

**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 **September 30, 2022**

or

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

For the Transition Period from _____ to _____

Commission File No. 001-36567

Westlake Chemical Partners LP

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

32-0436529
(I.R.S. Employer
Identification No.)

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

(713) 585-2900
(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 units representing limited partnership interests	WLKP	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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

The registrant had 35,221,868 common units outstanding as of October 28, 2022.



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PART I. FINANCIAL INFORMATION**Item 1. Financial Statements**

WESTLAKE CHEMICAL PARTNERS LP
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2022	December 31, 2021
(in thousands of dollars, except unit amounts)		
ASSETS		
Current assets		
Cash and cash equivalents	\$ 19,468	\$ 17,057
Receivable under the Investment Management Agreement—Westlake Corporation ("Westlake")	135,863	106,243
Accounts receivable, net—Westlake	98,399	142,791
Accounts receivable, net—third parties	24,675	5,825
Inventories	5,359	8,898
Prepaid expenses and other current assets	458	396
Total current assets	284,222	281,210
Property, plant and equipment, net	1,006,633	1,043,539
Goodwill	5,814	5,814
Deferred charges and other assets, net	134,497	150,135
Total assets	\$ 1,431,166	\$ 1,480,698
LIABILITIES		
Current liabilities		
Accounts payable—Westlake	\$ 35,583	\$ 10,796
Accounts payable—third parties	19,459	35,105
Accrued and other liabilities	22,615	60,895
Total current liabilities	77,657	106,796
Long-term debt payable to Westlake	399,674	399,674
Deferred income taxes	1,671	1,530
Total liabilities	479,002	508,000
Commitments and contingencies (Note 12)		
EQUITY		
Common unitholders—publicly and privately held (21,099,638 and 21,092,186 units issued and outstanding at September 30, 2022 and December 31, 2021, respectively)	480,535	481,796
Common unitholder—Westlake (14,122,230 and 14,122,230 units issued and outstanding at September 30, 2022 and December 31, 2021, respectively)	53,787	54,754
General partner—Westlake	(242,572)	(242,572)
Total Westlake Chemical Partners LP partners' capital	291,750	293,978
Noncontrolling interest in Westlake Chemical OpCo LP ("OpCo")	660,414	678,720
Total equity	952,164	972,698
Total liabilities and equity	\$ 1,431,166	\$ 1,480,698

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

WESTLAKE CHEMICAL PARTNERS LP
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
(in thousands of dollars, except unit amounts and per unit data)				
Revenue				
Net sales—Westlake	\$ 364,273	\$ 247,887	\$ 1,020,042	\$ 708,646
Net co-products, ethylene and other sales—third parties	50,850	46,079	206,266	175,756
Total net sales	415,123	293,966	1,226,308	884,402
Cost of sales	324,629	218,038	947,073	589,746
Gross profit	90,494	75,928	279,235	294,656
Selling, general and administrative expenses	8,678	7,792	26,824	24,734
Income from operations	81,816	68,136	252,411	269,922
Other income (expense)				
Interest expense—Westlake	(3,645)	(2,190)	(8,703)	(6,650)
Other income, net	618	24	683	52
Income before income taxes	78,789	65,970	244,391	263,324
Income tax provision (benefit)	484	(105)	822	333
Net income	78,305	66,075	243,569	262,991
Less: Net income attributable to noncontrolling interest in OpCo	63,548	53,285	196,180	209,956
Net income attributable to Westlake Chemical Partners LP and limited partners' interest in net income	\$ 14,757	\$ 12,790	\$ 47,389	\$ 53,035
Net income per limited partner unit attributable to Westlake Chemical Partners LP per limited partner unit (basic and diluted)				
Common units	\$ 0.42	\$ 0.36	\$ 1.35	\$ 1.51
Weighted average limited partner units outstanding (basic and diluted)				
Common units—publicly and privately held	21,096,317	21,087,746	21,093,578	21,081,379
Common units—Westlake	14,122,230	14,122,230	14,122,230	14,122,230

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

WESTLAKE CHEMICAL PARTNERS LP
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

	<i>Partnership</i>				Total
	Common Unitholders— Public and Privately Held	Common Unitholder— Westlake	General Partner— Westlake	Noncontrolling Interests in OpCo	
	(in thousands of dollars)				
Balance at December 31, 2021	\$ 481,796	\$ 54,754	\$ (242,572)	\$ 678,720	\$ 972,698
Net income	9,700	6,494	—	64,631	80,825
Quarterly distribution to unitholders	(9,946)	(6,657)	—	—	(16,603)
Quarterly distribution to noncontrolling interest retained in OpCo by Westlake	—	—	—	(60,688)	(60,688)
Balance at March 31, 2022	<u>\$ 481,550</u>	<u>\$ 54,591</u>	<u>\$ (242,572)</u>	<u>\$ 682,663</u>	<u>\$ 976,232</u>
Net income	9,846	6,592	—	68,001	84,439
Quarterly distribution to unitholders	(9,943)	(6,657)	—	—	(16,600)
Quarterly distribution to noncontrolling interest retained in OpCo by Westlake	—	—	—	(75,130)	(75,130)
Balance at June 30, 2022	<u>\$ 481,453</u>	<u>\$ 54,526</u>	<u>\$ (242,572)</u>	<u>\$ 675,534</u>	<u>\$ 968,941</u>
Net income	8,839	5,918	—	63,548	78,305
Units issued for vested phantom units	190	—	—	—	190
Quarterly distribution to unitholders	(9,947)	(6,657)	—	—	(16,604)
Quarterly distribution to noncontrolling interest retained in OpCo by Westlake	—	—	—	(78,668)	(78,668)
Balance at September 30, 2022	<u>\$ 480,535</u>	<u>\$ 53,787</u>	<u>\$ (242,572)</u>	<u>\$ 660,414</u>	<u>\$ 952,164</u>

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

WESTLAKE CHEMICAL PARTNERS LP
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

	<i>Partnership</i>				Total
	Common Unitholders— Public and Privately Held	Common Unitholder— Westlake	General Partner— Westlake	Noncontrolling Interests in OpCo	
	(in thousands of dollars)				
Balance at December 31, 2020	\$ 471,701	\$ 48,270	\$ (242,572)	\$ 637,738	\$ 915,137
Net income	9,069	6,077	—	61,476	76,622
Quarterly distribution to unitholders	(9,936)	(6,657)	—	—	(16,593)
Quarterly distribution to noncontrolling interest retained in OpCo by Westlake	—	—	—	(62,058)	(62,058)
Balance at March 31, 2021	\$ 470,834	\$ 47,690	\$ (242,572)	\$ 637,156	\$ 913,108
Net income	15,029	10,070	—	95,195	120,294
Units issued for vested phantom units	149	—	—	—	149
Quarterly distribution to unitholders	(9,936)	(6,657)	—	—	(16,593)
Quarterly distribution to noncontrolling interest retained in OpCo by Westlake	—	—	—	(65,200)	(65,200)
Balance at June 30, 2021	\$ 476,076	\$ 51,103	\$ (242,572)	\$ 667,151	\$ 951,758
Net income	7,660	5,130	—	53,285	66,075
Units issued for vested phantom units	262	—	—	—	262
Quarterly distribution to unitholders	(9,936)	(6,657)	—	—	(16,593)
Quarterly distribution to noncontrolling interest retained in OpCo by Westlake	—	—	—	(96,683)	(96,683)
Balance at September 30, 2021	\$ 474,062	\$ 49,576	\$ (242,572)	\$ 623,753	\$ 904,819

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

WESTLAKE CHEMICAL PARTNERS LP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,	
	2022	2021
	(in thousands of dollars)	
Cash flows from operating activities		
Net income	\$ 243,569	\$ 262,991
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	91,682	82,830
Loss from disposition of property, plant and equipment	4,388	1,763
Other losses, net	4,400	866
Changes in operating assets and liabilities		
Accounts receivable—third parties	(23,109)	(2,037)
Net accounts receivable—Westlake	68,520	56,228
Inventories	3,539	(3,116)
Prepaid expenses and other current assets	(62)	(174)
Accounts payable—third parties	(14,269)	2,689
Accrued and other liabilities	(32,326)	3,690
Other, net	(5,170)	(19,153)
Net cash provided by operating activities	<u>341,162</u>	<u>386,577</u>
Cash flows from investing activities		
Additions to property, plant and equipment	(45,458)	(38,490)
Maturities of investments with Westlake under the Investment Management Agreement	247,000	203,000
Investments with Westlake under the Investment Management Agreement	(276,000)	(276,000)
Other	—	126
Net cash used for investing activities	<u>(74,458)</u>	<u>(111,364)</u>
Cash flows from financing activities		
Quarterly distributions to noncontrolling interest retained in OpCo by Westlake	(214,486)	(223,941)
Quarterly distributions to unitholders	(49,807)	(49,779)
Net cash used for financing activities	<u>(264,293)</u>	<u>(273,720)</u>
Net increase in cash and cash equivalents	2,411	1,493
Cash and cash equivalents at beginning of period	17,057	17,154
Cash and cash equivalents at end of period	<u>\$ 19,468</u>	<u>\$ 18,647</u>

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

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

1. Description of Business and Basis of Presentation

Description of Business

Westlake Chemical Partners LP (the "Partnership") is a Delaware limited partnership formed in March 2014 to operate, acquire and develop ethylene production facilities and related assets. On August 4, 2014, the Partnership completed its initial public offering (the "IPO") of 12,937,500 common units representing limited partner interests.

