net cash provided by operating activities   | <u>169</u>                   | <u>512</u>      |
| <b>Cash flows from investing activities</b>   |                              |                 |
| Additions to investments in unconsolidated subsidiaries                             | (1)                          | (1)             |
| Additions to property, plant and equipment  | (272)                        | (267)           |
| Other, net  | 1                            | 5               |
| Net cash used for investing activities  | <u>(272)</u>                 | <u>(263)</u>    |
| <b>Cash flows from financing activities</b>   |                              |                 |
| Distributions to noncontrolling interests   | (10)                         | (10)            |
| Dividends paid  | (65)                         | (47)            |
| Proceeds from exercise of stock options   | 7                            | 5               |
| Repurchase of common stock for treasury   | —                            | (22)            |
| Other, net  | (6)                          | (1)             |
| Net cash used for financing activities  | <u>(74)</u>                  | <u>(75)</u>     |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash       | (18)                         | 9               |
| Net increase (decrease) in cash, cash equivalents and restricted cash               | (195)                        | 183             |
| Cash, cash equivalents and restricted cash at beginning of period                   | 3,319                        | 2,246           |
| Cash, cash equivalents and restricted cash at end of period                         | <u>\$ 3,124</u>              | <u>\$ 2,429</u> |

The accompanying notes are an integral part of these consolidated financial statements.

**WESTLAKE CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(in millions of dollars, except share amounts and per share data)**

**1. Basis of Financial Statements**

The accompanying unaudited consolidated interim financial statements were prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the "SEC") for interim periods. Accordingly, certain information and footnotes required for complete financial statements under generally accepted accounting principles in the United States ("U.S. GAAP") have not been included. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto of Westlake Corporation (the "Company"), included in the annual report on Form 10-K for the fiscal year ended December 31, 2023 (the "2023 Form 10-K"), filed with the SEC on February 22, 2024. These consolidated financial statements have been prepared in conformity with the accounting principles and practices as disclosed in the notes to the consolidated financial statements of the Company for the fiscal year ended December 31, 2023. The Company operates as an integrated global manufacturer and marketer of performance and essential materials and housing and infrastructure products. These products include some of the most widely used materials in the world, which are fundamental to many diverse consumer and industrial markets, including residential construction, flexible and rigid packaging, automotive products, healthcare products, materials used in turbines to generate wind energy, water treatment, coatings as well as other durable and non-durable goods. The Company's customers range from large chemical processors and plastics fabricators to small construction contractors, municipalities and supply warehouses throughout North America, Europe and Asia.

In the opinion of the Company's management, the accompanying unaudited consolidated interim financial statements reflect all adjustments (consisting only of normal recurring adjustments) that are necessary for a fair statement of the Company's financial position as of March 31, 2024, its results of operations for the three months ended March 31, 2024 and 2023, and the changes in its cash position for the three months ended March 31, 2024 and 2023.

Results of operations and changes in cash position for the interim periods presented are not necessarily indicative of the results that will be realized for the fiscal year ending December 31, 2024 or any other interim period. The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

***Recently Issued Accounting Pronouncements***

***Income Taxes (Topic 740): Improvements to Income Tax Disclosures (ASU No.2023-09)***

In December 2023, the Financial Accounting Standards Board ("FASB") issued accounting standards update No. 2023-09 to enhance the transparency and decision-usefulness of income tax disclosures and to provide information to better assess how an entity's operations and related tax risks and tax planning and operational opportunities affect its tax rate and prospects for future cash flows. For public business entities, the amendments in this update are effective for annual periods beginning after December 15, 2024. The Company is in the process of evaluating the impact of this standard on the Company's disclosures in the financial statements.

***Business Combinations—Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement (ASU 2023-05)***

In August 2023, the FASB issued accounting standards update No. 2023-05 to address the accounting for contributions made to a joint venture, upon formation, in a joint venture's financial statements, and to (1) provide decision-useful information to investors and other allocators of capital (collectively, investors) in a joint venture's financial statements and (2) reduce diversity in practice. Under the ASU, upon formation, a joint venture should recognize and initially measure its assets and liabilities at fair value (with exceptions to fair value measurement that are consistent with guidance for business combinations). The amendments in this update become effective for all joint venture formations with a formation date on or after January 1, 2025. Additionally, a joint venture that was formed before January 1, 2025 may elect to apply the amendments retrospectively if it has sufficient information. Early adoption is permitted in any interim or annual period in which financial statements have not yet been issued (or made available for issuance), either prospectively or retrospectively. The Company does not expect that this accounting standard will have a material impact, upon adoption, on the Company's consolidated financial position, results of operations and cash flows.

**WESTLAKE CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
**(Unaudited)**  
**(in millions of dollars, except share amounts and per share data)**

**Recently Adopted Accounting Standards**

*Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures (ASU 2023-07)*

In November 2023, the FASB issued accounting standards update No. 2023-07 to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The update requires public entities to disclose, on an annual and interim basis, significant segment expenses that are regularly provided to the chief operating decision maker (CODM), the title and position of the CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. The amendments in this update are effective for public entities in fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, and are to be applied retrospectively to all prior periods presented in the financial statements. Early adoption is permitted. The Company adopted this accounting standard effective January 1, 2024, and the adoption will result in additional segment disclosures in the Company's annual consolidated financial statements for the year ending December 31, 2024 and the interim periods thereafter.

*Leases (Topic 842): Common Control Arrangements (ASU 2023-01)*

In March 2023, the FASB issued accounting standards update No. 2023-01 to amend certain provisions of ASC 842 that apply to arrangements between related parties under common control. The update requires all companies to amortize leasehold improvements associated with common control leases over the asset's useful life to the common control group regardless of the lease term. The amendment in this update is effective for all entities in fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early application is permitted. The Company adopted this accounting standard effective January 1, 2024, and the adoption did not have a material impact on the Company's consolidated financial position, results of operations and cash flows.

**2. Financial Instruments**

**Cash Equivalents**

The Company had \$544 and \$360 of held-to-maturity securities with original maturities of three months or less, primarily consisting of corporate debt securities, classified as cash equivalents at March 31, 2024 and December 31, 2023, respectively. The Company's investments in held-to-maturity securities were held at amortized cost, which approximates fair value.

**Restricted Cash and Cash Equivalents**

The Company had restricted cash and cash equivalents of \$16 and \$15 at March 31, 2024 and December 31, 2023, respectively. The Company's restricted cash and cash equivalents are primarily related to balances that are restricted for payment of distributions to certain of the Company's current and former employees and are reflected primarily in other assets, net in the consolidated balance sheets.

**3. Accounts Receivable**

Accounts receivable consist of the following:

|                             | March 31,<br>2024 | December 31,<br>2023 |
|-----------------------------|-------------------|----------------------|
| Trade customers             | \$ 1,537          | \$ 1,413             |
| Related parties             | 3                 | 7                    |
| Allowance for credit losses | (24)              | (27)                 |
|                             | 1,516             | 1,393                |
| Federal and state taxes     | 59                | 65                   |
| Other                       | 116               | 143                  |
| Accounts receivable, net    | \$ 1,691          | \$ 1,601             |

**WESTLAKE CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
**(Unaudited)**  
**(in millions of dollars, except share amounts and per share data)**

**4. Inventories**

Inventories consist of the following:

|   | March 31,<br>2024 | December 31,<br>2023 |
|---|-------------------|----------------------|
| Finished products                                       | \$ 1,055          | \$ 989               |
| Feedstock, additives, chemicals and other raw materials | 372               | 401                  |
| Materials and supplies                                  | 234               | 232                  |
| Inventories   | <u>\$ 1,661</u>   | <u>\$ 1,622</u>      |

**5. Goodwill**

The carrying amounts and changes in the carrying amount of goodwill for the three months ended March 31, 2024 were as follows:

|  | Performance and<br>Essential Materials<br>Segment | Housing and<br>Infrastructure<br>Products Segment | Total           |
|--|---|---|-----------------|
| Balances at December 31, 2023                | \$ 897  | \$ 1,144  | \$ 2,041        |
| Effects of changes in foreign exchange rates | (2)   | (2)   | (4)             |
| Balances at March 31, 2024                   | <u>\$ 895</u>                                     | <u>\$ 1,142</u>                                   | <u>\$ 2,037</u> |

**6. Accounts Payable**

Accounts payable consist of the following:

|                                     | March 31,<br>2024 | December 31,<br>2023 |
|-------------------------------------|-------------------|----------------------|
| Accounts payable—third parties      | \$ 871            | \$ 849               |
| Accounts payable to related parties | 12                | 15                   |
| Notes payable                       | 8                 | 13                   |
| Accounts payable                    | <u>\$ 891</u>     | <u>\$ 877</u>        |

**WESTLAKE CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
(Unaudited)  
(in millions of dollars, except share amounts and per share data)

**7. Long-Term Debt**

Long-term debt consists of the following:

|  | March 31,<br>2024 | December 31,<br>2023 |
|--|-------------------|----------------------|
| 0.875% senior notes due 2024                                     | \$ 300            | \$ 300               |
| 3.60% senior notes due 2026                                      | 750               | 750                  |
| Loan related to tax-exempt waste disposal revenue bonds due 2027 | 11                | 11                   |
| 1.625% €700 million senior notes due 2029                        | 756               | 773                  |
| 3.375% senior notes due 2030                                     | 300               | 300                  |
| 3.50% senior notes due 2032                                      | 250               | 250                  |
| 2.875% senior notes due 2041                                     | 350               | 350                  |
| 5.00% senior notes due 2046                                      | 700               | 700                  |
| 4.375% senior notes due 2047                                     | 500               | 500                  |
| 3.125% senior notes due 2051                                     | 600               | 600                  |
| 3.375% senior notes due 2061                                     | 450               | 450                  |
| Term loans due 2026  | 12                | 13                   |
| Total long-term debt, principal amount                           | <u>4,979</u>      | <u>4,997</u>         |
| Less:  |                   |                      |
| Unamortized discount and debt issuance costs                     | 89                | 91                   |
| Long-term debt, carrying value                                   | 4,890             | 4,906                |
| Less current portion:  |                   |                      |
| 0.875% senior notes due 2024                                     | 300               | 299                  |
| Long-term debt, carrying value, net of current portion           | <u>\$ 4,590</u>   | <u>\$ 4,607</u>      |

Unamortized debt issuance costs on long-term debt were \$35 and \$36 at March 31, 2024 and December 31, 2023, respectively. As of March 31, 2024, the Company was in compliance with all of its long-term debt covenants.

**Credit Agreement**

On June 9, 2022, the Company entered into a new \$1,500 revolving credit facility that is scheduled to mature on June 9, 2027 (the "Credit Agreement") and, in connection therewith, terminated the Company's then existing revolving credit agreement. The Credit Agreement bears interest at either (a) Adjusted Term Secured Overnight Financing Rate (as defined in the Credit Agreement) plus a margin ranging from 1.00% to 1.625% per annum or (b) Alternate Base Rate (as defined in the Credit Agreement) plus a margin ranging from 0.00% to 0.625% per annum, in each case depending on the credit rating of the Company. The Credit Agreement contains certain affirmative and negative covenants, including a quarterly total leverage ratio financial maintenance covenant. As of March 31, 2024, the Company was in compliance with the total leverage ratio financial maintenance covenant. The Credit Agreement also contains certain events of default and, if and for so long as certain events of default have occurred and are continuing, any overdue amounts outstanding under the Credit Agreement will accrue interest at an increased rate, the lenders can terminate their commitments to lend thereunder and payments of any outstanding amounts thereunder could be accelerated by the lenders. None of the Company's subsidiaries are required to guarantee the obligations of the Company under the Credit Agreement.

The Credit Agreement includes a \$150 sub-limit for letters of credit, and any outstanding letters of credit will be deducted from availability under the facility. The Credit Agreement also provides for a discretionary \$50 commitment for swingline loans to be provided on a same-day basis. The Company may also increase the size of the facility, in increments of at least \$25, up to a maximum of \$500, subject to certain conditions and if certain lenders agree to commit to such an increase.

