DOWFRIENDS Newsletter

Message from our Chair and CEO

"Our colleagues are shaping a more sustainable future in collaboration with our customers, value chain partners, communities and many stakeholders. Together, we are building a stronger company with competitive advantages and a more resilient world."

- *Jim Fitterling*

Learn More

Coming soon: Great Lakes Bay Region Dow Retiree United Way Campaign

Dow releases 2023 INtersections Report, outlining progress toward its sustainability commitments

This marks the 20th year of voluntary sustainability reporting from the Company, including comprehensive disclosures in accordance with leading standards and frameworks for accountability and transparency.

Learn More

Dow reports second quarter results

FINANCIAL HIGHLIGHTS

- GAAP earnings per share was $0.62; operating earnings per share (EPS)[1] was $0.68, compared to $0.75 in the year-ago period and $0.56 in the prior quarter. Operating EPS excludes significant items in the quarter related to restructuring and efficiency costs totaling $0.06 per share.
- Net sales were $10.9 billion, down 4% versus the year-ago period. Sales were up 1% sequentially, driven by gains in Performance Materials & Coatings and Packaging & Specialty Plastics.
- Volume increased 1% versus the year-ago period, with gains led by the U.S. & Canada. Sequentially, volume increased 1%, with gains in all regions except Asia Pacific, which was flat. Excluding Hydrocarbons & Energy, volume increased 4% year-over-year and 2% sequentially.
- Local price decreased 4% year-over-year. Sequentially, local price increased 1%, led by gains in Europe, the Middle East, Africa and India (EMEAI).
- Currency decreased net sales by 1% both year-over-year and sequentially.
- Equity earnings were $26 million, an $83 million improvement compared to the year-ago period, driven by gains at the Kuwait and Sadara joint ventures. Sequentially, equity earnings were up $9 million.
- GAAP net income was $458 million. Operating EBIT1 was $819 million, down $66 million year-over-year, primarily driven by lower integrated margins and higher planned maintenance activity, which were partly offset by improved equity earnings. Sequentially, Op. EBIT was up $145 million, reflecting gains in Performance Materials & Coatings and Packaging & Specialty Plastics.
- Cash provided by operating activities – continuing operations was $832 million, down $515 million year-over-year and up $372 million compared to the prior quarter due to stronger cash flow conversion1 and a release of working capital.
- Returns to shareholders totaled $691 million in the quarter, including $491 million in dividends and $200 million in share repurchases.

SUMMARY FINANCIAL RESULTS

	Three Months Ended Jun 30			Three Months Ended Mar 31	
In millions, except per share amounts	2Q24	2Q23	vs. SQLY [B / (W)]	1Q24	vs. PQ [B / (W)]
Net Sales	$10,915	$11,420	$(505)	$10,765	$150
GAAP Income, Net of Tax	$458	$501	$(43)	$538	$(80)
Operating EBIT[1]	$819	$885	$(66)	$674	$145
Operating EBIT Margin[1]	*7.5%*	*7.7%*	*(20) bps*	*6.3%*	*120 bps*
Operating EBITDA[1]	$1,501	$1,534	$(33)	$1,394	$107
GAAP Earnings Per Share	$0.62	$0.68	$(0.06)	$0.73	$(0.11)
Operating Earnings Per Share[1]	$0.68	$0.75	$(0.07)	$0.56	$0.12
Cash Provided by Operating Activities – Cont. Ops	$832	$1,347	$(515)	$460	$372

CEO QUOTE

Jim Fitterling, chair and chief executive officer, commented on the quarter:

"In the second quarter, Team Dow delivered sequential earnings improvement and our third consecutive quarter of year-over-year volume growth," said Fitterling. "The pace of the global macroeconomic recovery has been slower than expected. We remain focused on working capital, reducing costs, and matching our operating rates to current demand. We're innovating with our customers, which was evident in the quarter as we captured growing demand in packaging, electronics, and home & personal care. With a continued focus on cash generation, we delivered cash flow from operations of $832 million and free cash flow of $109 million. This enabled us to return $691 million to shareholders while progressing our higher-return growth investments."