In connection with the IPO, the Partnership acquired a 10.6% limited partner interest in Westlake Chemical OpCo LP ("OpCo") and a 100% interest in Westlake Chemical OpCo GP LLC ("OpCo GP"), which is the general partner of OpCo. OpCo owns three ethylene production facilities and one common carrier ethylene pipeline (collectively, the "Contributed Assets"). Since the IPO, the Partnership has periodically purchased additional limited partner interest in OpCo. Most recently, on March 29, 2019, the Partnership purchased an additional 4.5% newly-issued limited partner interest in OpCo for approximately \$201,445, resulting in an aggregate 22.8% limited partner interest in OpCo, effective January 1, 2019. The remaining 77.2% limited partner interest in OpCo is owned by Westlake Corporation.

Basis of Presentation

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 the Partnership included in the annual report on Form 10-K for the fiscal year ended December 31, 2021 (the "2021 Form 10-K"), filed with the SEC on March 2, 2022. These 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 Partnership for the fiscal year ended December 31, 2021.

References to "Westlake" refer collectively to Westlake Corporation (formerly known as Westlake Chemical Corporation) and its subsidiaries, other than the Partnership, OpCo and OpCo GP.

The Partnership holds a 22.8% limited partner interest and the entire non-economic general partner interest in OpCo. The remaining 77.2% limited partner interest in OpCo is owned directly by Westlake, which has no rights to direct the activities that most significantly impact the economic performance of OpCo. As a result of the fact that substantially all of OpCo's activities are conducted on behalf of Westlake, and the fact that OpCo exhibits disproportionality of voting rights to economic interest, OpCo was deemed to be a variable interest entity. The Partnership, through its ownership of OpCo's general partner, has the power to direct the activities that most significantly impact the economic performance of OpCo, and it also has the obligation or right to absorb losses or receive benefits from OpCo that could potentially be significant to OpCo. As such, the Partnership was determined to be OpCo's primary beneficiary and therefore consolidates OpCo's results of operations and financial position. Westlake's retained interest of 77.2% is recorded as noncontrolling interest in the Partnership's consolidated financial statements.

In the opinion of the Partnership'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 Partnership's financial position as of September 30, 2022, its results of operations for the three and nine months ended September 30, 2022 and 2021 and the changes in its cash position for the nine months ended September 30, 2022 and 2021.

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, 2022 or any other interim period. The preparation of 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 materially from those estimates.

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

2. Accounts Receivable—Third Parties

Accounts receivable—third parties consist of the following:

	September 30, 2022	December 31, 2021
Trade customers	\$ 28,985	\$ 5,875
Allowance for credit losses	(4,310)	(50)
Accounts receivable, net—third parties	<u>\$ 24,675</u>	<u>\$ 5,825</u>

3. Inventories

Inventories consist of the following:

	September 30, 2022	December 31, 2021
Finished products	\$ 4,405	\$ 5,458
Feedstock, additives and chemicals	954	3,440
Inventories	<u>\$ 5,359</u>	<u>\$ 8,898</u>

4. Property, Plant and Equipment

Depreciation expense on property, plant and equipment of \$23,368 and \$23,010 is included in cost of sales in the consolidated statements of operations for the three months ended September 30, 2022 and 2021, respectively. Depreciation expense on property, plant and equipment of \$71,252 and \$68,795 is included in cost of sales in the consolidated statements of operations for the nine months ended September 30, 2022 and 2021, respectively.

5. Deferred Charges and Other Assets

Amortization expense on other assets of \$6,023 and \$3,576 is included in cost of sales in the consolidated statements of operations for the three months ended September 30, 2022 and 2021, respectively. Amortization expense on other assets of \$20,430 and \$14,035 is included in cost of sales in the consolidated statements of operations for the nine months ended September 30, 2022 and 2021, respectively.

6. Distributions and Net Income Per Limited Partner Unit

On October 31, 2022, the board of directors of Westlake Chemical Partners GP LLC ("Westlake GP"), the Partnership's general partner, declared a quarterly cash distribution for the three months ended September 30, 2022 of \$0.4714 per unit. This distribution is payable on November 28, 2022 to unitholders of record as of November 10, 2022.

Distributions are declared subsequent to quarter end; therefore, the table below represents total cash distributions declared from earnings of the related periods pertaining to such distributions.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net income attributable to the Partnership	\$ 14,757	\$ 12,790	\$ 47,389	\$ 53,035
Less:				
Limited partners' distribution declared on common units	16,604	16,600	49,799	49,788
Net income in excess of distribution (Distribution in excess of net income)	<u>\$ (1,847)</u>	<u>\$ (3,810)</u>	<u>\$ (2,410)</u>	<u>\$ 3,247</u>

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

Net income per unit applicable to common limited partner units is computed by dividing the respective limited partners' interest in net income by the weighted-average number of common units outstanding for the period. Because the Partnership has more than one class of participating securities, it uses the two-class method when calculating the net income per unit applicable to limited partners. The classes of participating securities include common units and incentive distribution rights. Net income attributable to the Partnership is allocated to the unitholders in accordance with their respective ownership percentages in preparation of the consolidated statements of changes in equity. However, when distributions related to the incentive distribution rights are made, net income equal to the amount of those distributions is first allocated to the general partner before the remaining net income is allocated to the unitholders based on their respective ownership percentages. Basic and diluted net income per unit is the same because the Partnership does not have any potentially dilutive units outstanding for the periods presented.

	Three Months Ended September 30, 2022		
	Limited Partners' Common Units	Incentive Distribution Rights	Total
Net income attributable to the Partnership:			
Distribution	\$ 16,604	\$ —	\$ 16,604
Distribution in excess of net income	(1,847)	—	(1,847)
Net income	<u>\$ 14,757</u>	<u>\$ —</u>	<u>\$ 14,757</u>
Weighted average units outstanding:			
Basic and diluted	<u>35,218,547</u>		<u>35,218,547</u>
Net income per limited partner unit:			
Basic and diluted	<u>\$ 0.42</u>		
	Three Months Ended September 30, 2021		
	Limited Partners' Common Units	Incentive Distribution Rights	Total
Net income attributable to the Partnership:			
Distribution	\$ 16,600	\$ —	\$ 16,600
Distribution in excess of net income	(3,810)	—	(3,810)
Net income	<u>\$ 12,790</u>	<u>\$ —</u>	<u>\$ 12,790</u>
Weighted average units outstanding:			
Basic and diluted	<u>35,209,976</u>		<u>35,209,976</u>
Net income per limited partner unit:			
Basic and diluted	<u>\$ 0.36</u>		
	Nine Months Ended September 30, 2022		
	Limited Partners' Common Units	Incentive Distribution Rights	Total
Net income attributable to the Partnership:			
Distribution	\$ 49,799	\$ —	\$ 49,799
Distribution in excess of net income	(2,410)	—	(2,410)
Net income	<u>\$ 47,389</u>	<u>\$ —</u>	<u>\$ 47,389</u>
Weighted average units outstanding:			
Basic and diluted	<u>35,215,808</u>		<u>35,215,808</u>
Net income per limited partner unit:			
Basic and diluted	<u>\$ 1.35</u>		

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

	Nine Months Ended September 30, 2021		
	Limited Partners' Common Units	Incentive Distribution Rights	Total
Net income attributable to the Partnership:			
Distribution	\$ 49,788	\$ —	\$ 49,788
Net income in excess of distribution	3,247	—	3,247
Net income	<u>\$ 53,035</u>	<u>\$ —</u>	<u>\$ 53,035</u>
Weighted average units outstanding:			
Basic and diluted	<u>35,203,609</u>		<u>35,203,609</u>
Net income per limited partner unit:			
Basic and diluted	<u>\$ 1.51</u>		

The amended Partnership Agreement provides that the Partnership will distribute cash that is deemed to be operating surplus each quarter to all the unitholders, pro rata, until each unit has received a distribution of \$1.2938. If cash distributions to the Partnership's unitholders exceed \$1.2938 per common unit in any quarter, the Partnership's unitholders and Westlake, as the holder of the Partnership's incentive distribution rights, will receive distributions according to the following percentage allocations:

Total Quarterly Distribution Per Unit	Marginal Percentage Interest in Distributions	
	Unitholders	IDR Holders
Above \$1.2938 up to \$1.4063	85.0 %	15.0 %
Above \$1.4063 up to \$1.6875	75.0 %	25.0 %
Above \$1.6875	50.0 %	50.0 %

The Partnership's distribution for the three months ended September 30, 2022 did not exceed the \$1.2938 per unit threshold, and, as a result, no distribution was made with respect to the Partnership's incentive distribution rights to Westlake, as the holder of the Partnership's incentive distribution rights.