As of March 31, 2024, the Company had no borrowings and no letters of credit outstanding, and had borrowing availability of \$1,500, under the Credit Agreement.

**WESTLAKE CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
**(Unaudited)**  
**(in millions of dollars, except share amounts and per share data)**

**8. Accumulated Other Comprehensive Income (Loss)**

Changes in accumulated other comprehensive income (loss) by component for the three months ended March 31, 2024 and 2023 were as follows:

|  | Pension and Other<br>Post-Retirement<br>Benefits Liability, Net<br>of Tax | Cumulative Foreign<br>Currency<br>Exchange, Net of Tax | Other, Net of Tax | Total    |
|--|---|--|-------------------|----------|
| Balances at December 31, 2023  | \$ 4  | \$ (102)   | \$ —              | \$ (98)  |
| Net other comprehensive income (loss) attributable to Westlake Corporation | 1   | (35)   | —                 | (34)     |
| Balances at March 31, 2024   | \$ 5  | \$ (137)   | \$ —              | \$ (132) |
| Balances at December 31, 2022  | \$ 52   | \$ (141)   | \$ —              | \$ (89)  |
| Net other comprehensive income (loss) attributable to Westlake Corporation | —   | 23   | (1)               | 22       |
| Balances at March 31, 2023   | \$ 52   | \$ (118)   | \$ (1)            | \$ (67)  |

**9. Fair Value Measurements**

The Company reports certain assets and liabilities at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). Under the accounting guidance for fair value measurements, inputs used to measure fair value are classified in one of three levels:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The Company has financial assets and liabilities subject to fair value measures. These financial assets and liabilities include cash and cash equivalents, accounts receivable, net, accounts payable and long-term debt, all of which are recorded at carrying value. The amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable, net and accounts payable approximate their fair value due to the short maturities of these instruments.

The majority of the Company's long-term debt instruments are publicly-traded. A market approach, based upon quotes from financial reporting services, is used to measure the fair value of the Company's long-term debt. Because the Company's long-term debt instruments may not be actively traded, the inputs used to measure the fair value of the Company's long-term debt are classified as Level 2 inputs within the fair value hierarchy.

The carrying and fair values of the Company's total long-term debt are summarized below:

|                | March 31, 2024 |            | December 31, 2023 |            |
|----------------|----------------|------------|-------------------|------------|
|                | Carrying Value | Fair Value | Carrying Value    | Fair Value |
| Long-term debt | \$ 4,890       | \$ 4,180   | \$ 4,906          | \$ 4,236   |

**WESTLAKE CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
**(Unaudited)**  
**(in millions of dollars, except share amounts and per share data)**

## 10. Income Taxes

The effective income tax rate was 20.6% for the three months ended March 31, 2024 as compared to 21.1% for the three months ended March 31, 2023. The effective income tax rate for the three months ended March 31, 2024 was below the statutory rate of 21.0% primarily due to U.S. federal research and development credits available to the Company, partially offset by state and foreign taxes. The effective income tax rate for the three months ended March 31, 2023 was above the statutory rate of 21.0% primarily due to state and foreign taxes partially offset by U.S. federal research and development credits available to the Company.

On October 8, 2021, the Organization for Economic Co-operation and Development (the "OECD")/G20 Inclusive Framework on Base Erosion and Profit Shifting released a statement indicating that its members had agreed to a Two – Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy. Pillar One aims to reallocate a taxpayer's residual profits to the market jurisdictions with which the taxpayer has a nexus. Pillar Two aims to establish a minimum global tax rate of 15%, assessed through a top-up tax imposed on a country-by-country basis. Pillar One targets multinational companies with global annual revenue exceeding €20 billion and profit-to-revenue ratio of more than 10%. Based on the current threshold requirements, the Company does not expect to be subject to Pillar One. On December 20, 2021, the OECD released the Pillar Two model rules providing a framework for implementing a 15% minimum tax, also referred to as the Global Anti-Base Erosion ("GloBE") rules, on earnings of multinational companies with consolidated annual revenue exceeding €750 million.

On December 12, 2022, European Union (EU) member states agreed to adopt the 15% minimum tax under the Pillar Two model rules to be enacted into the member states' domestic tax laws by December 31, 2023, with an effective date beginning in 2024. As of March 31, 2024, a handful of EU member states have yet to comply. Outside of the EU, several other jurisdictions that the Company operates in have enacted legislation consistent with the GloBE rules, while other foreign countries continue to debate adoption and timing to adopt. The Company's global footprint includes operations within the EU, as well as other non-EU jurisdictions that have enacted GloBE related legislation, such as Japan, South Korea, Vietnam, the UK and Switzerland. At this time, the Company anticipates qualifying for at least one safe harbor in the majority of jurisdictions in which it operates. For those jurisdictions where a safe harbor was not met, the impact is anticipated to be immaterial. The Company will continue to closely monitor Pillar Two developments and evaluate the potential impact to the Company as more foreign countries enact legislation, and as new information and guidance becomes available. The impacts of Pillar Two are recorded in 2024, the first year in which the rules take effect.

## 11. Earnings and Dividends per Share

### *Earnings per Share*

The Company has unvested restricted stock units outstanding that are considered participating securities and, therefore, computes basic and diluted earnings per share under the two-class method. Basic earnings per share for the periods are based upon the weighted average number of shares of common stock outstanding during each period. Diluted earnings per share include the effects of certain stock options and performance stock units.

|   | Three Months Ended March 31, |        |
|---|------------------------------|--------|
|   | 2024                         | 2023   |
| Net income attributable to Westlake Corporation     | \$ 174                       | \$ 394 |
| Less:   |                              |        |
| Net income attributable to participating securities | (1)                          | (2)    |
| Net income attributable to common shareholders      | \$ 173                       | \$ 392 |

**WESTLAKE CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
**(Unaudited)**  
**(in millions of dollars, except share amounts and per share data)**

The following table reconciles the denominator for the basic and diluted earnings per share computations shown in the consolidated statements of operations:

|  | Three Months Ended March 31, |                    |
|--|------------------------------|--------------------|
|  | 2024                         | 2023               |
| Weighted average common shares—basic                               | 128,359,983                  | 127,548,287        |
| Plus incremental shares from:                                      |                              |                    |
| Assumed exercise of options and vesting of performance stock units | 660,387                      | 911,081            |
| Weighted average common shares—diluted                             | <u>129,020,370</u>           | <u>128,459,368</u> |
| Earnings per common share attributable to Westlake Corporation:    |                              |                    |
| Basic  | \$ 1.35                      | \$ 3.07            |
| Diluted  | <u>\$ 1.34</u>               | <u>\$ 3.05</u>     |

Excluded from the computation of diluted earnings per share are options to purchase 260,722 and 307,411 shares of common stock for the three months ended March 31, 2024 and 2023. These options were outstanding during the periods reported but were excluded because the effect of including them would have been antidilutive.

#### ***Dividends per Share***

Dividends declared per common share for the three months ended March 31, 2024 and 2023 were as follows:

|                            | Three Months Ended March 31, |                  |
|----------------------------|------------------------------|------------------|
|                            | 2024                         | 2023             |
| Dividends per common share | <u>\$ 0.5000</u>             | <u>\$ 0.3570</u> |

## **12. Supplemental Information**

### ***Equity Method Investments***

#### ***LACC, LLC Joint Venture***

As of March 31, 2024, the Company owned an aggregate 50% membership interest in LACC, LLC ("LACC"). The Company accounts for its investment in LACC under the equity method of accounting and the change for the three months ended March 31, 2024 was as follows:

|                               | Investment in LACC |
|-------------------------------|--------------------|
| Balance at December 31, 2023  | \$ 1,047           |
| Depreciation and amortization | (12)               |
| Balance at March 31, 2024     | <u>\$ 1,035</u>    |

### ***Other Assets, Net***

Other assets, net were \$694 and \$651 at March 31, 2024 and December 31, 2023, respectively. Deferred turnaround costs, net of accumulated amortization, included in other assets, net were \$420 and \$391 at March 31, 2024 and December 31, 2023, respectively.

### ***Accrued and Other Liabilities***

Accrued and other liabilities were \$1,464 and \$1,614 at March 31, 2024 and December 31, 2023, respectively. Accrued rebates, accrued litigation reserves and accrued income taxes, which are components of accrued and other liabilities, were \$158, \$267, and \$136, respectively, at March 31, 2024 and \$217, \$297, and \$121, respectively, at December 31, 2023. No other component of accrued and other liabilities was more than five percent of total current liabilities. Accrued liabilities with related parties were \$37 and \$41 at March 31, 2024 and December 31, 2023, respectively.

**WESTLAKE CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
**(Unaudited)**  
**(in millions of dollars, except share amounts and per share data)**

**Non-cash Investing Activities**

Capital expenditure related liabilities, included in accounts payable and accrued and other liabilities, were \$112 and \$111 at March 31, 2024 and March 31, 2023, respectively.

A non-cash charge of \$16 related to asset retirement obligations was recognized in the three months ended March 31, 2024.

**Other Income, Net**

The other income, net of \$50 for the three months ended March 31, 2024 included interest income of \$40 and other income, net of \$22 for the three months ended March 31, 2023 included interest income of \$18.

**Supplemental Cash Flow Information**

|  | Three Months Ended March 31, |       |
|--|------------------------------|-------|
|  | 2024                         | 2023  |
| Cash paid for:   |                              |       |
| Interest, net of interest capitalized                                    | \$ 52                        | \$ 54 |
| Income taxes   | 46                           | 23    |
| Operating lease information:   |                              |       |
| Right-of-use assets obtained in exchange for operating lease obligations | \$ 44                        | \$ 56 |

**13. Commitments and Contingencies**

The Company is involved in a number of legal and regulatory matters, principally environmental in nature, that are incidental to the normal conduct of its business, including lawsuits, investigations and claims. The outcome of these matters are inherently unpredictable. The Company believes that, in the aggregate, the outcome of all known legal and regulatory matters will not have a material adverse effect on its consolidated financial statements; however, under certain circumstances, if required to recognize costs in a specific period, when combined with other factors, outcomes with respect to such matters may be material to the Company's consolidated statements of operations in such period. The Company's assessment of the potential impact of environmental matters, in particular, is subject to uncertainty due to the complex, ongoing and evolving process of investigation and remediation of such environmental matters, and the potential for technological and regulatory developments. In addition, the impact of evolving claims and programs, such as natural resource damage claims, industrial site reuse initiatives and state remediation programs creates further uncertainty of the ultimate resolution of these matters. The Company anticipates that the resolution of many legal and regulatory matters, and in particular environmental matters, will occur over an extended period of time.