SEGMENT HIGHLIGHTS

Packaging & Specialty Plastics

	Three Months Ended Jun 30			Three Months Ended Mar 31	
In millions, except margin percentages	2Q24	2Q23	vs. SQLY [B / (W)]	1Q24	vs. PQ [B / (W)]
Net Sales	$5,515	$5,940	$(425)	$5,430	$85
Operating EBIT	$703	$918	$(215)	$605	$98
Operating EBIT Margin	*12.7%*	*15.5%*	*(280) bps*	*11.1%*	*160 bps*
Equity Earnings	$55	$19	$36	$25	$30

Packaging & Specialty Plastics segment net sales in the quarter were $5.5 billion, down 7% versus the year-ago period. Local price decreased 4% year-over-year, due to lower downstream polymer prices primarily in Asia Pacific. Currency was flat. Volume decreased 3% year-over-year, driven by lower merchant hydrocarbon sales, partly offset by higher demand for functional polymers and polyethylene. On a sequential basis, net sales increased by 2%, led by gains in EMEAI.

Equity earnings were $55 million, an increase of $36 million compared to the prior year, led by gains at our principal joint ventures, including Sadara which had planned maintenance turnaround activity in the prior year. Sequentially, equity earnings were up $30 million, driven by gains at our non-principal joint ventures.

Operating EBIT was $703 million, a decrease of $215 million compared to the year-ago period, driven by lower integrated margins, higher planned maintenance activity, and lower non-recurring licensing sales. Sequentially, Op. EBIT increased by $98 million, primarily due to higher integrated margins.

Packaging and Specialty Plastics business reported a net sales decline versus the year-ago period as higher demand for industrial, consumer, and flexible food packaging was more than offset by lower prices, primarily in infrastructure and mobility end-markets, and lower non-recurring licensing sales. Sequentially, net sales increased, led by higher polyethylene sales in the U.S. & Canada, EMEAI, and Latin America.

Hydrocarbons & Energy business reported a net sales decline compared to the year-ago period, driven by lower merchant olefin and aromatic sales primarily due to lighter feedslate cracking in EMEAI. Sequentially, net sales decreased slightly due to lower third-party power and steam sales in the U.S. & Canada.

Industrial Intermediates & Infrastructure

	Three Months Ended Jun 30			Three Months Ended Mar 31	
In millions, except margin percentages	**2Q24**	**2Q23**	**vs. SQLY [B / (W)]**	**1Q24**	**vs. PQ [B / (W)]**
Net Sales	$2,951	$3,177	$(226)	$3,008	$(57)
Operating EBIT	$7	$(35)	$42	$87	$(80)
Operating EBIT Margin	*0.2%*	*(1.1)%*	*130 bps*	*2.9%*	*(270) bps*
Equity Losses	$(31)	$(83)	$52	$(15)	$(16)

Industrial Intermediates & Infrastructure segment net sales were $3 billion, down 7% versus the year-ago period. Local price declined 7% year-over-year. Currency decreased net sales by 1%. Volume was up 1% year-over-year, driven by gains in Polyurethanes & Construction Chemicals. On a sequential basis, net sales decreased 2% as volume gains in Industrial Solutions were more than offset by lower volumes in Polyurethanes & Construction Chemicals, primarily in the U.S. & Canada, including the impact of a third-party supplier outage.

Equity losses for the segment were $31 million, an improvement of $52 million versus the year-ago period, driven by improved MEG margins at the Kuwait joint ventures. Equity losses in the prior quarter were $15 million. Sequentially, the earnings decline was primarily driven by lower prices and volumes at Sadara.

Operating EBIT was $7 million, an improvement of $42 million versus the year-ago period, driven by improved equity earnings, partly offset by lower integrated margins. On a sequential basis, operating EBIT decreased $80 million, driven by higher planned maintenance activity and equity losses, as well as lower volumes.

Polyurethanes & Construction Chemicals business reported a net sales decrease compared to the year-ago period, driven by local price declines, which were partly offset by volume gains in EMEAI, led by building & construction. Sequentially, net sales decreased as price gains in all geographic regions except Latin America were more than offset by lower volumes in the U.S. & Canada, including the impact of a third-party supplier outage.