Distribution Per Common Unit

Distributions per common unit for the three and nine months ended September 30, 2022 and 2021 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Distributions per common unit	<u>\$ 0.4714</u>	<u>\$ 0.4714</u>	<u>\$ 1.4142</u>	<u>\$ 1.4142</u>

7. Partners' Equity

On October 4, 2018, the Partnership and Westlake Chemical Partners GP LLC, the general partner of the Partnership, 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 the Partnership's common units, from time to time, up to an aggregate offering amount of \$50,000. The Equity Distribution Agreement was amended on February 28, 2020 to reference a new shelf registration for utilization under this agreement. No common units were issued under this program as of September 30, 2022.

On March 29, 2019, the Partnership completed the issuance and sale of 2,940,818 common units at a price of \$21.40 per unit through a private placement. TTWF LP, Westlake's principal stockholder and a related party, acquired 1,401,869 common units out of 2,940,818 common units issued in the private placement.

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

8. Related Party Transactions

The Partnership and OpCo regularly enter into related party transactions with Westlake. See below for a description of transactions with related parties.

Sales to Related Parties

OpCo sells ethylene to Westlake under the Ethylene Sales Agreement. Additionally, the Partnership and OpCo from time to time provide other services or products for which it charges Westlake a fee.

Sales to related parties were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net sales—Westlake	\$ 364,273	\$ 247,887	\$ 1,020,042	\$ 708,646

As of September 30, 2022, OpCo has estimated an annual deficiency for the full year 2022, and thus, the Partnership has recognized buyer deficiency fees of \$13,940 during the three and nine months ended September 30, 2022. The buyer deficiency fee is measured based upon the lower of the actual production deficiency at period end or the estimated annual production deficiency. The buyer deficiency fees are classified as a component of net sales—Westlake.

Cost of Sales from Related Parties

Charges for goods and services purchased by the Partnership and OpCo from Westlake and included in cost of sales relate primarily to feedstock purchased under the Feedstock Supply Agreement and services provided under the Services and Secondment Agreement.

Charges from related parties in cost of sales were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Feedstock purchased from Westlake and included in cost of sales	\$ 201,044	\$ 119,000	\$ 603,243	\$ 302,095
Other charges from Westlake and included in cost of sales	49,144	35,615	135,574	94,923
Total	\$ 250,188	\$ 154,615	\$ 738,817	\$ 397,018

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

Services from Related Parties Included in Selling, General and Administrative Expenses

Charges for services purchased by the Partnership from Westlake and included in selling, general and administrative expenses primarily relate to services Westlake performs on behalf of the Partnership under the Omnibus Agreement, including the Partnership's finance, legal, information technology, human resources, communication, ethics and compliance and other administrative functions.

Charges from related parties included within selling, general and administrative expenses were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Services received from Westlake and included in selling, general and administrative expenses	\$ 7,080	\$ 6,925	\$ 20,510	\$ 21,837

Goods and Services from Related Parties Capitalized as Assets

Charges for goods and services purchased by the Partnership and OpCo from Westlake which were capitalized as assets relate primarily to the services of Westlake employees under the Services and Secondment Agreement.

Charges from related parties for goods and services capitalized as assets were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Goods and services purchased from Westlake and capitalized as assets	\$ 832	\$ 3,606	\$ 2,205	\$ 4,542

Receivable under the Investment Management Agreement

On August 1, 2017, the Partnership, OpCo and Westlake executed an investment management agreement (the "Investment Management Agreement") that authorized Westlake to invest the Partnership's and OpCo's excess cash with Westlake for a term of up to a maximum of nine months. Per the terms of the Investment Management Agreement, the Partnership earns a market return plus five basis points and Westlake provides daily availability of the invested cash to meet any liquidity needs of the Partnership or OpCo. Accrued interest of \$691 and \$71 was included in the receivable under the Investment Management Agreement balance at September 30, 2022 and December 31, 2021, respectively. Total interest earned related to the Investment Management Agreement was \$691 and \$81 for the three months ended September 30, 2022 and 2021, respectively, and \$934 and \$225 for the nine months ended September 30, 2022 and 2021, respectively.

The Partnership's receivable under the Investment Management Agreement was as follows:

	September 30, 2022	December 31, 2021
Receivable under the Investment Management Agreement	\$ 135,863	\$ 106,243

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

Accounts Receivable from Related Parties

The Partnership's accounts receivable from Westlake result primarily from ethylene sales to Westlake and the buyer deficiency fee and shortfall fee recognized under the Ethylene Sales Agreement.

The buyer deficiency fees discussed above under "Sales to Related Parties" recognized in the nine months ended September 30, 2022 are scheduled to be received by the Partnership after December 31, 2022.

As a result of the force majeure events in 2021, the Partnership recognized revenue for a buyer deficiency fee of \$51,395 and a shortfall fee of \$58,906 during 2021. The buyer deficiency fee was collected from Westlake in January 2022 and the shortfall fee recognized in 2021 is recoverable during 2022 per the Ethylene Sales Agreement.

The Partnership's accounts receivable from Westlake were as follows:

	September 30, 2022	December 31, 2021
Accounts receivable—Westlake	\$ 98,399	\$ 142,791

Accounts Payable to Related Parties

The Partnership's accounts payable to Westlake result primarily from feedstock purchases under the Feedstock Supply Agreement and services provided under the Services and Secondment Agreement and the Omnibus Agreement.

The Partnership's accounts payable to Westlake were as follows:

	September 30, 2022	December 31, 2021
Accounts payable—Westlake	\$ 35,583	\$ 10,796

Related Party Leases

OpCo is obligated to Westlake under various long-term and short-term noncancelable operating leases, primarily related to rail car leases and land. Operating lease rentals paid to Westlake for such leases were \$719 and \$997 for the three months ended September 30, 2022 and 2021, respectively, and \$1,979 and \$2,292 for the nine months ended September 30, 2022 and 2021, respectively, and reflected in other charges from Westlake that are included in cost of sales.

OpCo has two site lease agreements with Westlake, each of which has a term of 50 years. Pursuant to the site lease agreements, OpCo pays Westlake one dollar per site per year.

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

Debt Payable to Related Parties

See Note 9 for a description of related party debt payable balances.

Interest on related party debt payable balances for the three months ended September 30, 2022 and 2021 was \$3,645 and \$2,190, respectively. Interest on related party debt payable balances for the nine months ended September 30, 2022 and 2021 was \$8,703 and \$6,650, respectively. Interest on related party debt payable is presented as interest expense—Westlake in the consolidated statements of operations. At September 30, 2022 and December 31, 2021, accrued interest on related party debt was \$3,544 and \$2,176, respectively, and is reflected as a component of accrued and other liabilities in the consolidated balance sheets.

Debt payable to related parties was as follows:

	September 30, 2022	December 31, 2021
Total debt payable to Westlake	\$ 399,674	\$ 399,674

Major Customer and Concentration of Credit Risk

During the three months ended September 30, 2022 and 2021, Westlake accounted for approximately 87.8% and 84.3%, respectively, of the Partnership's net sales. During the nine months ended September 30, 2022 and 2021, Westlake accounted for approximately 83.2% and 80.1%, respectively, of the Partnership's net sales.

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

9. Long-Term Debt Payable to Westlake

Long-term debt payable to Westlake consists of the following:

	September 30, 2022	December 31, 2021
OpCo Revolver	\$ 22,619	\$ 22,619
MLP Revolver	377,055	377,055
Total debt	\$ 399,674	\$ 399,674

On July 12, 2022, OpCo entered into the Second Amendment (the "OpCo Revolver Amendment") to the Amended and Restated Senior Unsecured Revolving Credit Agreement (as so amended, the "OpCo Revolver"). Prior to the OpCo Revolver Amendment, the OpCo Revolver bore interest at the London Interbank Offered Rate ("LIBOR") plus 2.0%. The OpCo Revolver Amendment, among other things, extended the maturity date of the OpCo Revolver from September 25, 2023 to July 12, 2027 and provided for the replacement of LIBOR with the Secured Overnight Financing Rate, as administered by the Federal Reserve Bank of New York ("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%. As of September 30, 2022, outstanding borrowings under the OpCo Revolver bore interest at SOFR plus the Applicable Margin and credit spread adjustment.

On July 12, 2022, the Partnership entered into the Fourth Amendment (the "MLP Revolver Amendment") to the Senior Unsecured Revolving Credit Agreement (the "MLP Revolver"). Prior to the MLP Revolver Amendment, the MLP Revolver bore interest at a variable rate of either (a) LIBOR plus 2.0% or, if LIBOR were no longer available, (b) the Alternate Base Rate plus 1.0%. The MLP Revolver Amendment, among other things, extended the maturity date of the MLP Revolver from March 19, 2023 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. As of September 30, 2022, outstanding borrowings under the MLP Revolver bore interest at SOFR plus the Applicable Margin and credit spread adjustment.