**WESTLAKE CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
**(Unaudited)**  
**(in millions of dollars, except share amounts and per share data)**

*Caustic Soda Antitrust.* The Company and other caustic soda producers were named as defendants in multiple purported class action civil lawsuits filed since March 2019 in the U.S. District Court for the Western District of New York. The lawsuits allege the defendants conspired to fix, raise, maintain and stabilize the price of caustic soda, restrict domestic (U.S.) supply of caustic soda and allocate caustic soda customers. The other defendants named in the lawsuits are Olin Corporation, K.A. Steel Chemicals (a wholly-owned subsidiary of Olin), Occidental Chemical Corporation d/b/a OxyChem, Shintech Incorporated and Formosa Plastics Corporation, U.S.A. Each of the lawsuits is filed on behalf of the respective named plaintiff or plaintiffs and a putative class comprised of either direct purchasers or indirect purchasers of caustic soda in the U.S. The plaintiffs in the putative class for such direct purchasers seek \$861 in single damages from the defendants, in addition to treble damages and attorney's fees. The plaintiffs in the putative class for such indirect purchasers seek approximately \$500 in single damages from the defendants, in addition to treble damages (if permitted under applicable state law) and injunctive relief. The defendants' joint motion to dismiss the direct purchaser lawsuits was denied. The defendants' joint motion to dismiss the indirect purchaser lawsuits was granted in part and denied in part. Both groups of cases have proceeded to discovery. On October 16, 2023, the Company entered into a settlement agreement whereby the Company agreed, subject to the terms and conditions of the settlement agreement, to pay \$19 to the direct purchaser plaintiffs and in which the Company admits to no violations of law and will be released from liability and dismissed from the direct purchaser lawsuits with prejudice upon receipt of final court approval of the settlement. Preliminary court approval of the settlement, which remains subject to certification of the class, has been requested and is pending. If the court grants such preliminary approval, notice of the settlement will be disseminated to the settlement class, and the settlement class members will, for a limited time period, have an opportunity to opt-out of or object to the settlement. The Company reserved \$19 in connection with the litigation in 2023. Beginning in October 2020, similar class action proceedings were also filed in Canada before the Superior Court of Québec as well as before the Federal Court. These proceedings seek the certification or authorization of a class action on behalf of all residents of Canada who purchased caustic soda (including, in one of the cases, those who merely purchased products containing caustic soda) from October 1, 2015 through the present or such date deemed appropriate by the court. On December 10, 2021, the Superior Court of Québec stayed its proceedings until after a final certification decision is released in the Federal Court proceedings. At this time, the Company is not able to estimate the impact, if any, that these lawsuits could have on the Company's consolidated financial statements either in the current period or in future periods.

*Ethylene Antitrust.* The Company and other ethylene consumers were named as defendants in a civil lawsuit filed by Shell Chemical Europe B.V. ("SCE") in March 2023 in the District Court of Amsterdam, the Netherlands, following the European Commission Decision AT.40410 – Ethylene from July 14, 2020. SCE is a producer of ethylene in the European market and the lawsuit alleges the defendants conspired to lower the purchase price for ethylene and ethylene derivatives by manipulating the monthly contract price. SCE initially sought declaratory relief. In October 2023, SCE amended its claim and is now seeking a judgment establishing that the Company and the co-defendants are jointly and severally liable for alleged damages in the amount of approximately €1,026 million with interest compounding daily from January 1, 2020 and continuing until payment in full, as provided by Dutch law, resulting from artificially lowered prices for ethylene and ethylene derivatives during the specified period. SCE is also seeking reimbursement of costs related to the proceeding plus statutory interest. The Company and other ethylene consumers were also named as defendants in a civil lawsuit filed by Stichting Ethylene Claims ("Stichting") in November 2023 in the District Court of Amsterdam, the Netherlands, following the same European Commission decision. Stichting is a foundation under Dutch Law that claims to represent various parties asserting injury by the same alleged conduct of defendants, seeking a declaratory judgment establishing that the Company and other defendants are jointly and severally liable for an unspecified amount of damages. At this time, the Company is not able to estimate the impact, if any, that the SCE lawsuit and/or the Stichting lawsuit could have on the Company's consolidated financial statements either in the current period or in future periods.

*Triad Hunter.* In April 2018, Triad Hunter, LLC ("Triad Hunter") filed suit against the Company and certain of its subsidiaries in the Court of Common Pleas in Monroe County, Ohio seeking injunctive relief and alleging negligence and trespass at the Natrium Plant with respect to Triad Hunter's well drilling activities in Ohio. On October 27, 2022, the jury returned a verdict finding that the Company had committed trespass and was negligent in conducting salt mining operations at the Natrium Plant. Upon receipt of the jury verdict, the Company reserved approximately \$70 for the damages awarded to Triad Hunter. The court subsequently denied Triad Hunter's request to enjoin further solution mining from one of the brine fields at the Natrium Plant. On September 12, 2023, final judgment was entered in the amount of \$70 with interest accruing at the rate of 5% from the date the judgment was rendered, as provided by law. The Company appealed the verdict and sought a stay of execution pending appeal on October 30, 2023.

**WESTLAKE CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
**(Unaudited)**  
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*Petro 2 Flash Fire and EDC Storage Tank Explosion.* In September 2021, shortly after the turnaround on Westlake Chemical OpCo LP's Petro 2 ethylene facility commenced, there was a flash fire at the quench tower of the Petro 2 facility. In January 2022, an ethylene dichloride storage tank exploded at one of the Company's Lake Charles, Louisiana complexes. Certain employees and contractors working on the sites at the time of the events were injured during these events and multiple lawsuits were filed against us. Final settlements totaling approximately \$382 in the aggregate were reached with all of the plaintiffs to fully resolve the lawsuits, but payment by the Company and the insurance carriers has not yet been completed. Certain of the Company's excess insurers have taken the coverage position that there has been insufficient exhaustion of the retention levels beneath their respective attachment points to obligate them to cover these events. The practical effect of this coverage position is that approximately \$150 of the \$382 total final settlement amount is not being covered by the insurers and, as such, approximately \$150 was included in cost of sales in the fourth quarter of 2023. After discussion with the insurers, the Company has decided not to pursue recovery of the approximately \$150 from the insurers. The Company reserved for the full final settlement amount in 2023 and, as of March 31, 2024, has an insurance receivable of \$13 and a legal accrual of \$151 in the Company's consolidated financial statements.

*Environmental Contingencies.* As of March 31, 2024 and December 31, 2023, the Company had reserves for environmental contingencies totaling approximately \$57 and \$58, respectively, most of which was classified as noncurrent liabilities. The Company's assessment of the potential impact of these environmental contingencies is subject to considerable uncertainty due to the complex, ongoing and evolving process of investigation and remediation, if necessary, of such environmental contingencies, and the potential for technological and regulatory developments.

*Calvert City Proceedings.* For several years, the Environmental Protection Agency (the "EPA") has been conducting remedial investigation and feasibility studies at the Company's Calvert City, Kentucky facility pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"). As the current owner of the Calvert City facility, the Company was named by the EPA as a potentially responsible party ("PRP") along with Goodrich Corporation ("Goodrich") and its successor-in-interest, Avient Corporation (formerly known as PolyOne Corporation, "Avient"). On November 30, 2017, the EPA published a draft Proposed Plan, incorporating by reference an August 2015 draft Remedial Investigation ("RI") report, an October 2017 draft Feasibility Study ("FS") report and a Technical Impracticability Waiver document dated December 19, 2017. On June 18, 2018, the EPA published an amendment to its Proposed Plan. The amended Proposed Plan describes a final remedy for the onshore portion of the site comprised of a containment wall, targeted treatment and supplemental hydraulic containment. The amended Proposed Plan also describes an interim approach to address the contamination under the river that would include recovery of any mobile contaminants by an extraction well along with further study of the extent of the contamination and potential treatment options. The EPA's estimated cost of implementation is \$107, with an estimated \$1 to \$3 in annual operation and maintenance ("O&M") costs. In September 2018, the EPA published the Record of Decision ("ROD") for the site, formally selecting the preferred final and interim remedies outlined in the amended Proposed Plan. In October 2018, the EPA issued Special Notice letters to the PRPs for the remedial design phase of work under the ROD. In April 2019, the PRPs and the EPA entered into an administrative settlement agreement and order on consent for remedial design. In October 2019, the PRPs received special notice letters for the remedial action phase of work at the site. The Company, jointly with the other PRPs, submitted a good faith offer response in December 2019. On September 17, 2020, the EPA and the Department of Justice filed a proposed consent decree for the remedial action with the U.S. District Court for the Western District of Kentucky. On November 16, 2020, the Department of Justice filed a motion to approve and enter the consent decree. On January 28, 2021, the Court granted the unopposed motion to enter the consent decree, which became effective the same day. The Company's allocation of liability for remedial and O&M costs at the Calvert City site, if any, is governed by a series of agreements between the Company, Goodrich and Avient. These agreements and the associated litigation are described below.

**WESTLAKE CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
**(Unaudited)**  
**(in millions of dollars, except share amounts and per share data)**

In connection with the 1990 and 1997 acquisitions of the Goodrich chemical manufacturing complex in Calvert City, Goodrich agreed to indemnify the Company for any liabilities related to preexisting contamination at the complex. For its part, the Company agreed to indemnify Goodrich for post-closing contamination caused by the Company's operations. The soil and groundwater at the complex, which does not include the Company's nearby PVC facility, had been extensively contaminated by Goodrich's operations. In 1993, Goodrich spun off the predecessor of Avient, and that predecessor assumed Goodrich's indemnification obligations relating to preexisting contamination. In 2003, litigation arose among the Company, Goodrich and Avient with respect to the allocation of the cost of remediating contamination at the site. The parties settled this litigation in December 2007 and the case was dismissed. In the settlement, the parties agreed that, among other things: (1) Avient would pay 100% of the costs (with specified exceptions), net of recoveries or credits from third parties, incurred with respect to environmental issues at the Calvert City site from August 1, 2007 forward; and (2) either the Company or Avient might, from time to time in the future (but not more than once every five years), institute an arbitration proceeding to adjust that percentage. In May 2017, Avient filed a demand for arbitration. In this proceeding, Avient sought to readjust the percentage allocation of future costs and to recover approximately \$11 from the Company in reimbursement of previously paid remediation costs. The Company's cross demand for arbitration seeking unreimbursed remediation costs incurred during the relevant period was dismissed from the proceedings when Avient paid such costs in full at the beginning of the arbitration hearing.

On July 10, 2018, Avient sued the Company in the U.S. District Court for the Western District of Kentucky and sought to invalidate the arbitration provisions in the parties' 2007 settlement agreement and enjoin the arbitration it had initiated in 2017. On July 30, 2018, the district court refused to enjoin the arbitration and, on January 15, 2019, the court granted the Company's motion to dismiss Avient's suit. On February 13, 2019, Avient appealed those decisions to the U.S. Court of Appeals for the Sixth Circuit. The court of appeals issued an opinion and final order on September 6, 2019, affirming the district court.

The arbitration hearing began in August 2018 and concluded in December 2018. On May 22, 2019, the arbitration panel issued its final award. It determined that Avient was responsible for 100% of the allocable costs at issue in the proceeding and that Avient would remain responsible for 100% of the costs to operate the existing groundwater remedy at the Calvert City site. In August 2019, Avient filed a motion to vacate before the U.S. District Court for the Western District of Kentucky, seeking to invalidate the final award under the Federal Arbitration Act. On February 11, 2020, the U.S. District Court for the Western District of Kentucky denied Avient's motion to vacate and affirmed the arbitration final award. Avient did not file a notice of appeal before the March 10, 2020 deadline to contest the court's decision. Accordingly, the final award was affirmed, and the arbitration proceeding is fully and finally resolved.

In March 2022, the Company filed a demand for arbitration seeking reimbursement for certain allocable costs incurred during the applicable period since May 2017, and which Avient has failed to pay or disputed as not subject to indemnity under the 1990 and 1997 agreements. In April 2022, Avient filed a complaint in the federal district court for the Western District of Kentucky disputing the enforceability of the 2007 settlement agreement and seeking to enjoin arbitration. Avient claims that the allocable costs at issue are up to \$22, for which Avient claims the Company is totally liable. On September 30, 2023, the court issued an order denying without prejudice the parties' cross motions for summary judgment and set a 30-day deadline for the parties to refile and provide additional briefing on specific aspects of the arguments before the court. The parties each refiled and provided additional briefing by the deadline and the motions are pending before the court. The Company disputes these claims and at this time, the Company believes it is unlikely that any remediation costs allocable to it would result in material expenditures in any individual reporting period.