The weighted average interest rate on all debt was 3.4% and 2.1% at September 30, 2022 and December 31, 2021, respectively.

As of September 30, 2022, the Partnership was in compliance with all of the covenants under the OpCo Revolver and the MLP Revolver.

10. Fair Value Measurements

The Partnership 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.

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
(Unaudited)
(in thousands of dollars, except unit amounts and per unit data)

The Partnership 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 debt payable to Westlake, all of which are recorded at carrying value. The amounts reported in the consolidated balance sheets for accounts receivable, net and accounts payable approximate their fair value due to the short maturities of these instruments. The carrying and fair values of the Partnership's debt at September 30, 2022 and December 31, 2021 are summarized in the table below. The Partnership's debt includes the OpCo Revolver and the MLP Revolver at September 30, 2022. The fair value of debt is determined based on the present value of expected future cash flows using a discounted cash flow methodology. Because the Partnership's valuation methodology used for debt requires the use of significant unobservable inputs, the inputs used to measure the fair value of the Partnership's debt are classified as Level 3 within the fair value hierarchy. Inputs used to estimate the fair values of the Partnership's debt include the selection of an appropriate discount rate.

	September 30, 2022		December 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
OpCo Revolver	\$ 22,619	\$ 23,169	\$ 22,619	\$ 23,276
MLP Revolver	377,055	382,278	377,055	383,574

11. Supplemental Information

Accrued and Other Liabilities

Accrued and other liabilities were \$22,615 and \$60,895 at September 30, 2022 and December 31, 2021, respectively. Accrued maintenance expense and accrued taxes, which are components of accrued and other liabilities, were \$6,128 and \$5,462, respectively, at September 30, 2022 and \$5,597 and \$2,264, respectively, at December 31, 2021. No other component of accrued and other liabilities was more than five percent of total current liabilities.

Non-cash Investing Activity

Capital expenditure related liabilities, included in accounts payable—third parties and accrued and other liabilities, were \$7,654 and \$10,517 at September 30, 2022 and 2021, respectively.

12. Commitments and Contingencies

The Partnership is subject to environmental laws and regulations that can impose civil and criminal sanctions and that may require the Partnership to mitigate the effects of contamination caused by the release or disposal of hazardous substances into the environment. These laws include the federal Clean Air Act, the federal Water Pollution Control Act, the Resource Conservation and Recovery Act ("RCRA"), the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), the Toxic Substances Control Act and various other federal, state and local laws and regulations. Under CERCLA, an owner or operator of property may be held strictly liable for remediating contamination without regard to whether that person caused the contamination, and without regard to whether the practices that resulted in the contamination were legal at the time they occurred. Because the Partnership's production sites have a history of industrial use, it is impossible to predict precisely what effect these legal requirements will have on the Partnership. Westlake will indemnify the Partnership for liabilities that occurred or existed prior to August 4, 2014.

On September 27, 2021, shortly after the turnaround on Petro 2 commenced, there was a flash fire at the quench tower of the Petro 2 facility. Several contractors working on the quench tower were injured. There are lawsuits pending in connection with the flash fire. We expect insurance to cover most of the costs associated with these lawsuits.

The Partnership is also involved in other legal proceedings incidental to the conduct of its business. The Partnership does not believe that any of these legal proceedings will have a material adverse effect on its financial condition, results of operations or cash flows.

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations section should be read in conjunction with the accompanying consolidated financial statements and the notes thereto and the consolidated financial statements and notes thereto included in Westlake Chemical Partners LP's annual report on Form 10-K for the fiscal year ended December 31, 2021 (the "2021 Form 10-K"), as filed with the SEC on March 2, 2022. Unless otherwise indicated, references in this report to "we," "our," "us" or like terms, refer to Westlake Chemical Partners LP (the "Partnership"), Westlake Chemical OpCo LP ("OpCo") and Westlake Chemical OpCo GP LLC ("OpCo GP"). References to "Westlake" refer to Westlake Corporation (formerly known as Westlake Chemical Corporation) and its consolidated subsidiaries other than the Partnership, OpCo GP and OpCo. The following discussion contains forward-looking statements. Please read "Forward-Looking Statements" for a discussion of limitations inherent in such statements.

Partnership Overview

We are a Delaware limited partnership formed by Westlake to operate, acquire and develop ethylene production facilities and related assets. On August 4, 2014, we closed our initial public offering (the "IPO") of 12,937,500 common units. In connection with the IPO, we acquired a 10.6% interest in OpCo and a 100% interest in OpCo GP, which is the general partner of OpCo. On April 29, 2015, we purchased an additional 2.7% newly-issued limited partner interest in OpCo, resulting in an aggregate 13.3% limited partner interest in OpCo, effective April 1, 2015. The 12,686,115 subordinated units of the Partnership, all of which were previously owned by Westlake, were converted into common units of the Partnership on August 30, 2017. On September 29, 2017, we completed a secondary public offering of 5,175,000 common units and purchased an additional 5.0% newly-issued limited partner interest in OpCo, resulting in an aggregate 18.3% limited partner interest in OpCo, effective July 1, 2017. On March 29, 2019, we completed a private placement of 2,940,818 common units and used the net proceeds to purchase an additional 4.5% interest in OpCo, effective January 1, 2019, resulting in us owning an aggregate 22.8% limited partner interest in OpCo.

Currently, our sole revenue generating asset is our 22.8% limited partner interest in OpCo, a limited partnership formed by Westlake and us in anticipation of the IPO to own and operate an ethylene production business. We control OpCo through our ownership of its general partner. Westlake retains the remaining 77.2% limited partner interest in OpCo as well as a significant interest in us through its ownership of our general partner, 40.1% of our limited partner units (consisting of 14,122,230 common units) and our incentive distribution rights. OpCo's assets include (1) two ethylene production facilities ("Petro 1" and "Petro 2" and, collectively, "Lake Charles Olefins") at Westlake's Lake Charles, Louisiana site; (2) one ethylene production facility ("Calvert City Olefins") at Westlake's Calvert City, Kentucky site; and (3) a 200-mile common carrier ethylene pipeline (the "Longview Pipeline") that runs from Mont Belvieu, Texas to Westlake's Longview, Texas facility.

How We Generate Revenue

We generate revenue primarily by selling ethylene and the resulting co-products we produce. OpCo and Westlake have entered into an ethylene sales agreement (the "Ethylene Sales Agreement") pursuant to which we generate a substantial majority of our revenue. The Ethylene Sales Agreement is a long-term, fee-based agreement with a minimum purchase commitment and includes variable pricing based on OpCo's actual feedstock and natural gas costs and estimated other costs of producing ethylene (including OpCo's estimated operating costs and a five-year average of OpCo's expected future maintenance capital expenditures and other turnaround expenditures based on OpCo's planned ethylene production capacity for the year), plus a fixed margin per pound of \$0.10 less revenue from co-products sales. Pursuant to the Ethylene Sales Agreement, Westlake's obligation to pay for the annual minimum commitment (95% of OpCo's budgeted ethylene production), which is measured on an annual basis, is not reduced for a force majeure event lasting fewer than 45 consecutive days. In the event of a force majeure event, we recognize buyer deficiency fees representing fixed margin and unavailed operating and maintenance capital expenditures and maintenance expenses per pound of volume committed by Westlake during the force majeure period. In the event Westlake purchases less than its annual commitment, we recognize buyer deficiency fees representing fixed margin and all expenses and expenditures incurred per pound of volume committed but not taken by Westlake. Payment for the buyer deficiency fee is scheduled to be received by the Partnership after the conclusion of the year.

Westlake has an option to take 95% of volumes in excess of the minimum commitment on an annual basis under the Ethylene Sales Agreement if we produce more than our planned production. Under the Ethylene Sales Agreement, the price for the sale of such excess ethylene to Westlake is based on a formula similar to that used for the minimum purchase commitment, with the exception of certain fixed costs. In addition, under the Ethylene Sales Agreement, if production costs billed to Westlake on an annual basis are less than 95% of the actual production costs incurred by OpCo during the contract year, OpCo is entitled to recover the shortfall in such production costs (proportionate to the volume sold to Westlake) in the subsequent year ("Shortfall"). The Shortfall is generally recognized during the period in which the related operating, maintenance or turnaround activities occur.

Operating Expenses, Maintenance Capital Expenditures and Turnaround Costs

Our management seeks to maximize the profitability of our operations by effectively managing operating expenses, maintenance capital expenditures and turnaround costs. Our operating expenses are comprised primarily of feedstock costs and natural gas, labor expenses (including contractor services), utility costs (other than natural gas) and turnaround and maintenance expenses. With the exception of feedstock (including natural gas) and utilities-related expenses, operating expenses generally remain relatively stable across broad ranges of production volumes but can fluctuate from period to period depending on the circumstances, particularly maintenance and turnaround activities. Our maintenance capital expenditures and turnaround costs are comprised primarily of maintenance of our ethylene production facilities and the amortization of capitalized turnaround costs. These capital expenditures relate to the maintenance and integrity of our facilities. We capitalize the costs of major maintenance activities, or turnarounds, and amortize the costs over the period until the next planned turnaround of the affected facility.

Operating expenses, maintenance capital expenditures and turnaround costs are built into the price per pound of ethylene charged to Westlake under the Ethylene Sales Agreement. Because the expenses other than feedstock costs and natural gas are based on forecasted amounts and remain a fixed component of the price per pound of ethylene sold under the Ethylene Sales Agreement for any given 12-month period, our ability to manage operating expenses, maintenance expenditures and turnaround costs may directly affect our profitability and cash flows. The impact on profitability is partially mitigated by the fact that we generally recognize any Shortfall as revenue in the period such costs and expenses are incurred. We seek to manage our operating and maintenance expenses on our ethylene production facilities by scheduling maintenance and turnarounds over time to avoid significant variability in our operating margins and minimize the impact on our cash flows, without compromising our commitment to safety and environmental stewardship. In addition, we reserve cash on an annual basis from what we would otherwise distribute to minimize the impact of turnaround costs in the year of incurrence. The purchase price under the Ethylene Sales Agreement is not designed to cover capital expenditures for expansions.

MLP Distributable Cash Flow and EBITDA

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 a numerical measure of a registrant's 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. We use the non-GAAP measures of MLP distributable cash flow and EBITDA to analyze our performance. We define distributable cash flow as net income plus depreciation, amortization and disposition of property, plant and equipment, less contributions for turnaround reserves, maintenance capital expenditures and mark-to-market adjustment on derivative contracts. We define MLP distributable cash flow as distributable cash flow less distributable cash flow attributable to Westlake's noncontrolling interest in OpCo and distributions attributable to the incentive distribution rights holder. MLP distributable cash flow does not reflect changes in working capital balances. We define EBITDA as net income before interest expense, income taxes, depreciation and amortization. We use each of MLP distributable cash flow and EBITDA to analyze our performance. Fees for a buyer deficiency and Shortfall are included in net income in the periods in which they are recognized. MLP distributable cash flow and EBITDA are non-GAAP supplemental financial measures that management and external users of our consolidated financial statements, such as industry analysts, investors, lenders and rating agencies, may use to assess our operating performance as compared to other publicly-traded partnerships; our ability to incur and service debt and fund capital expenditures; and the viability of acquisitions and other capital expenditure projects and the returns on investment of various investment opportunities.

MLP distributable cash flow is not a substitute for the GAAP measures of net income and net cash provided by operating activities. MLP distributable cash flow has important limitations as an analytical tool because it excludes some but not all items that affect net income and net cash provided by operating activities. EBITDA is not a substitute for the GAAP measures of net income, income from operations and net cash provided by operating activities. In addition, it should be noted that companies calculate EBITDA differently and, therefore, EBITDA as presented for us may not be comparable to EBITDA reported by other companies. EBITDA has material limitations as a performance measure because it excludes interest expense, depreciation and amortization, and income taxes. Reconciliations for each of MLP distributable cash flow and EBITDA are included in the "Results of Operations" section below.

Recent Developments

On July 12, 2022, OpCo entered into the Second Amendment (the "OpCo Revolver Amendment") to the Amended and Restated Senior Unsecured Revolving Credit Agreement (as so amended, the "OpCo Revolver"). The OpCo Revolver Amendment, among other things, extended the maturity date of the OpCo Revolver to July 12, 2027 and provided for the replacement of the London Interbank Offered Rate ("LIBOR") with the Secured Overnight Financing Rate, as administered by the Federal Reserve Bank of New York ("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%.

On July 12, 2022, the Partnership entered into the Fourth Amendment (the "MLP Revolver Amendment") to the Senior Unsecured Revolving Credit Agreement (the "MLP Revolver"). The MLP Revolver Amendment, among other things, extended the maturity date of the MLP Revolver 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.

Results of Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
(dollars in thousands)				
Revenue				
Net sales—Westlake	\$ 364,273	\$ 247,887	\$ 1,020,042	\$ 708,646
Net co-products, ethylene and other sales—third parties	50,850	46,079	206,266	175,756
Total net sales	415,123	293,966	1,226,308	884,402
Cost of sales	324,629	218,038	947,073	589,746
Gross profit	90,494	75,928	279,235	294,656
Selling, general and administrative expenses	8,678	7,792	26,824	24,734
Income from operations	81,816	68,136	252,411	269,922
Other income (expense)				
Interest expense—Westlake	(3,645)	(2,190)	(8,703)	(6,650)
Other income, net	618	24	683	52
Income before income taxes	78,789	65,970	244,391	263,324
Income tax provision (benefit)	484	(105)	822	333
Net income	78,305	66,075	243,569	262,991
Less: Net income attributable to noncontrolling interest in OpCo	63,548	53,285	196,180	209,956
Net income attributable to Westlake Chemical Partners LP	\$ 14,757	\$ 12,790	\$ 47,389	\$ 53,035
MLP distributable cash flow ⁽¹⁾	\$ 16,734	\$ 12,977	\$ 55,609	\$ 54,760
EBITDA ⁽²⁾	\$ 111,825	\$ 94,746	\$ 344,776	\$ 352,804

(1) See "Reconciliation of MLP Distributable Cash Flow to Net Income and Net Cash Provided by Operating Activities" below.

(2) See "Reconciliation of EBITDA to Net Income, Income from Operations and Net Cash Provided by Operating Activities" below.

	Three Months Ended September 30, 2022		Nine Months Ended September 30, 2022	
	Average Sales Price	Volume	Average Sales Price	Volume
Product sales prices and volume percentage change from prior-year period	+24.5 %	+13.4 %	+28.4 %	+12.1 %
Domestic US prices percentage change from prior-year period for fuel cost and feedstock				
Fuel cost (Natural Gas)			+102.8 %	+107.1 %
Feedstock (Ethane)			+58.0 %	+81.7 %

Reconciliation of MLP Distributable Cash Flow to Net Income and Net Cash Provided by Operating Activities

The following table presents reconciliations of MLP distributable cash flow to net income and net cash provided by operating activities, the most directly comparable GAAP financial measures, for each of the periods indicated.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Net cash provided by operating activities	\$ 115,495	\$ 99,459	\$ 341,162	\$ 386,577
Loss from disposition of property, plant and equipment	(958)	(372)	(4,388)	(1,763)
Changes in operating assets and liabilities and other	(36,232)	(33,012)	(93,205)	(121,823)
Net income	78,305	66,075	243,569	262,991
Add:				
Depreciation, amortization and disposition of property, plant and equipment	30,349	26,958	96,070	84,590
Less:				
Contribution to turnaround reserves	(7,323)	(10,795)	(21,811)	(35,590)
Maintenance capital expenditures	(14,348)	(15,346)	(38,172)	(41,433)
Distributable cash flow attributable to noncontrolling interest in OpCo	(70,249)	(53,915)	(224,047)	(215,798)
MLP distributable cash flow	\$ 16,734	\$ 12,977	\$ 55,609	\$ 54,760

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

The following table presents reconciliations 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 September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(dollars in thousands)			
Net cash provided by operating activities	\$ 115,495	\$ 99,459	\$ 341,162	\$ 386,577
Loss from disposition of property, plant and equipment	(958)	(372)	(4,388)	(1,763)
Changes in operating assets and liabilities and other	(36,232)	(33,012)	(93,205)	(121,823)
Net income	78,305	66,075	243,569	262,991
Less:				
Other income, net	618	24	683	52
Interest expense	(3,645)	(2,190)	(8,703)	(6,650)
Income tax benefit (provision)	(484)	105	(822)	(333)
Income from operations	81,816	68,136	252,411	269,922
Add:				
Depreciation and amortization	29,391	26,586	91,682	82,830
Other income, net	618	24	683	52
EBITDA	\$ 111,825	\$ 94,746	\$ 344,776	\$ 352,804

Summary

For the quarter ended September 30, 2022, net income was \$78.3 million on net sales of \$415.1 million. This represents an increase in net income of \$12.2 million as compared to net income of \$66.1 million on net sales of \$294.0 million for the quarter ended September 30, 2021. Net income attributable to the Partnership for the third quarter of 2022 was \$14.8 million as compared to \$12.8 million for the third quarter of 2021, an increase of \$2.0 million. Income from operations was \$81.8 million for the third quarter of 2022 as compared to \$68.1 million for the third quarter of 2021. Net income, net income attributable to the Partnership and operating income for the third quarter of 2022 as compared to the third quarter of 2021 were higher primarily due to higher ethylene sales prices and volumes to Westlake per the terms of the Ethylene Sales Agreement, higher co-products sales prices and volumes, and a buyer deficiency fee of \$13.9 million recognized during the third quarter of 2022 resulting from lower planned ethylene offtake by Westlake, partially offset by higher ethane feedstock costs and natural gas prices. Net sales for the third quarter of 2022 increased by \$121.1 million as compared to net sales for the third quarter of 2021, mainly due to higher production during the third quarter of 2022 following the Petro 2 turnaround activities that occurred in the third quarter of 2021, resulting in higher sales volumes for co-products and ethylene sold to Westlake, higher ethylene sales prices to Westlake, and the \$13.9 million buyer deficiency fee recognized during the third quarter of 2022.