**WESTLAKE CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
**(Unaudited)**  
**(in millions of dollars, except share amounts and per share data)**

*Sulphur Brine Dome.* The Company owns and operates salt solution-mining caverns at the Sulphur Brine Dome in Sulphur, Louisiana. The Louisiana Department of Natural Resources issued Compliance Order No. IMD 2022-027 and several supplements to that order, the latest in October 2023, in response to pressure anomaly events in two of the Company's brine caverns. The brine caverns were not active, operating wells but under ongoing, post-operational monitoring requirements. The compliance order and supplements thereto have required the Company to undertake various activities related to response planning, monitoring, investigation and mitigation of potential impacts in the event of future cavern pressure anomalies or failures. Since December 2022 continuous brine injection has maintained cavern pressure while the Company continues to pursue active monitoring, studies, groundwater monitoring, modeling and other activities under the compliance order and supplements. In September 2023, the Office of Conservation issued an emergency declaration as a conservative step and to ensure that the full suite of powers and resources are available to the government in its response and management of the evolving circumstances at the Sulphur Dome. The capital costs and expenditures required to comply with the compliance order and supplements have been and will continue to be incurred. In response to the most recent supplement to the compliance order, the Company reserved approximately \$14 in connection with groundwater monitoring wells and monitoring required by the supplement. At this time, the Company is unable to estimate the impact, if any, that other ongoing expenditures or future injunctive relief ordered by the government could have on the Company's consolidated financial statements either in the current period or in future periods.

*Environmental Remediation: Reasonably Possible Matters.* The Company's assessment of the potential impact of environmental contingencies is subject to considerable uncertainty due to the complex, ongoing and evolving process of investigation and remediation, if necessary, of such environmental contingencies, and the potential for technological and regulatory developments. As such, in addition to the amounts currently reserved, the Company may be subject to reasonably possible loss contingencies related to environmental matters in the range of \$125 to \$200.

**WESTLAKE CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
**(Unaudited)**  
**(in millions of dollars, except share amounts and per share data)**

**14. Segment Information**

The Company operates in two principal operating segments: Performance and Essential Materials and Housing and Infrastructure Products. These segments are strategic business units that offer a variety of different materials and products. The Company manages each segment separately as each business requires different technology and marketing strategies.

|  | Three Months Ended March 31, |                 |
|--|------------------------------|-----------------|
|  | 2024                         | 2023            |
| <b>Net external sales</b>                        |                              |                 |
| Performance and Essential Materials              |                              |                 |
| Performance Materials                            | \$ 1,164                     | \$ 1,282        |
| Essential Materials                              | 767                          | 1,067           |
| Total Performance and Essential Materials        | <u>1,931</u>                 | <u>2,349</u>    |
| Housing and Infrastructure Products              |                              |                 |
| Housing Products                                 | 879                          | 818             |
| Infrastructure Products                          | 165                          | 189             |
| Total Housing and Infrastructure Products        | <u>1,044</u>                 | <u>1,007</u>    |
|  | <u>\$ 2,975</u>              | <u>\$ 3,356</u> |
| <b>Intersegment sales</b>                        |                              |                 |
| Performance and Essential Materials              | \$ 111                       | \$ 111          |
| Housing and Infrastructure Products              | —                            | —               |
|  | <u>\$ 111</u>                | <u>\$ 111</u>   |
| <b>Income (loss) from operations</b>             |                              |                 |
| Performance and Essential Materials              | \$ 22                        | \$ 403          |
| Housing and Infrastructure Products              | 210                          | 143             |
| Corporate and other                              | (9)                          | (10)            |
|  | <u>\$ 223</u>                | <u>\$ 536</u>   |
| <b>Depreciation and amortization</b>             |                              |                 |
| Performance and Essential Materials              | \$ 220                       | \$ 210          |
| Housing and Infrastructure Products              | 50                           | 55              |
| Corporate and other                              | 3                            | 2               |
|  | <u>\$ 273</u>                | <u>\$ 267</u>   |
| <b>Other income, net</b>                         |                              |                 |
| Performance and Essential Materials              | \$ 11                        | \$ 2            |
| Housing and Infrastructure Products              | 4                            | 7               |
| Corporate and other                              | 35                           | 13              |
|  | <u>\$ 50</u>                 | <u>\$ 22</u>    |
| <b>Provision for (benefit from) income taxes</b> |                              |                 |
| Performance and Essential Materials              | \$ (11)                      | \$ 67           |
| Housing and Infrastructure Products              | 56                           | 37              |
| Corporate and other                              | 3                            | 5               |
|  | <u>\$ 48</u>                 | <u>\$ 109</u>   |

**WESTLAKE CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
(Unaudited)  
(in millions of dollars, except share amounts and per share data)

|                                     | Three Months Ended March 31, |               |
|-------------------------------------|------------------------------|---------------|
|                                     | 2024                         | 2023          |
| <b>Capital expenditures</b>         |                              |               |
| Performance and Essential Materials | \$ 230                       | \$ 226        |
| Housing and Infrastructure Products | 37                           | 38            |
| Corporate and other                 | 5                            | 3             |
|                                     | <u>\$ 272</u>                | <u>\$ 267</u> |

A reconciliation of total segment income from operations to consolidated income before income taxes is as follows:

|                            | Three Months Ended March 31, |               |
|----------------------------|------------------------------|---------------|
|                            | 2024                         | 2023          |
| Income from operations     | \$ 223                       | \$ 536        |
| Interest expense           | (40)                         | (42)          |
| Other income, net          | 50                           | 22            |
| Income before income taxes | <u>\$ 233</u>                | <u>\$ 516</u> |

|                                     | March 31,        | December 31,     |
|-------------------------------------|------------------|------------------|
|                                     | 2024             | 2023             |
| <b>Total assets</b>                 |                  |                  |
| Performance and Essential Materials | \$ 13,430        | \$ 13,538        |
| Housing and Infrastructure Products | 5,078            | 4,888            |
| Corporate and other                 | 2,452            | 2,609            |
|                                     | <u>\$ 20,960</u> | <u>\$ 21,035</u> |

#### 15. Westlake Chemical Partners LP

In 2014, the Company formed Westlake Chemical Partners LP ("Westlake Partners") to operate, acquire and develop ethylene production facilities and related assets. Also in 2014, Westlake Partners completed its initial public offering of 12,937,500 common units.

As of March 31, 2024, Westlake Partners had a 22.8% limited partner interest in Westlake Chemical OpCo LP ("OpCo"), and the Company retained a 77.2% limited partner interest in OpCo and a significant interest in Westlake Partners through the Company's ownership of Westlake Partners' general partner, 40.1% of the limited partner interests (consisting of 14,122,230 common units) and incentive distribution rights.

On October 4, 2018, Westlake Partners and Westlake Chemical Partners GP LLC, the general partner of Westlake Partners, entered into an Equity Distribution Agreement with UBS Securities LLC, Barclays Capital Inc., Citigroup Global Markets Inc., Deutsche Bank Securities Inc., RBC Capital Markets, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC to offer and sell Westlake Partners' common units, from time to time, up to an aggregate offering amount of \$50. This Equity Distribution Agreement was amended on February 28, 2020 to reference a new shelf registration and subsequent renewals thereof for utilization under this agreement. No common units were issued under this program as of March 31, 2024.

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

This discussion and analysis should be read in conjunction with information contained in the accompanying unaudited consolidated interim financial statements of Westlake Corporation and the notes thereto and the consolidated financial statements and notes thereto of Westlake Corporation included in Westlake Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the "2023 Form 10-K"). Unless otherwise indicated, references in this report to "we," "our," "us" or like terms refer to Westlake Corporation ("Westlake" or the "Company"). The following discussion contains forward-looking statements. Please read "Forward-Looking Statements" for a discussion of limitations inherent in such statements.

### **Overview**

We are a vertically integrated global manufacturer and marketer of performance and essential materials and housing and infrastructure products. We operate in two principal operating segments, Performance and Essential Materials and Housing and Infrastructure Products. The Performance and Essential Materials segment includes Westlake North American Vinyls, Westlake North American Chlor-alkali & Derivatives, Westlake European & Asian Chlorovinyls, Westlake Olefins, Westlake Polyethylene and Westlake Epoxy. The Housing and Infrastructure Products segment includes Westlake Royal Building Products, Westlake Pipe & Fittings, Westlake Global Compounds and Westlake Dimex. We are highly integrated along our materials chain with significant downstream integration from ethylene and chlor-alkali (chlorine and caustic soda) into vinyls, polyethylene, epoxy and styrene monomer. We also have substantial downstream integration from polyvinyl chloride ("PVC") into our building products, PVC pipes and fittings and PVC compounds in our Housing and Infrastructure Products segment.

During 2022 and 2023 our European businesses were impacted by higher energy prices, inflation and reduced demand. Our North American businesses, where we derive a significant portion of our revenue, also experienced the impacts of high energy costs and interest rates and slower demand for most of our products since the second half of 2022. However, since the second half of 2023 we have experienced lower energy costs in Europe and North America as prices for electricity and natural gas have declined following the elevated 2022 levels and inflation has eased since the 2022 levels, although it still remains a concern. In the near term, we expect that the volatility in energy prices, higher interest rates, inflation and other macroeconomic conditions will continue to impact margins and demand for most of our products.

On February 1, 2022, we completed the acquisition of the global epoxy business of Hexion Inc. ("Westlake Epoxy") for total consideration of \$1,207 million. The assets acquired and liabilities assumed and the results of operations of Westlake Epoxy are included in the Performance and Essential Materials segment. During the fourth quarter of 2023, the Westlake Epoxy business's sales volumes and prices, specifically base epoxy resins in Europe, continued to deteriorate. These lower sales volumes and prices have been primarily driven by record exports at lower prices of bisphenol-A, epichlorohydrin and base epoxy resins (constituting the epoxy value chain) out of Asia into Europe and North America during the time when demand in the European market was contracting. In addition, Westlake Epoxy operations in Europe have experienced sustained high energy and power costs. These factors negatively impacted Westlake Epoxy financial results during 2023. Based on these developments, along with management's outlook for the Westlake Epoxy business we determined, in the fourth quarter of 2023, that the carrying amount of long-lived assets of our base epoxy resin business in the Netherlands and all of the goodwill of the Westlake Epoxy business will not be recoverable in the foreseeable future. As a result of this assessment, a goodwill impairment charge of \$128 million and a non-cash long-lived asset impairment charge of \$347 million, related to our base epoxy resin business in the Netherlands, were recognized in the fourth quarter of 2023.

### **Recent Developments**

#### ***Initiation of Antidumping and Countervailing Duty Investigations***

On April 3, 2024, the U.S. Epoxy Resin Producers Ad Hoc Coalition, of which we are a member, filed petitions with the U.S. Department of Commerce and the U.S. International Trade Commission requesting the initiation of antidumping investigations regarding imports of certain epoxy resins from China, India, South Korea, Taiwan, and Thailand and countervailing duty investigations regarding imports of the same products from China, India, South Korea, and Taiwan.

### ***Performance and Essential Materials***

Our performance and essential materials such as ethylene, PVC, polyethylene, epoxy and caustic soda are some of the most widely used materials in the world and are upgraded into a wide variety of higher value-added products used in many end-markets. Westlake is the second-largest chlor-alkali producer and the second-largest PVC producer in the world, which makes Westlake a leading global chlorovinyls producer. Our performance and essential materials are used by customers in food and specialty packaging; industrial and consumer packaging; medical health applications; PVC pipe applications; consumer durables; mobility and transportation; renewable wind energy; coatings; and housing and construction products. Chlor-alkali and petrochemicals are typically manufactured globally in large volume by a number of different producers using widely available technologies. The chlor-alkali and petrochemical industries exhibit cyclical commodity characteristics, and margins are influenced by changes in the balance between supply and demand and the resulting operating rates, the level of general economic activity and the price of raw materials. Due to the significant size of new plants, capacity additions are built in large increments and typically require several years of demand growth to be absorbed. The cycle is generally characterized by periods of tight supply, leading to high operating rates and margins, followed by a decline in operating rates and margins primarily as a result of excess new capacity additions. Westlake is one of the leading producers of epoxy specialty resins, modifiers and curing agents in Europe, the United States and Asia with a global reach to our end markets. Epoxy resins are the fundamental component of many types of materials and are often used in the automotive, construction, wind energy, aerospace and electronics industries due to their superior adhesion, strength and durability. We are also a leading supplier of Liquid and Solid Epoxy Resin. These base epoxies are used in a wide variety of industrial coatings applications.