For the nine months ended September 30, 2022, net income was \$243.6 million on net sales of \$1,226.3 million. This represents a decrease in net income of \$19.4 million as compared to net income of \$263.0 million on net sales of \$884.4 million for the nine months ended September 30, 2021. Net income attributable to the Partnership for the nine months ended September 30, 2022 was \$47.4 million as compared to \$53.0 million for the nine months ended September 30, 2021, a decrease of \$5.6 million. Income from operations was \$252.4 million for the nine months ended September 30, 2022 as compared to \$269.9 million for the nine months ended September 30, 2021. Net income, net income attributable to the Partnership and operating income for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021 were lower primarily due to increased ethane feedstock costs and natural gas prices and lower ethylene sales prices and volumes to third parties, partially offset by higher ethylene sales prices and volumes to Westlake per the terms of the Ethylene Sales Agreement and higher co-products sales prices and volumes. A buyer deficiency fee of \$13.9 million was recognized in the nine months ended September 30, 2022 as compared to a buyer deficiency and Shortfall of \$21.5 million in the nine months ended September 30, 2021. Net sales for the nine months ended September 30, 2022 increased by \$341.9 million as compared to net sales for the nine months ended September 30, 2021, mainly due to higher co-products sales prices and volumes and higher ethylene sales prices and volumes to Westlake per the terms of the Ethylene Sales Agreement, partially offset by lower ethylene sales prices and volumes to third parties and the larger buyer deficiency fee and Shortfall recognized during the nine months ended September 30, 2021 as compared to the buyer deficiency fee recognized during the nine months ended September 30, 2022.

RESULTS OF OPERATIONS

Third Quarter 2022 Compared with Third Quarter 2021

Net Sales. Total net sales increased by \$121.1 million, or 41.2%, to \$415.1 million in the third quarter of 2022 from \$294.0 million in the third quarter of 2021. The increase in net sales in the third quarter of 2022 was primarily due to higher sales prices and volumes for ethylene sold to Westlake and co-products driven by increased production during the third quarter of 2022 compared to the third quarter of 2021 due to the Petro 2 turnaround activities that occurred in the third quarter of 2021 and the buyer deficiency fee recognized during the third quarter of 2022. The average sales price in the third quarter of 2022 increased by 24.5%, primarily due to higher ethylene sales prices to Westlake and co-products sales prices. The average sales volume in the third quarter of 2022 increased by 13.4%, primarily due to higher production resulting in increased sales volumes to Westlake and increased co-products sales volumes as compared to the third quarter of 2021.

Gross Profit. Gross profit increased to \$90.5 million in the third quarter of 2022 from \$75.9 million in the third quarter of 2021. The gross profit margin in the third quarter of 2022 was 21.8%, as compared to 25.8% for the third quarter of 2021. The increase in gross profit was primarily due to higher ethylene sales prices and volumes sold to Westlake and higher co-products sales prices and volumes in the third quarter of 2022 compared to the third quarter of 2021, partially offset by higher ethane feedstock costs and natural gas prices. The third quarter 2022 gross profit margin was lower than the third quarter of 2021 mainly due to higher ethane feedstock costs and natural gas prices, partially offset by higher sales prices and volumes for co-products and ethylene sold to Westlake in the third quarter of 2022.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by \$0.9 million, or 11.5%, to \$8.7 million in the third quarter of 2022 as compared to \$7.8 million in the third quarter of 2021. The increase in the third quarter of 2022 was mainly attributable to an increase in the provision for doubtful accounts as compared to the third quarter of 2021.

Interest Expense. Interest expense of \$3.6 million in the third quarter of 2022 increased from \$2.2 million in the third quarter 2021 due to a higher average interest rate on debt compared to the third quarter of 2021.

MLP Distributable Cash Flow. MLP distributable cash flow increased by \$3.7 million to \$16.7 million in the third quarter of 2022 from \$13.0 million in the third quarter of 2021. The increase in the third quarter of 2022, as compared to the prior-year period, was primarily attributable to increased earnings at OpCo, as well as decreased turnaround reserves and maintenance expense.

EBITDA. EBITDA increased by \$17.1 million to \$111.8 million in the third quarter of 2022 from \$94.7 million in the third quarter of 2021. The increase was primarily due to higher ethylene sales prices and volumes sold to Westlake, higher co-products sales prices and volumes and the buyer deficiency fee recognized during the third quarter of 2022, partially offset by higher ethane feedstock costs and natural gas prices.

Nine Months Ended September 30, 2022 Compared with Nine Months Ended September 30, 2021

Net Sales. Total net sales increased by \$341.9 million, or 38.7%, to \$1,226.3 million in the nine months ended September 30, 2022 from \$884.4 million in the nine months ended September 30, 2021. The increase in net sales in the nine months ended September 30, 2022 was primarily due to higher co-products sales prices and volumes and higher ethylene sales prices and volumes to Westlake, partially offset by lower ethylene sales prices and volumes to third parties. In addition, the buyer deficiency fee of \$13.9 million during the nine months ended September 30, 2022 was lower than the buyer deficiency fee and Shortfall of \$21.5 million recognized during the nine months ended September 30, 2021. The average sales price in the nine months ended September 30, 2022 increased by 28.4% compared to the nine months ended September 30, 2021, primarily due to higher co-products and ethylene sales prices to Westlake, partially offset by lower ethylene sales prices to third parties. The average sales volume increased by 12.1% in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. The increase in sales volumes for the nine months ended September 30, 2022 was primarily due to higher production resulting in increased co-products and ethylene sales volumes to Westlake, partially offset by lower ethylene sales volumes to third parties.

Gross Profit. Gross profit decreased to \$279.2 million for the nine months ended September 30, 2022 from \$294.7 million for the nine months ended September 30, 2021. The gross profit margin in the nine months ended September 30, 2022 was 22.8%, as compared to 33.3% for the nine months ended September 30, 2021. The nine months ended September 30, 2022 gross profit margin was lower mainly due to increased ethane feedstock costs and natural gas prices, lower third party ethylene sales prices and volumes and the larger buyer deficiency fee and Shortfall recognized during the nine months ended September 30, 2021, partially offset by higher sales prices and volumes for co-products and ethylene sold to Westlake compared to the nine months ended September 30, 2021.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by \$2.1 million, or 8.5%, to \$26.8 million in the nine months ended September 30, 2022 as compared to \$24.7 million in the nine months ended September 30, 2021. The increase in the nine months ended September 30, 2022 was mainly attributable to a higher provision for doubtful accounts, partially offset by a decrease in service costs as compared to the nine months ended September 30, 2021.

Interest Expense. Interest expense increased by \$2.0 million to \$8.7 million in the nine months ended September 30, 2022 from \$6.7 million in the nine months ended September 30, 2021, due to a higher average interest rate on debt.

MLP Distributable Cash Flow. MLP distributable cash flow increased by \$0.8 million to \$55.6 million in the nine months ended September 30, 2022 from \$54.8 million in the nine months ended September 30, 2021. The increase in the nine months ended September 30, 2022, as compared to the prior-year period, was primarily attributable to decreased turnaround reserves and maintenance expense, partially offset by lower earnings at OpCo.

EBITDA. EBITDA decreased by \$8.0 million to \$344.8 million in the nine months ended September 30, 2022 from \$352.8 million in the nine months ended September 30, 2021. The decrease, as compared to the prior-year period, was primarily due to higher ethane feedstock costs and natural gas prices for third party sales, lower ethylene sales prices and volumes to third parties, and the larger buyer deficiency fee and Shortfall recognized during the nine months ended September 30, 2021, partially offset by higher sales prices and volumes for co-products and ethylene sold to Westlake in the nine months ended September 30, 2022.

CASH FLOW DISCUSSION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

Operating Activities

Operating activities provided cash of \$341.2 million in the first nine months of 2022 compared to cash provided by operating activities of \$386.6 million in the first nine months of 2021. The \$45.4 million decrease in cash flows from operating activities was mainly due to a decrease in cash provided by working capital during the nine months ended September 30, 2022 as compared to the prior-year period. Changes in components of working capital, which we define for the purposes of this cash flow discussion as accounts receivable, net—Westlake, accounts receivable, net—third parties, inventories, prepaid expenses and other current assets less accounts payable—Westlake, accounts payable—third parties and accrued and other liabilities, provided cash of \$2.3 million in the first nine months of 2022 as compared to \$57.3 million of cash provided in the first nine months of 2021, resulting in an overall unfavorable change of \$55.0 million. The unfavorable change in working capital was mainly attributable to an unfavorable change in accounts payable and accrued and other liabilities due to the timing of payment of accruals related to the Petro 2 turnaround activities in 2021, as well as accounts receivable—third parties due to higher sales in the nine months ended September 30, 2022 since our Petro 2 turnaround in the second half of 2021. These changes were partially offset by a favorable change in accounts receivable—Westlake due to the collection of the 2021 buyer deficiency fee and a portion of the 2021 Shortfall during the first nine months of 2022.

Investing Activities

Net cash used for investing activities during the first nine months of 2022 was \$74.5 million as compared to net cash used for investing activities of \$111.4 million in the first nine months of 2021. The \$36.9 million decrease in net cash used for investing activities was mainly due to decreased net cash used under the Investment Management Agreement, partially offset by increased capital expenditures in the first nine months of 2022, as compared to the prior-year period. Capital expenditures during the first nine months of 2022 and 2021 were primarily related to projects to improve production capacity or reduce costs, maintenance and safety and environmental projects at our facilities.

Financing Activities

Net cash used for financing activities during the first nine months of 2022 was \$264.3 million as compared to net cash used for financing activities of \$273.7 million in the first nine months of 2021. The outflows during the first nine months of 2022 were related to distributions of \$214.5 million to Westlake and of \$49.8 million to other unitholders by the Partnership. The cash outflows during the first nine months of 2021 were related to distributions of \$223.9 million to Westlake and of \$49.8 million to other unitholders by the Partnership.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Financing Arrangements

Pursuant to the terms of the Equity Distribution Agreement, entered in October 2018 and amended in February 2020, among the Partnership and various investment banks, the Partnership may offer and sell the Partnership's common units from time to time to or through the investment banks, as the Partnership's sales agents or as principals, having an aggregate offering amount of up to \$50.0 million (the "ATM Program"). The Partnership intends to use the net proceeds of sales of the common units, if any, for general partnership purposes, including the funding of potential drop-downs and other acquisitions. No common units had been issued under the ATM Program as of September 30, 2022.

Based on the terms of our cash distribution policy, we expect that we will distribute to our partners most of the excess cash generated by our operations. To the extent we do not generate sufficient cash flow to fund capital expenditures, we expect to fund them primarily from external sources, including borrowing directly from Westlake, as well as future issuances of equity interests or debt.

The Partnership maintains separate bank accounts, but Westlake continues to provide treasury services on our behalf under the Services and Secondment Agreement. Our sources of liquidity include cash generated from operations, the OpCo Revolver, the MLP Revolver and, if necessary and possible under then current market conditions, the issuance of additional equity interests or debt. We believe that cash generated from these sources will be sufficient to meet our short-term working capital requirements and long-term capital expenditure requirements and to make quarterly cash distributions. Westlake may also provide other direct and indirect financing to us from time to time, although it is not obligated to do so.

In order to fund non-annual turnaround expenditures, we cause OpCo to reserve an amount for turnaround costs during each twelve-month period designed to cover future turnaround activities. Each of OpCo's ethylene production facilities requires turnaround maintenance approximately every five years. By reserving additional cash annually, we intend to reduce the variability in OpCo's cash flow. Westlake's purchase price for ethylene purchased under the Ethylene Sales Agreement includes a component (adjusted annually) designed to cover, over the long term, substantially all of OpCo's turnaround expenditures.

Westlake's credit facility and various indentures do not prevent OpCo from making distributions to us.

On October 31, 2022, the board of directors of Westlake Chemical Partners GP LLC, our general partner, approved a quarterly distribution of \$0.4714 per unit payable on November 28, 2022 to unitholders of record as of November 10, 2022, which equates to a total amount of approximately \$16.6 million per quarter, or approximately \$66.4 million per year in aggregate, based on the number of common units outstanding on September 30, 2022. We do not have a legal or contractual obligation to pay distributions on a quarterly basis or any other basis at our minimum quarterly distribution rate or any other rate.

Capital Expenditures

Westlake has historically funded expansion capital expenditures related to Lake Charles Olefins and Calvert City Olefins. Total capital expenditures for the nine months ended September 30, 2022 and 2021 were \$45.5 million and \$38.5 million, respectively. No such funding was required by OpCo during the nine months ended September 30, 2022 and 2021. We expect that Westlake will loan additional cash to OpCo to fund its expansion capital expenditures in the future, but Westlake is under no obligation to do so.

Cash and Cash Equivalents

As of September 30, 2022, our cash and cash equivalents totaled \$19.5 million. In addition, we have cash invested under the Investment Management Agreement (as described below) and a revolving credit facility with Westlake available to supplement cash if needed, as described under "Indebtedness" below.

In August 2017, the Partnership, OpCo and Westlake executed the Investment Management Agreement that authorized Westlake to invest the Partnership's and OpCo's excess cash with Westlake for a term of up to a maximum of nine months. Per the terms of the Investment Management Agreement, the Partnership earns a market return plus five basis points and Westlake provides daily availability of the invested cash to meet any liquidity needs of the Partnership or OpCo. The Partnership had \$135.9 million of cash invested under the Investment Management Agreement at September 30, 2022.

Indebtedness

OpCo Revolver

In connection with the IPO, OpCo entered into a \$600.0 million revolving credit facility with an affiliate of Westlake, as amended in June 2017, September 2018, March 2020 and July 2022 (the "OpCo Revolver") that may be used to fund growth projects and working capital needs. The OpCo Revolver is scheduled to mature on July 12, 2027. 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 the Secured Overnight Financing Rate, as administered by the Federal Reserve Bank of New York ("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%. As of September 30, 2022, outstanding borrowings under the OpCo Revolver totaled \$22.6 million and bore interest at SOFR plus the Applicable Margin and credit spread adjustment, which is accrued in arrears quarterly.

MLP Revolver

In 2015, we entered into a senior, unsecured revolving credit agreement with an affiliate of Westlake, as amended in August and November 2017, March 2020 and July 2022 (the "MLP Revolver"). The MLP Revolver has a borrowing capacity of \$600.0 million and is scheduled to mature on July 12, 2027. On July 12, 2022, the Partnership 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 the 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. The MLP Revolver provides that we may pay all or a portion of the interest on any borrowings in kind, in which case any such amounts would be added to the principal amount of the loan. The MLP Revolver requires that we maintain a consolidated leverage ratio of either (1) during any one-year period following certain types of acquisitions (including acquisitions of additional interests in OpCo), 5.50:1.0 or less, or (2) during any other period, 4.50:1.00 or less. The MLP Revolver also contains certain other customary covenants. The repayment of borrowings under the MLP Revolver is subject to acceleration upon the occurrence of an event of default. As of September 30, 2022, outstanding borrowings under the MLP Revolver totaled \$377.1 million and bore interest at SOFR plus the Applicable Margin and credit spread adjustment, which is accrued in arrears quarterly. We intend to use the MLP Revolver to purchase additional limited partnership interests in OpCo in the future, in the event OpCo desires to sell such additional interests to us, for other acquisitions and for general corporate purposes.

Off-Balance Sheet Arrangements

None.

FORWARD-LOOKING STATEMENTS

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," "expects," "will" 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 amount of ethane that we are able to process, which could be adversely affected by, among other things, operating difficulties;
- the volume of ethylene that we are able to sell;
- the price at which we are able to sell ethylene;
- industry market outlook, including prices and margins in third-party ethylene and co-products sales;
- widespread outbreak of an illness or any other communicable disease, or any other public health crisis, including the coronavirus ("COVID-19") pandemic and efforts to contain its transmission;
- our plans and Westlake's plans to respond to the challenges presented by the COVID-19 pandemic;
- the impact of ongoing supply chain constraints and workforce availability caused by the COVID-19 pandemic and the conflict between Russia and Ukraine;
- the parties to whom we will sell ethylene and on what basis;
- volumes of ethylene that Westlake may purchase, in addition to the minimum commitment under the Ethylene Sales Agreement;
- timing, funding and results of capital expenditures;
- our intended quarterly distributions and the manner of making such distributions;
- our ability to meet our liquidity needs;
- timing of and amount of capital expenditures;
- our At-the-Market program and the use of any net proceeds from any sales under that program;
- our and OpCo's ability to extend our credit agreements with Westlake;
- potential loans from Westlake to OpCo to fund OpCo's expansion capital expenditures in the future;
- expected mitigation of exposure to commodity price fluctuations;
- turnaround activities and the variability of OpCo's cash flow;
- receipt of any buyer deficiency fee and Shortfall under the Ethylene Sales Agreement;
- 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;
- our ability to receive indemnification from Westlake for environmental and other losses; and
- effects of pending legal proceedings.