Global demand for most of our products started to recover from the effects of the COVID-19 pandemic in the second half of 2020 and remained strong through the first half of 2022. However, since the second half of 2022 and during the early part of 2023, we saw significant volatility in natural gas and electricity costs, particularly in Europe, as well as in ethane and ethylene prices. We have experienced a decline in natural gas and electricity costs since the second half of 2023 through the first quarter of 2024. Since the first half of 2022, we have continued to experience lower prices and weak demand for most of our products globally through the first quarter of 2024. The ongoing conflict between Russia and Ukraine since Russia's invasion of Ukraine in 2022, the conflict in the Middle East, slow economic growth in China, increase in bisphenol-A, epichlorohydrin and base epoxy resin exports out of Asia into European and North American markets, timing of certain new ethylene and polyethylene capacity additions in North America, Asia, and the Middle East, volatility in natural gas and electricity prices, volatility in crude oil prices and inflationary pressures could have a continuing negative impact on the performance of Performance and Essential Materials businesses.

As noted in Item 1A, "Risk Factors" in our 2023 Form 10-K, we are subject to extensive environmental regulations, which may impose significant additional costs on our operations in the future. Further, concerns about greenhouse gas emissions and their possible effects on climate change has led to the enactment of regulations, and to proposed legislation and additional regulations, that could affect us in the form of increased cost of feedstocks and fuel, other increased costs of production and decreased demand for our products. While we do not expect any of these enactments or proposals to have a material adverse effect on us in the near term, we cannot predict the longer-term effect of any of these regulations on our future financial condition, results of operations or cash flows.

### ***Housing and Infrastructure Products***

Our Housing and Infrastructure Products segment is primarily comprised of building products, PVC pipes and fittings and PVC compound products. Our sales are affected by the individual decisions of distributors and dealers on the levels of inventory they carry, their views on product demand, their financial condition and the manner in which they choose to manage inventory risk. A significant portion of our performance in this segment is driven by the activities in the residential construction and repair and remodeling markets in North America, which began to decline at the end of the second quarter of 2022 primarily due to the negative effect that rising mortgage rates in the United States had on buyer sentiment. In recent months, with the stabilization of interest rates and the possibility of interest rate cuts by the U.S. Federal Reserve in the near term, we have seen signs of improvement in the demand for housing products. Performance of our housing and infrastructure products businesses over time are generally reflective of the trends of building permits and housing starts in the New Residential Construction Survey by the U.S. Census Bureau and the Repair and Remodeling Index (RRI) provided by the National Association of Home Builders (the "NAHB") among others. Although we ultimately expect that the Infrastructure Investment and Jobs Act of 2021 and historically low residential housing construction may have a favorable long-term impact on certain industries related to our Housing and Infrastructure Products segment, the current inflationary environment impacting consumer spending and priorities and decade-high mortgage interest rates impacting consumer affordability are expected to have an unfavorable impact on the demand for housing construction in the near term and, as a result, our products produced by this segment.

Factors that have caused volatility in our raw material prices, energy costs and production processes in the past, and which may do so in the future, include significant fluctuation in prices of these raw materials in response to, among other things, variable worldwide supply and demand across different industries, speculation in commodities futures, general economic, business or environmental conditions, labor costs, competition, import duties, tariffs, worldwide currency fluctuations, freight, inflationary pressures, regulatory costs, and product and process evolutions that impact demand for the same materials. Increasing raw material prices directly impact our cost of sales and our ability to maintain margins depends on implementing price increases in response to increasing raw material costs. The market for our products may or may not accept price increases, and as such, our future financial condition, results of operations or cash flows could be materially impacted.

### **Non-GAAP Financial Measures**

The body of accounting principles generally accepted in the United States is commonly referred to as "GAAP." For this purpose, a non-GAAP financial measure is generally defined by the Securities and Exchange Commission ("SEC") as one that purports to measure historical or future financial performance, financial position or cash flows that (1) excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of income, balance sheet or statement of cash flows (or equivalent statements) of the registrant; or (2) includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. In this report, we disclose non-GAAP financial measures, primarily earnings before interest, taxes, depreciation and amortization ("EBITDA") and Free Cash Flow. We define EBITDA as net income before interest expense, income taxes, depreciation and amortization. We define Free Cash Flow as net cash provided by operating activities less additions to property, plant and equipment. The non-GAAP financial measures described in this Form 10-Q are not substitutes for the GAAP measures of earnings and cash flows.

EBITDA is included in this Form 10-Q because our management considers it an important supplemental measure of our performance and believes that it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry, some of which present EBITDA when reporting their results. We regularly evaluate our performance as compared to other companies in our industry that have different financing and capital structures and/or tax rates by using EBITDA. In addition, we utilize EBITDA in evaluating acquisition targets. Management also believes that EBITDA is a useful tool for measuring our ability to meet our future debt service and satisfy capital expenditure and working capital requirements, and EBITDA is commonly used by us and our investors to measure our ability to service indebtedness.

Free Cash Flow is included in this Form 10-Q because our management considers it an important supplemental measure of our performance and believes that it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry, some of which present Free Cash Flow when reporting their results. We regularly evaluate our performance as compared to other companies in our industry that have different financing and capital structures and/or tax rates by using Free Cash Flow. Management also believes that Free Cash Flow is useful to investors and securities analysts to evaluate our liquidity, evaluate strategic investment, evaluate our stock buyback plan and measure our ability to meet our future debt service.

EBITDA and Free Cash Flow are not substitutes for the GAAP measures of net income, income from operations and net cash provided by operating activities and are not necessarily measures of our ability to fund our cash needs. In addition, companies calculate EBITDA and Free Cash Flow differently and, therefore, EBITDA and Free Cash Flow as presented for us may not be comparable to EBITDA and Free Cash Flow reported by other companies. EBITDA has material limitations as a performance measure because it excludes interest expense, depreciation and amortization and income taxes. Free Cash Flow has material limitations as a performance measure because it only considers net cash provided by operating activities, and not net income or income from operations. For instance, it applies the entire cost of capital expenditure in the period in which the property or equipment is acquired, rather than spreading it over several periods as is the case with net income and income from operations.

Reconciliations of EBITDA to net income, income from operations and net cash provided by operating activities, and Free Cash Flow to net cash provided by operating activities are included in the "Results of Operations" section below.

## Results of Operations

### Segment Data

The table below and descriptions that follow represent the consolidated results of operations of the Company for the three months ended March 31, 2024 and 2023.

#### Net External Sales

The table below presents net external sales on a disaggregated basis for our two principal operating segments. Performance Materials net external sales primarily consist of sales of PVC, polyethylene and epoxy. Essential Materials net external sales primarily consist of sales of caustic soda, styrene, and related derivative materials. Housing Products net external sales primarily consist of sales of housing exterior and interior products, residential pipes and fittings and residential PVC compounds. Infrastructure Products net external sales primarily consist of sales of non-residential pipes and fittings and non-residential PVC compounds.

|   | Three Months Ended March 31, |                 |
|---|------------------------------|-----------------|
|   | 2024                         | 2023            |
| (in millions of dollars, except per share data)     |                              |                 |
| <b>Net external sales</b>                           |                              |                 |
| Performance and Essential Materials                 |                              |                 |
| Performance Materials                               | \$ 1,164                     | \$ 1,282        |
| Essential Materials                                 | 767                          | 1,067           |
| Total Performance and Essential Materials           | <u>1,931</u>                 | <u>2,349</u>    |
| Housing and Infrastructure Products                 |                              |                 |
| Housing Products                                    | 879                          | 818             |
| Infrastructure Products                             | 165                          | 189             |
| Total Housing and Infrastructure Products           | <u>1,044</u>                 | <u>1,007</u>    |
|   | <u>\$ 2,975</u>              | <u>\$ 3,356</u> |
| <b>Income (loss) from operations</b>                |                              |                 |
| Performance and Essential Materials                 | \$ 22                        | \$ 403          |
| Housing and Infrastructure Products                 | 210                          | 143             |
| Corporate and other                                 | (9)                          | (10)            |
| Total income from operations                        | 223                          | 536             |
| Interest expense                                    | (40)                         | (42)            |
| Other income, net                                   | 50                           | 22              |
| Provision for income taxes                          | 48                           | 109             |
| Net income  | 185                          | 407             |
| Net income attributable to noncontrolling interests | 11                           | 13              |
| Net income attributable to Westlake Corporation     | <u>\$ 174</u>                | <u>\$ 394</u>   |
| Diluted earnings per share                          | <u>\$ 1.34</u>               | <u>\$ 3.05</u>  |
| EBITDA <sup>(1)</sup>                               | \$ 546                       | \$ 825          |
| Free Cash Flow <sup>(2)</sup>                       | <u>\$ (103)</u>              | <u>\$ 245</u>   |

(1) See above for discussions on non-GAAP financial measures. See "Reconciliation of EBITDA to Net Income, Income from Operations and Net Cash Provided by Operating Activities" below.

(2) See above for discussions on non-GAAP financial measures. See "Reconciliation of Free Cash Flow to Net Cash Provided by Operating Activities" below.

|   | Three Months Ended March 31, 2024 |        |
|---|-----------------------------------|--------|
|   | Average Sales Price               | Volume |
| <b>Net sales percentage change from prior-year period due to average sales price and volume</b> |                                   |        |
| Performance and Essential Materials   | -23 %                             | +5 %   |
| Housing and Infrastructure Products   | -10 %                             | +14 %  |
| Company average   | -19 %                             | +8 %   |

|  | Three Months Ended March 31, 2024 |
|--|-----------------------------------|
| <b>Domestic US prices percentage change from prior-year period for fuel cost and feedstock</b> |                                   |
| Fuel cost (Natural Gas)  | -33 %                             |
| Feedstock (Ethane)   | -23 %                             |

#### **Reconciliation of EBITDA to Net Income, Income from Operations and Net Cash Provided by Operating Activities**

The following table presents the reconciliation of EBITDA to net income, income from operations and net cash provided by operating activities, the most directly comparable GAAP financial measures, for each of the periods indicated.

|   | Three Months Ended March 31, |        |
|---|------------------------------|--------|
|   | 2024                         | 2023   |
|   | (in millions of dollars)     |        |
| Net cash provided by operating activities             | \$ 169                       | \$ 512 |
| Changes in operating assets and liabilities and other | (6)                          | (121)  |
| Deferred income taxes                                 | 22                           | 16     |
| Net income  | 185                          | 407    |
| Less:   |                              |        |
| Other income, net                                     | 50                           | 22     |
| Interest expense                                      | (40)                         | (42)   |
| Provision for income taxes                            | (48)                         | (109)  |
| Income from operations                                | 223                          | 536    |
| Add:  |                              |        |
| Depreciation and amortization                         | 273                          | 267    |
| Other income, net                                     | 50                           | 22     |
| EBITDA  | \$ 546                       | \$ 825 |

#### **Reconciliation of Free Cash Flow to Net Cash Provided by Operating Activities**

The following table presents the reconciliation of Free Cash Flow to net cash provided by operating activities, the most directly comparable GAAP financial measure, for each of the periods indicated.

|  | Three Months Ended March 31, |        |
|--|------------------------------|--------|
|  | 2024                         | 2023   |
|  | (in millions of dollars)     |        |
| Net cash provided by operating activities  | \$ 169                       | \$ 512 |
| Less:                                      |                              |        |
| Additions to property, plant and equipment | 272                          | 267    |
| Free Cash Flow                             | \$ (103)                     | \$ 245 |

## Summary

For the quarter ended March 31, 2024, net income attributable to Westlake was \$174 million, or \$1.34 per diluted share, on net sales of \$2,975 million. This represents a decrease in net income attributable to Westlake of \$220 million, or \$1.71 per diluted share, compared to the quarter ended March 31, 2023 net income attributable to Westlake of \$394 million, or \$3.05 per diluted share, on net sales of \$3,356 million. Income from operations for the quarter ended March 31, 2024 was \$223 million, a \$313 million decrease from income from operations of \$536 million for the quarter ended March 31, 2023. The decrease in net income and income from operations was primarily due to lower sales prices for most of our products. While results in our Performance and Essential Materials segment reflected continued weak global industrial and manufacturing activity, our Housing and Infrastructure Products segment benefited from continued strong demand in housing end markets. The overall decrease in net income and income from operations in the first quarter of 2024 were partially offset by lower natural gas and feedstock costs and lower selling, general and administrative expenses. Net income was also positively impacted by higher interest income. Net sales decreased by \$381 million to \$2,975 million in the quarter ended March 31, 2024 from \$3,356 million in the quarter ended March 31, 2023, primarily due to lower sales prices for most of our products across both segments, partially offset by an increase in sales volumes for some of our products in both segments.