We have based these statements on assumptions and analysis 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. These statements are subject to a number of assumptions, risks and uncertainties, including those described under "Risk Factors" in the 2021 Form 10-K and the following:

- general economic and business conditions, including inflation, interest rates and recession;
- the cyclical nature of the chemical industry;
- the availability, cost and volatility of raw materials and energy;
- lower crude oil prices reducing the cost advantage of ethane-based ethylene producers;
- uncertainties associated with the United States and worldwide economies, including those due to political tensions and unrest in the Middle East and elsewhere, including the conflict between Russia and Ukraine;
- uncertainties associated with pandemic infectious diseases, particularly COVID-19;
- uncertainties associated with climate change;
- the potential impact on demand for ethylene due to initiatives such as recycling and customers seeking alternatives to polymers;
- current and potential governmental regulatory actions in the United States and regulatory actions and political unrest in other countries, including environmental regulations;
- 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;
- technological developments;
- information systems failures and cyberattacks;
- our ability to integrate acquired businesses;
- foreign currency exchange risks;
- our ability to implement our business strategies; and
- creditworthiness of our customers.

Many of these 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 the Partnership's products and raw materials are commodities whose prices fluctuate as market supply and demand fundamentals change. However, our direct exposure to commodity price risk is limited to approximately 5.0% of our total ethylene production, which is the portion sold to third parties. We believe we have substantially mitigated our indirect exposure to commodity price fluctuation during the term of the Ethylene Sales Agreement through the minimum purchase commitment and the cost-plus based pricing. Additionally, we may use derivative instruments to reduce price volatility risk on feedstocks and ethylene associated with the production and sales to third parties. We did not have any open derivative position at September 30, 2022.

Interest Rate Risk

We are exposed to interest rate risk with respect to our outstanding debt, all of which is variable rate debt. At September 30, 2022, we had total variable rate debt of \$399.7 million outstanding, all of which was owed to wholly-owned subsidiaries of Westlake. On July 12, 2022, OpCo entered into the OpCo Revolver Amendment. The OpCo Revolver Amendment, among other things, 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%. On July 12, 2022, the Partnership entered into the MLP Revolver Amendment. The MLP Revolver Amendment, among other things, 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. The weighted average variable interest rate of our debt as of September 30, 2022 was 3.4%. We will continue to be subject to interest rate risk with respect to our variable rate debt as well as the risk of higher interest cost if and when this debt is refinanced. A hypothetical increase in our average interest rate on variable rate debt by 100 basis points would increase our annual interest expense by approximately \$4.0 million, of which \$3.8 million would relate to the MLP Revolver and \$0.2 million would relate to the OpCo Revolver, based on the September 30, 2022 debt balance.

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 amended (the "Exchange Act"), 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 September 30, 2022 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 2021 Form 10-K, filed on March 2, 2022, contained a description of various legal proceedings in which we are involved, including environmental proceedings. See below and Note 12 to the unaudited consolidated financial statements within this Quarterly Report on Form 10-Q for a discussion on legal proceedings, which information is incorporated by reference herein.

Under the Omnibus Agreement, Westlake Corporation ("Westlake") has agreed to indemnify the Partnership for certain environmental and other liabilities relating to OpCo's processing facilities and related assets that occurred or existed prior to August 4, 2014.

Potential Flare Modifications. For several years, the Environmental Protection Agency ("EPA") has been conducting an enforcement initiative against petroleum refineries and petrochemical plants with respect to emissions from flares. On April 21, 2014, Westlake received a Clean Air Act Section 114 Information Request from the EPA, which sought information regarding flares at the Calvert City and Lake Charles facilities. The EPA notified Westlake that it believes that some of the flares are out of compliance with applicable standards. In June 2022, the Department of Justice announced that Westlake, the EPA and state environmental agencies had reached agreement on a consent decree resolving this matter. The consent decree requires Westlake to install flare gas recovery units, implement fence line monitoring, install and operate flare monitoring and control equipment to meet certain performance standards, and pay a penalty of \$1 million. Implementation of the requirements under the decree is estimated to cost approximately \$110 million, which includes capital expenditures associated with installation of the flare gas recovery units we are required to install at our Calvert City and Lake Charles facilities. The capital expenditures and other costs required to comply with the consent decree have either been incurred in 2021 or will be incurred over the course of 2022 and 2023. The 30-day federal public comment period for the consent decree has concluded, as well as the public comment period for the states. When the court enters the consent decree, it will become effective. As discussed above, Westlake is expected to fully indemnify us for such costs.

Flash Fire at Petro 2. There are lawsuits pending in connection with the flash fire at the quench tower that occurred in September 2021 during the Petro 2 turnaround, which are described in Note 12 to the consolidated financial statements included in Item 1 of this Form 10-Q. We expect insurance to cover most of the costs associated with these lawsuits.

In addition to the matters described above, the Partnership is also involved in other legal proceedings incidental to the conduct of its business. The Partnership does not believe that any of these legal proceedings will have a material adverse effect on its 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 2021 Form 10-K. There have been no material changes from those risk factors.

Item 6. Exhibits

<u>Exhibit No.</u>	<u>Exhibit</u>
3.1	Certificate of Limited Partnership of Westlake Chemical Partners LP (incorporated by reference to Exhibit 3.1 to Westlake Chemical Partners LP's Registration Statement on Form S-1 (File No. 333-195551), filed on April 29, 2014).
3.2	First Amended and Restated Agreement of Limited Partnership of Westlake Chemical Partners LP (incorporated by reference to Exhibit 3.1 to Westlake Chemical Partners LP's Current Report on Form 8-K (File No. 001-36567) filed on August 8, 2014).
3.3	Amendment No. 1 to the First Amended and Restated Agreement of Limited Partnership of Westlake Chemical Partners LP dated as of November 16, 2017 (incorporated by Reference to Exhibit 3.1 to Westlake Chemical Partners LP's Current Report on Form 8-K, filed on November 16, 2017, File No. 01-36567).
3.4	Amendment No. 2 to the First Amended and Restated Agreement of Limited Partnership of Westlake Chemical Partners LP (incorporated by reference to Exhibit 3.1 to Westlake Chemical Partners LP's Current Report on Form 8-K filed on July 30, 2018 (File No. 01-36567)).
3.5	Amended and Restated Limited Partnership Agreement of Westlake Chemical OpCo LP (incorporated by reference to Exhibit 10.7 to Westlake Chemical Partners LP's Current Report on Form 8-K (File No. 001-36567) filed on August 8, 2014).
3.6	Amendment No. 1 to the First Amended and Restated Agreement of Limited Partnership of Westlake Chemical OpCo LP dated as of December 1, 2017 (File No. 01-36567) (incorporated by reference to Exhibit 3.4 to Westlake Chemical Partners LP's Annual Report on Form 10-K for the year ended December 31, 2017 (File No. 01-36567) filed on March 1, 2018).
10.1	Amendment No. 2 to the Amended And Restated Senior Unsecured Revolving Credit Agreement of Westlake Chemical OpCo LP (incorporated by reference to Exhibit 10.1 to Westlake Chemical Partners LP's Current Report on Form 8-K (File No. 001-36567) filed on July 15, 2022).
10.2	Amendment No. 4 to the Senior Unsecured Revolving Credit Agreement of Westlake Chemical Partners LP (incorporated by reference to Exhibit 10.2 to Westlake Chemical Partners LP's Current Report on Form 8-K (File No. 001-36567) filed on July 15, 2022).
31.1†	Rule 13a – 14(a) / 15d – 14(a) Certification (Principal Executive Officer)
31.2†	Rule 13a – 14(a) / 15d – 14(a) Certification (Principal Financial Officer)
32.1#	Section 1350 Certification (Principal Executive Officer and Principal Financial Officer)
101.INS†	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†	XBRL Taxonomy Extension Schema Document
101.CAL†	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF†	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB†	XBRL Taxonomy Extension Label Linkbase Document
101.PRE†	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.

† Filed herewith.

Furnished herewith.

CERTIFICATIONS

I, Albert Chao, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Westlake Chemical Partners LP (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: November 3, 2022

/s/ ALBERT CHAO

Albert Chao

President, Chief Executive Officer and Director of
Westlake Chemical Partners GP LLC
(Principal Executive Officer)

CERTIFICATIONS

I, M. Steven Bender, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Westlake Chemical Partners LP (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: November 3, 2022

/s/ M. STEVEN BENDER

M. Steven Bender

**Executive Vice President, Chief Financial Officer and Director of
Westlake Chemical Partners GP LLC
(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 Chemical Partners LP (the "Partnership") on Form 10-Q for the fiscal quarter ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Albert Chao, President, Chief Executive Officer and Director of the Partnership, and I, M. Steven Bender, Senior Vice President, Chief Financial Officer and Director of the Partnership, 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 Partnership.

Date: November 3, 2022

/s/ ALBERT CHAO

Albert Chao
President, Chief Executive Officer and Director of
Westlake Chemical Partners GP LLC
(Principal Executive Officer)

Date: November 3, 2022

/s/ M. STEVEN BENDER

M. Steven Bender
Executive Vice President, Chief Financial Officer and
Director of Westlake Chemical Partners GP LLC
(Principal Financial Officer)