## RESULTS OF OPERATIONS

### First Quarter 2024 Compared with First Quarter 2023

*Net Sales.* Net sales decreased by \$381 million, or 11%, to \$2,975 million in the first quarter of 2024 from \$3,356 million in the first quarter of 2023, primarily due to lower sales prices for most of our products across both segments. Average sales prices for the first quarter of 2024 decreased by 19% as compared to the first quarter of 2023 as a result of continuing lower demand for several of our products in the Performance and Essential Materials segment including caustic soda. Sales volumes increased by 8% in the first quarter of 2024 as compared to the first quarter of 2023, due to increased demand for several of our products in the Housing and Infrastructure segment and a slight improvement in sales volume for polyethylene and PVC resins in the Performance and Essential Materials segment.

*Gross Profit.* Gross profit margin percentage was 16% in the first quarter of 2024 as compared to 24% in the first quarter of 2023. The decrease in gross profit margin was primarily due to lower prices for most of our products, which was partially offset by lower natural gas and feedstock costs.

*Selling, General and Administrative Expenses.* Selling, general and administrative expenses decreased by \$13 million to \$209 million in the first quarter of 2024 as compared to \$222 million in the first quarter of 2023. This decrease was mainly due to lower compensation expenses.

*Amortization of Intangibles.* Amortization expense in the first quarter of 2024 was comparable with the first quarter of 2023.

*Restructuring, Transaction and Integration-related Costs.* Restructuring, transaction and integration-related costs in the first quarter of 2024 were comparable with the first quarter of 2023.

*Interest Expense.* Interest expense decreased slightly by \$2 million to \$40 million in the first quarter of 2024 from \$42 million in the first quarter of 2023, primarily due to higher capitalized interest on capital projects.

*Other Income, Net.* Other income, net increased by \$28 million to \$50 million in the first quarter of 2024 from \$22 million in the first quarter of 2023, substantially due to higher interest income attributable to a higher average cash and cash equivalents balance and higher interest rates in the first quarter of 2024 as compared to the first quarter of 2023.

*Income Taxes.* The effective income tax rate was 20.6% for the first quarter of 2024 as compared to 21.1% for the first quarter of 2023. The effective tax rate in the first quarter of 2024 was lower compared to the first quarter of 2023 primarily due to an increase in U.S. federal research and development credits available to the Company and lower state taxes partially offset by higher foreign taxes.

### ***Performance and Essential Materials Segment***

*Net Sales.* Net sales for the Performance and Essential Materials segment decreased by \$418 million, or 18%, to \$1,931 million in the first quarter of 2024 from \$2,349 million in the first quarter of 2023. Average sales prices for the Performance and Essential Materials segment decreased by 23% in the first quarter of 2024 as compared to the first quarter of 2023. Lower Performance Materials sales prices were primarily due to lower PVC resin, polyethylene and epoxy sales prices. Lower Essential Materials sales prices were primarily due to lower caustic soda sales prices. Sales volumes for the Performance and Essential Materials segment increased by 5% in the first quarter of 2024 as compared to the first quarter of 2023 primarily due to higher polyethylene and PVC resins sales volumes.

*Income from Operations.* Income from operations for the Performance and Essential Materials segment decreased by \$381 million to \$22 million in the first quarter of 2024 from \$403 million in the first quarter of 2023. This decrease in income from operations in the first quarter of 2024, as compared to the first quarter of 2023, was primarily due to lower sales prices for our major products, particularly caustic soda and epoxy resin. These decreases were partially offset by higher sales volume and lower natural gas and feedstock costs.

### ***Housing and Infrastructure Products Segment***

*Net Sales.* Net sales for the Housing and Infrastructure Products segment increased by \$37 million, or 4%, to \$1,044 million in the first quarter of 2024 from \$1,007 million in the first quarter of 2023. Average sales prices for the Housing and Infrastructure Products segment decreased by 10% in the first quarter of 2024 as compared to the first quarter of 2023, primarily due to lower sales prices across all of our products in this segment. Sales volumes for the Housing and Infrastructure Products segment increased by 14% in the first quarter of 2024 as compared to the first quarter of 2023 primarily due to strong demand in housing end markets, particularly for pipe and fittings and siding and trim.

*Income from Operations.* Income from operations for the Housing and Infrastructure Products segment increased by \$67 million to \$210 million in the first quarter of 2024 from \$143 million in the first quarter of 2023. This increase in income from operations in the first quarter of 2024, as compared to the first quarter of 2023, was primarily due to lower raw material costs and higher sales volumes for pipe and fittings and siding and trim.

## **CASH FLOW DISCUSSION FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023**

### **Cash Flows**

#### ***Operating Activities***

Operating activities provided cash of \$169 million in the first three months of 2024 compared to cash provided by operating activities of \$512 million in the first three months of 2023. The \$343 million decrease in cash flows from operating activities was mainly due to lower prices and demand for most of our products and unfavorable changes in working capital in the first three months of 2024. Changes in components of working capital, which we define for purposes of this cash flow discussion as accounts receivable, inventories, prepaid expenses and other current assets, less accounts payable and accrued and other liabilities, used cash of \$177 million in the first three months of 2024, compared to \$64 million of cash used in the first three months of 2023, an unfavorable change of \$113 million. The unfavorable change in the first three months of 2024 was substantially driven by the higher accounts receivables due to an increase in sales towards the end of the first quarter of 2024 and higher inventory volumes at the end of the first quarter of 2024 in the Housing and Infrastructure segment.

#### ***Investing Activities***

Net cash used for investing activities in the first three months of 2024 was \$272 million as compared to net cash used for investing activities of \$263 million in the first three months of 2023. The increase in investing activities in the first three months of 2024 as compared to first three months of 2023 was primarily because of capital expenditures in the period. Capital expenditures were \$272 million in the first three months of 2024 as compared to \$267 million in the first three months of 2023. Capital expenditures in the first three months of 2024 and 2023 were primarily related to projects to increase production capacity or reduce costs, maintenance and safety projects and environmental projects at our various facilities.

#### ***Financing Activities***

Net cash used for financing activities during the first three months of 2024 of \$74 million was comparable to the net cash used for financing activities of \$75 million in the first three months of 2023. The activities during the first three months of 2024 were primarily related to the \$65 million payment of cash dividends, the \$10 million payment of cash distributions to noncontrolling interests and inflows of \$7 million from the exercise of stock options. The financing activities in the first three months of 2023 were primarily related to the \$47 million payment of cash dividends, the \$10 million payment of cash distributions to noncontrolling interests and repurchases of our common stock for an aggregate amount of \$22 million.

## LIQUIDITY AND CAPITAL RESOURCES

### *Liquidity and Financing Arrangements*

Our principal sources of liquidity are from cash and cash equivalents, cash from operations, short-term borrowings under the credit agreement and our long-term financing.

In November 2014, our Board of Directors authorized a \$250 million stock repurchase program (the "2014 Program"). In November 2015, our Board of Directors approved the expansion of the 2014 Program by an additional \$150 million. In August 2018, our Board of Directors approved the further expansion of the existing 2014 Program by an additional \$150 million. In August 2022, our Board of Directors approved the further expansion of the existing 2014 Program by an additional \$500 million. As of March 31, 2024, we had repurchased 8,722,550 shares of our common stock for an aggregate purchase price of approximately \$574 million under the 2014 Program. We did not repurchase any common stock under the 2014 Program during the three months ended March 31, 2024. Purchases under the 2014 Program may be made either through the open market or in privately negotiated transactions. Decisions regarding the amount and the timing of purchases under the 2014 Program will be influenced by our cash on hand, our cash flows from operations, general market conditions and other factors. The 2014 Program may be discontinued by our Board of Directors at any time.

On October 4, 2018, Westlake Chemical Partners LP ("Westlake Partners") and Westlake Chemical Partners GP LLC, the general partner of Westlake Partners, entered into an Equity Distribution Agreement with UBS Securities LLC, Barclays Capital Inc., Citigroup Global Markets Inc., Deutsche Bank Securities Inc., RBC Capital Markets, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC to offer and sell Westlake Partners common units, from time to time, up to an aggregate offering amount of \$50 million. This Equity Distribution Agreement was amended on February 28, 2020 to reference a new shelf registration and subsequent renewals thereof for utilization under this agreement. No common units have been issued under this program as of March 31, 2024.

We believe that our sources of liquidity as described above are adequate to fund our normal operations and ongoing capital expenditures and turnaround activities. Funding of any potential large expansions such as our recent acquisitions or potential future acquisitions or the redemption of debt may likely necessitate, and therefore depend on, our ability to obtain additional financing in the future. We may not be able to access additional liquidity at favorable interest rates due to volatility of the commercial credit markets.

### *Cash and Cash Equivalents*

As of March 31, 2024, our cash and cash equivalents totaled \$3,108 million.

In addition to our cash and cash equivalents, our credit agreement is available to provide liquidity as needed, as described under "Debt" below.

### *Debt*

As of March 31, 2024, the carrying value of our indebtedness totaled \$4,890 million. See Note 7 to the consolidated financial statements appearing elsewhere in this Form 10-Q for a discussion of our long-term indebtedness.

Our ability to make payments on our indebtedness and to fund planned capital expenditures will depend on our ability to generate cash in the future, which is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. Based on our current level of operations and unless we were to undertake a new expansion or large acquisition, we believe our cash flows from operations, available cash and available borrowings under our credit agreement will be adequate to meet our normal operating needs for the foreseeable future.

Our long-term debt consisted of the following as of March 31, 2024:

|  | Principal Amount<br>(in millions of dollars) | Debt Issuance Date | Maturity Date | Par Call Date     | Optional Redemption Terms and Other Matters |
|--|--|--------------------|---------------|-------------------|---|
| 0.875% senior notes due 2024 (the "0.875% 2024 Senior Notes")                            | \$ 300                                       | August 2021        | August 2024   | August 15, 2022   | (1)   |
| 3.60% senior notes due 2026 (the "3.60% 2026 Senior Notes")                              | 750  | August 2016        | August 2026   | May 15, 2026      | (1) (4)                                     |
| Loan related to tax-exempt waste disposal revenue bonds due 2027                         | 11   | December 1997      | December 2027 |                   | (6)   |
| 1.625% €700 million senior notes due 2029 (the "1.625% 2029 Senior Notes")               | 756  | July 2019          | July 2029     | April 17, 2029    | (1) (2)                                     |
| 3.375% senior notes due 2030 (the "3.375% 2030 Senior Notes")                            | 300  | June 2020          | June 2030     | March 15, 2030    | (1) (3)                                     |
| 3.50% senior notes due 2032 (the "3.50% 2032 tax-exempt GO Zone Refunding Senior Notes") | 250  | November 2017      | November 2032 | November 1, 2027  | (5)   |
| 2.875% senior notes due 2041 (the "2.875% 2041 Senior Notes")                            | 350  | August 2021        | August 2041   | February 15, 2041 | (1) (3)                                     |
| 5.00% senior notes due 2046 (the "5.00% 2046 Senior Notes")                              | 700  | August 2016        | August 2046   | February 15, 2046 | (1) (4)                                     |
| 4.375% senior notes due 2047 (the "4.375% 2047 Senior Notes")                            | 500  | November 2017      | November 2047 | May 15, 2047      | (1) (3)                                     |
| 3.125% senior notes due 2051 (the "3.125% 2051 Senior Notes")                            | 600  | August 2021        | August 2051   | February 15, 2051 | (1) (3)                                     |
| 3.375% senior notes due 2061 (the "3.375% 2061 Senior Notes")                            | 450  | August 2021        | August 2061   | February 15, 2061 | (1) (3)                                     |
| Term loan 2026 (the "2026 Term Loan")  | 12   | March 2021         | March 2026    |                   | (7)   |
| Total long-term debt   | <u>\$ 4,979</u>                              |                    |               |                   |   |

- (1) At our option, we may redeem the notes at any time on or after the specified par call date at a redemption price equal to 100% of the principal amount of the notes being redeemed plus accrued and unpaid interest.
- (2) At our option, we may redeem the notes at any time prior to the specified par call date at a redemption price equal to the greater of (i) 100% of the principal amount of the notes being redeemed plus accrued and unpaid interest and (ii) the sum of the present values of the remaining scheduled payments on the notes being redeemed that would be due if the notes matured on the specified par call date (not including any portion of such payments of interest accrued as of the redemption date), discounted to the redemption date on an annual basis at the applicable comparable government bond rate plus 30 basis points plus accrued and unpaid interest.
- (3) At our option, we may redeem the notes at any time prior to the specified par call date at a redemption price equal to the greater of (i) 100% of the principal amount of the notes being redeemed plus accrued and unpaid interest and (ii) the sum of the present values of the remaining scheduled payments on the notes being redeemed that would be due if the notes matured on the specified par call date (excluding accrued and unpaid interest to the redemption date), discounted to the redemption date on a semi-annual basis at the treasury rate plus 20 to 40 basis points plus accrued and unpaid interest.
- (4) At our option, we may redeem the notes at any time prior to the specified par call date at a redemption price equal to the greater of (i) 100% of the principal amount of the notes being redeemed plus accrued and unpaid interest and (ii) the sum of the present values of the remaining scheduled payments on the notes being redeemed (excluding accrued and unpaid interest to the redemption date), discounted to the redemption date on a semi-annual basis at the treasury rate plus 35 to 45 basis points, plus accrued and unpaid interest.

- (5) In the event of a redemption of certain bonds (the "GO Zone Bonds") issued by the Louisiana Local Government Environmental Facility and Development Authority (the "Authority") in 2017, we will redeem notes equal in principal amount to the GO Zone Bonds to be redeemed at a redemption price equal to the redemption price of the GO Zone Bonds to be redeemed, plus accrued interest to the redemption date. The GO Zone Bonds are subject to optional redemption by the Authority upon the direction of the Company at any time on or after November 1, 2027, for 100% of the principal amount plus accrued interest to the redemption date.
- (6) The waste disposal revenue bonds expire in December 2027 and are subject to redemption and mandatory tender for purchase prior to maturity under certain conditions. Interest on the waste disposal revenue bonds accrues at a rate determined by a remarketing agent and is payable quarterly. The interest rate on the waste disposal revenue bonds at March 31, 2024 was 3.65%.
- (7) The 2026 Term Loan has a 5-year maturity and includes a government rate subsidy. The interest rate on the 2026 Term Loan as of March 31, 2024 was 0.95%.

The holders of the 0.875% 2024 Senior Notes, the 3.60% 2026 Senior Notes, the 1.625% 2029 Senior Notes, the 3.375% 2030 Senior Notes, the 3.50% 2032 tax-exempt GO Zone Refunding Senior Notes, the 2.875% 2041 Senior Notes, the 5.00% 2046 Senior Notes, the 4.375% 2047 Senior Notes, the 3.125% 2051 Senior Notes and the 3.375% 2061 Senior Notes may require us to repurchase the notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest to, but not including, the date of repurchase, upon the occurrence of both a "change of control" and, within 60 days of such change of control, a "below investment grade rating event" (as such terms are defined in the respective indentures governing these notes).

The indenture governing the 0.875% 2024 Senior Notes, the 3.60% 2026 Senior Notes, the 1.625% 2029 Senior Notes, the 3.375% 2030 Senior Notes, the 3.50% 2032 tax-exempt GO Zone Refunding Senior Notes, the 2.875% 2041 Senior Notes, the 5.00% 2046 Senior Notes, the 4.375% 2047 Senior Notes, the 3.125% 2051 Senior Notes, and the 3.375% 2061 Senior Notes contains customary events of default and covenants that, among other things and subject to certain exceptions, restrict us and certain of our subsidiaries' ability to (1) incur certain secured indebtedness, (2) engage in certain sale and leaseback transactions and (3) consolidate, merge or transfer all or substantially all of our assets.

As of March 31, 2024, we were in compliance with all of our long-term debt covenants.

#### *Credit Agreement*

On June 9, 2022, we entered into a new \$1.5 billion revolving credit facility that is scheduled to mature on June 9, 2027 (the "Credit Agreement") and, in connection therewith, terminated our then existing revolving credit agreement. The Credit Agreement bears interest at either (a) Adjusted Term SOFR (as defined in the Credit Agreement) plus a margin ranging from 1.00% to 1.625% per annum or (b) Alternate Base Rate (as defined in the Credit Agreement) plus a margin ranging from 0.00% to 0.625% per annum, in each case depending on the credit rating of the Company. The Credit Agreement contains certain affirmative and negative covenants, including a quarterly total leverage ratio financial maintenance covenant. As of March 31, 2024, we were in compliance with the total leverage ratio financial maintenance covenant.

The Credit Agreement also contains certain events of default and, if and for so long as certain events of default have occurred and are continuing, any overdue amounts outstanding under the Credit Agreement will accrue interest at an increased rate, the lenders can terminate their commitments to lend thereunder and payments of any outstanding amounts thereunder could be accelerated by the lenders. None of our subsidiaries are required to guarantee our obligations under the Credit Agreement.

The Credit Agreement includes a \$150 million sub-limit for letters of credit, and any outstanding letters of credit will be deducted from availability under the facility. The Credit Agreement also provides for a discretionary \$50 million commitment for swingline loans to be provided on a same-day basis. We may also increase the size of the facility, in increments of at least \$25 million, up to a maximum of \$500 million, subject to certain conditions and if certain lenders agree to commit to such an increase.

### ***Westlake Chemical Partners LP Credit Arrangements***

Our subsidiary, Westlake Chemical Finance Corporation, is the lender party to a \$600 million revolving credit facility with Westlake Chemical Partners LP ("Westlake Partners") (the "MLP Revolver") that is scheduled to mature on July 12, 2027. As of March 31, 2024, outstanding borrowings under the credit facility totaled \$377 million and bore interest at Secured Overnight Financing Rate, as administered by the Federal Reserve Bank of New York ("SOFR") plus the Applicable Margin plus a 0.10% credit spread adjustment. On July 12, 2022, Westlake Partners entered into the Fourth Amendment (the "MLP Revolver Amendment") to the MLP Revolver. The MLP Revolver Amendment, among other things, extended the maturity date to July 12, 2027 and provided for the replacement of LIBOR with SOFR. Borrowings under the MLP Revolver now bear interest at a variable rate of either (a) SOFR plus the Applicable Margin plus a 0.10% credit spread adjustment or, if SOFR is no longer available, (b) the Alternate Base Rate plus the Applicable Margin minus 1.0%. The Applicable Margin under the MLP Revolver varies between 1.75% and 2.75%, depending on the Partnership's Consolidated Leverage Ratio.

Our subsidiary, Westlake Polymers LLC, is the administrative agent to a \$600 million revolving credit facility with Westlake Chemical OpCo LP ("OpCo") (the "OpCo Revolver") that is scheduled to mature on July 12, 2027. As of March 31, 2024, outstanding borrowings under the credit facility totaled \$23 million and bore interest at SOFR plus the Applicable Margin of 1.75% plus a 0.10% credit spread adjustment. On July 12, 2022, OpCo entered into the Second Amendment (the "OpCo Revolver Amendment") to the OpCo Revolver. The OpCo Revolver Amendment, among other things, extended the maturity date to July 12, 2027 and provided for the replacement of LIBOR with SOFR. Borrowings under the OpCo Revolver now bear interest at a variable rate of either (a) SOFR plus the Applicable Margin plus a 0.10% credit spread adjustment or, if SOFR is no longer available, (b) the Alternate Base Rate plus the Applicable Margin minus 1.0%. The Applicable Margin under the OpCo Revolver is 1.75%.

We consolidate Westlake Partners and OpCo for financial reporting purposes as we have a controlling financial interest. As such, the revolving credit facilities described above between our subsidiaries and Westlake Partners and OpCo are eliminated from the financial statements upon consolidation.

### ***Off-Balance Sheet Arrangements***

None.

### **FORWARD-LOOKING STATEMENTS**

The Private Securities Litigation Reform Act of 1995 provides safe harbor provisions for forward-looking information. Certain of the statements contained in this report are forward-looking statements. All statements, other than statements of historical facts, included in this report that address activities, events or developments that we expect, project, believe or anticipate will or may occur in the future are forward-looking statements. Forward-looking statements can be identified by the use of words such as "believes," "intends," "may," "should," "could," "anticipates," "expected" or comparable terminology, or by discussions of strategies or trends. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we cannot give any assurances that these expectations will prove to be correct. Forward-looking statements relate to matters such as:

- the ultimate timing, outcome and results of integrating the operations of acquisitions and the ultimate outcome of our operating efficiencies applied to the products and services; the effects of the acquisition, including the combined company's future financial condition, results of operations, strategy and plans; and expected synergies and other benefits from the acquisition and our ability to realize such synergies and other benefits;
- future operating rates, margins, cash flows and demand for our products;
- industry market outlook, including the price of crude oil, natural gas, ethane, housing starts and repair and remodeling activity;
- macroeconomic outlook, including rising interest rates, inflation and possible recession;
- widespread outbreak of an illness or any other communicable disease, or any other public health crisis;
- production capacities;
- the impact of uncertainties and ongoing supply chain constraints caused by the Panama Canal reduced transit capacity and conflicts in the Middle East and between Russia and Ukraine;
- currency devaluation;
- our ability to borrow under our credit agreement;
- our ability to meet our liquidity needs;

- our ability to meet debt obligations under our debt instruments;
- our intended quarterly dividends;
- future capacity additions and expansions in the industries in which we compete;
- results of acquisitions;
- timing, funding and results of capital projects;
- pension plan obligations, funding requirements and investment policies;
- compliance with present and future environmental regulations and costs associated with environmentally related penalties, capital expenditures, remedial actions and proceedings, including any new laws, regulations or treaties that may come into force to limit or control carbon dioxide and other greenhouse gas emissions or to address other issues of climate change;
- recovery of losses under our insurance policies;
- effects of pending legal proceedings and settlements; and
- timing of and amount of capital expenditures.

We have based these statements on assumptions and analyses in light of our experience and perception of historical trends, current conditions, expected future developments and other factors we believe were appropriate in the circumstances when the statements were made. Forward-looking statements by their nature involve substantial risks and uncertainties that could significantly impact expected results, and actual future results could differ materially from those described in such statements. While it is not possible to identify all factors, we continue to face many risks and uncertainties. Among the factors that could cause actual future results to differ materially are the risks and uncertainties discussed under "Risk Factors" in the 2023 Form 10-K and those described from time to time in our other filings with the SEC including, but not limited to, the following:

- general economic and business conditions, including inflation, interest rates and possible recession;
- the cyclical nature of the chemical and building products industries;
- the availability, cost and volatility of raw materials and energy;
- uncertainties associated with the United States, European and worldwide economies, including those due to political tensions and conflict in the Middle East, Russia and Ukraine and elsewhere;
- uncertainties associated with pandemic infectious diseases;
- uncertainties associated with climate change;
- the potential impact on demand for ethylene, polyethylene and polyvinyl chloride due to initiatives such as recycling and customers seeking alternatives to polymers;
- current and potential governmental regulatory actions in the United States and other countries;
- industry production capacity and operating rates;
- the supply/demand balance for our products;
- competitive products and pricing pressures;
- instability in the credit and financial markets;
- access to capital markets;
- terrorist acts;
- operating interruptions (including leaks, explosions, fires, weather-related incidents, mechanical failure, unscheduled downtime, labor difficulties, transportation interruptions, spills and releases and other environmental risks);
- changes in laws or regulations, including trade policies;
- technological developments;
- information systems failures and cyberattacks;
- foreign currency exchange risks;
- our ability to implement our business strategies; and

- creditworthiness of our customers.

Many of such factors are beyond our ability to control or predict. Any of the factors, or a combination of these factors, could materially affect our future results of operations and the ultimate accuracy of the forward-looking statements. These forward-looking statements are not guarantees of our future performance, and our actual results and future developments may differ materially from those projected in the forward-looking statements. Management cautions against putting undue reliance on forward-looking statements or projecting any future results based on such statements or present or prior earnings levels. Every forward-looking statement speaks only as of the date of the particular statement, and we undertake no obligation to publicly update or revise any forward-looking statements.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

#### ***Commodity Price Risk***

A substantial portion of our products and raw materials are commodities whose prices fluctuate as market supply and demand fundamentals change. Accordingly, product margins and the level of our profitability tend to fluctuate with changes in the business cycle. We try to protect against such instability through various business strategies. Our strategies include ethylene product feedstock flexibility and moving downstream into our other products where pricing is more stable. We use derivative instruments (including commodity swaps and options) in certain instances to reduce price volatility risk on feedstocks and products. Based on our open derivative positions at March 31, 2024, a hypothetical \$0.10 increase in the price of a gallon of ethane and a hypothetical \$0.10 increase in the price of a million British thermal units of natural gas would not have a material impact on our income before income taxes.

#### ***Interest Rate Risk***

We are exposed to interest rate risk with respect to fixed and variable rate debt. At March 31, 2024, we had \$4,956 million aggregate principal amount of fixed rate debt. We are subject to the risk of higher interest cost if and when this debt is refinanced. If interest rates were 1.0% higher at the time of refinancing, our annual interest expense would increase by approximately \$50 million. Also, at March 31, 2024, we had \$23 million principal amount of variable rate debt outstanding, which represents the term loans due 2026 and the tax-exempt waste disposal revenue bonds due 2027. We do not currently hedge our variable interest rate debt, but we may do so in the future. The weighted average variable interest rate for our variable rate debt of \$23 million as of March 31, 2024 was 2.26%. A hypothetical 100 basis point increase in the average interest rate on our variable rate debt would not result in a material change in the interest expense.

SOFR is used as a reference rate for borrowings under our revolving line of credit. We did not have any SOFR-based borrowings outstanding at March 31, 2024.

#### ***Foreign Currency Exchange Rate Risk***

We are exposed to foreign currency exchange rate risk associated with our international operations. However, the effect of fluctuations in foreign currency exchange rates caused by our international operations has not had a material impact on our overall operating results. We may engage in activities to mitigate our exposure to foreign currency exchange risk in certain instances through the use of currency exchange derivative instruments, including forward exchange contracts, cross-currency swaps or spot purchases. A forward exchange contract obligates us to exchange predetermined amounts of specified currencies at a stated exchange rate on a stated date. A cross-currency swap obligates us to make periodic payments in the local currency and receive periodic payments in our functional currency based on the notional amount of the instrument. In January 2018, we entered into foreign exchange hedging contracts designated as net investment hedges with an aggregate notional value of €220 million designed to reduce the volatility in stockholders' equity from changes in currency exchange rates associated with our net investments in foreign operations. In July 2019, we terminated a portion of the foreign exchange hedging contract with a notional value of €70 million. The notional value of the remaining net investment hedges was €150 million at March 31, 2024. The arrangement is scheduled to settle in 2026.

In July 2019, we completed the registered public offering of €700 million aggregate principal amount of the 1.625% 2029 Senior Notes. We designated this euro-denominated debt as a non-derivative net investment hedge of a portion of our net investments in euro functional-currency denominated subsidiaries to offset foreign currency fluctuations.

#### **Item 4. Controls and Procedures**

We carried out an evaluation, under the supervision and with the participation of our management, including our President and Chief Executive Officer and our Executive Vice President and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures pursuant to Rules 13a-15 or 15d-15 under the Securities Exchange Act of 1934 as of the end of the period covered by this report. Based upon that evaluation, our President and Chief Executive Officer and our Executive Vice President and Chief Financial Officer concluded that our disclosure controls and procedures are effective with respect to (i) the accumulation and communication to our management, including our Chief Executive Officer and our Chief Financial Officer, of information required to be disclosed by us in the reports that we submit under the Exchange Act, and (ii) the recording, processing, summarizing and reporting of such information within the time periods specified in the SEC's rules and forms.

There were no changes in our internal control over financial reporting that occurred during the three months ended March 31, 2024 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**

The 2023 Form 10-K, filed on February 22, 2024, contained a description of various legal proceedings in which we are involved. See Note 13 to the unaudited consolidated financial statements within this Quarterly Report on Form 10-Q for an updated description of certain of those proceedings, which information is incorporated by reference herein.

From time to time, we receive notices or inquiries from government entities regarding alleged violations of environmental laws and regulations pertaining to, among other things, the disposal, emission and storage of chemical substances, including hazardous wastes. For a description of certain environmental matters involving a governmental authority as a party to the proceedings and potential monetary sanctions that we believe could exceed \$1 million (which is less than one percent of our current assets on a consolidated basis as of March 31, 2024), please see the 2023 Form 10-K and Note 13 to the unaudited consolidated financial statements within this Quarterly Report on Form 10-Q, in addition to the following:

- To resolve alleged violations associated with exceedances of discharge limits under the Natrium facility's National Pollutant Discharge Elimination System ("NPDES") permit, effective August 2020, we have entered into enforcement negotiations with the West Virginia Department of Environmental Protection ("WVDEP"). The resolution of this matter may involve a penalty in excess of \$1 million.
- In September 2019, U.S. EPA Region 6 issued a Notice of Violation alleging certain violations of the Clean Air Act following an inspection of the Lake Charles North facility in 2019 by the National Enforcement Investigation Center. We now reasonably believe that the resolution of this matter may involve a penalty in excess of \$1 million.

In addition to the matters described above, we are also involved in other legal proceedings incidental to the conduct of our business. From time to time, we receive notices or inquiries from government entities regarding alleged violations of environmental laws and regulations pertaining to, among other things, the disposal, emission and storage of chemical substances, including hazardous wastes. We do not believe that any of these legal proceedings will have a material adverse effect on our financial condition, results of operations or cash flows.

#### **Item 1A. Risk Factors**

For a discussion of risk factors, please read Item 1A, "Risk Factors" in the 2023 Form 10-K. The risks described in the report and other documents that we file from time to time with the Securities and Exchange Commission could materially and adversely affect our business, results of operations, cash flow, liquidity or financial condition.

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

The following table provides information on our purchases of our common stock during the quarter ended March 31, 2024.

| Period        | Total Number of Shares Purchased <sup>(1)</sup> | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(2)</sup> | Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs <sup>(2)</sup> |
|---------------|---|------------------------------|---|---|
| January 2024  | —   | \$ —                         | —   | \$ 476,162,426  |
| February 2024 | 102,796   | 130.67                       | —   | 476,162,426   |
| March 2024    | 1,272   | 151.27                       | —   | 476,162,426   |
|               | <u>104,068</u>                                  | <u>\$ 130.92</u>             | <u>—</u>  |   |

- (1) Includes 102,796 and 1,272 shares withheld in February 2024 and March 2024, respectively, in satisfaction of withholding taxes due upon the vesting of restricted stock units granted to our employees under the 2013 Omnibus Incentive Plan.
- (2) In November 2014, our Board of Directors authorized a \$250 million stock repurchase program (the "2014 Program"). In November 2015, our Board of Directors approved the expansion of the 2014 Program by an additional \$150 million. In August 2018, our Board of Directors approved the further expansion of the existing 2014 Program by an additional \$150 million. In August 2022, our Board of Directors approved the further expansion of the existing 2014 Program by an additional \$500 million. As of March 31, 2024, 8,722,550 shares of our common stock had been acquired at an aggregate purchase price of approximately \$574 million under the 2014 Program. Transaction fees and commissions are not reported in the average price paid per share in the table above. Decisions regarding the amount and the timing of purchases under the 2014 Program will be influenced by our cash on hand, our cash flows from operations, general market conditions and other factors. The 2014 Program may be discontinued by our Board of Directors at any time.

**Item 5. Other Information**

*Rule 10b5-1 Trading Arrangements.* During the three months ended March 31, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

**Item 6. Exhibits**

| <b><u>Exhibit No.</u></b> | <b><u>Exhibit Index</u></b>   |
|---------------------------|---|
| 3.1                       | <a href="#">Restated Certificate of Incorporation of Westlake as filed with the Delaware Secretary of State on February 20, 2024 (incorporated by reference to Exhibit 3.1 to Westlake's Annual Report on Form 10-K for the year ended December 31, 2023 filed on February 22, 2024, File No. 001-32260).</a> |
| 3.2                       | <a href="#">Amended and Restated Bylaws of Westlake (incorporated by reference to Westlake's Current Report on Form 8-K, filed on February 18, 2022, File No. 001-32260).</a>   |
| 31.1†                     | <a href="#">Rule 13a – 14(a) / 15d – 14(a) Certification (Principal Executive Officer).</a>   |
| 31.2†                     | <a href="#">Rule 13a – 14(a) / 15d – 14(a) Certification (Principal Financial Officer).</a>   |
| 32.1#                     | <a href="#">Section 1350 Certification (Principal Executive Officer and Principal Financial Officer).</a>   |
| 101.INS†                  | Inline XBRL Instance Document - 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.DEF†                  | Inline XBRL Taxonomy Extension Definition Linkbase Document   |
| 101.LAB†                  | Inline XBRL Taxonomy Extension Label Linkbase Document  |
| 101.PRE†                  | Inline XBRL Taxonomy Extension Presentation Linkbase Document   |
| 104                       | Cover Page Interactive Data File - The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document and contained in Exhibit 101  |

† Filed herewith.

# Furnished herewith.



CERTIFICATIONS

I, Albert Chao, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Westlake Corporation (the "registrant");
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 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2024

/s/ ALBERT CHAO  
\_\_\_\_\_  
Albert Chao  
President and Chief Executive Officer  
(Principal Executive Officer)

CERTIFICATIONS

I, M. Steven Bender, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Westlake Corporation (the "registrant");
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 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2024

/s/ M. STEVEN BENDER

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**M. Steven Bender**  
**Executive Vice President and Chief Financial Officer**  
**(Principal Financial Officer)**

**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 of Westlake Corporation (the "Company") on Form 10-Q for the fiscal quarter ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Albert Chao, President and Chief Executive Officer of the Company, and I, M. Steven Bender, Executive Vice President and Chief Financial Officer of the Company, certify, to the best of our knowledge, pursuant to 18 U.S.C. §1350, as adopted pursuant to §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; and
- (2) The information contained in the Report fairly presents, in all material aspects, the financial condition and results of operations of the Company.

Date: May 2, 2024

/s/ ALBERT CHAO  
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**Albert Chao**  
**President and Chief Executive Officer**  
**(Principal Executive Officer)**

Date: May 2, 2024

/s/ M. STEVEN BENDER  
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**M. Steven Bender**  
**Executive Vice President and Chief Financial Officer**  
**(Principal Financial Officer)**