Industrial Solutions business reported a decrease in net sales compared to the year-ago period, driven by local price declines and the impact of an outage at Louisiana Operations, which successfully restarted at the end of June. Sequentially, net sales increased, led by volume gains in Asia Pacific and local price gains in EMEAI and Latin America.

Performance Materials & Coatings

	Three Months Ended Jun 30			Three Months Ended Mar 31	
In millions, except margin percentages	2Q24	2Q23	vs. SQLY [B / (W)]	1Q24	vs. PQ [B / (W)]
Net Sales	$2,243	$2,197	$46	$2,152	$91
Operating EBIT	$146	$66	$80	$41	$105
Operating EBIT Margin	*6.5%*	*3.0%*	*350 bps*	*1.9%*	*460 bps*
Equity Earnings	$2	$6	$(4)	$6	$(4)

Performance Materials & Coatings segment net sales in the quarter were $2.2 billion, up 2% versus the year-ago period. Local price decreased 4% year-over-year, with declines in both businesses. Currency decreased net sales by 1%. Volume was up 7% year-over-year, driven by gains in both businesses and all geographic regions. On a sequential basis, net sales were up 4%, driven by higher volumes in both businesses, primarily in the U.S. & Canada and Asia Pacific.

Operating EBIT was $146 million, an improvement of $80 million compared to the year-ago period, driven by broad-based business and geographic volume growth. Sequentially, Op. EBIT increased $105 million, driven by volume gains in both businesses and lower planned maintenance activity.

Consumer Solutions business reported a decrease in net sales versus the year-ago period, as higher volumes in all geographic regions and most end-markets, including home & personal care and consumer electronics, were more than offset by lower prices. Sequentially, net sales increased, driven by volume gains across all end-markets as well as price gains in the U.S. & Canada and EMEAI, which were partly offset by lower prices in Asia Pacific.

Coatings & Performance Monomers business reported an increase in net sales compared to the year-ago period, driven by volume gains in all geographic regions, which were partly offset by lower prices. Sequentially, net sales increased, driven by seasonally higher demand for pavement markings and architectural coatings.

OUTLOOK

“As we look to the second half of the year, Team Dow is focused on continuing to deliver sequential earnings improvements while navigating through the slower macro environment we remain in,” said Fitterling. “While nearterm demand in many markets that we serve is growing, building & construction and consumer durables are unlikely to significantly change in 2024. We will continue driving higher sales through our innovation portfolio and diverse product mix. And, through leveraging our global scale, strategically advantaged cost positions, and counter-cyclical growth investments, we remain on track to enable higher earnings and shareholder returns.”

Link to online article

Three Dow laminating adhesives earn recognition from the Association of Plastics Recyclers

- ***APR Recognizes Dow’s Innovative Adhesive Systems for Polyethylene Film Recycling.***
- ***With these three new additions, eight Dow products have achieved APR Design® Critical Guidance Recognition.***

Dow announced that three different adhesives systems, when used in conjunction with PE film packaging, have received formal recognition from the Association of Plastic Recyclers (APR) for polyethylene film recycling.

PACACEL™ L75-200 and PACACEL™ L-75-191 Solventless Adhesives and ADCOTE™ 536A Solvent-Borne Adhesive join the ever-growing list of Dow products to already achieve APR Design Critical Guidance Recognition, a globally recognized standard for evaluating recyclability in plastic packaging design, awarded to companies that successfully address sustainability challenges in packaging.

- PACACEL™ L75-200 Solventless Adhesive is the reactive component of a two-component solventless laminating adhesive used for flexible packaging laminates.
- PACACEL™ L-75-191 Solventless Adhesive is a two-component, solvent-free, polyurethane adhesive system designed to offer fast cure, high run speeds with excellent appearance. It is suitable for laminating polyester, polyethylene, and other packaging polyolefin films as well as metallized films.
- ADCOTE™ 536A Solvent-Borne Adhesive is a solvent-borne adhesive system designed for laminating aluminum foil and a variety of polyester, polyolefin, and coextruded films typically used in food, medical, and industrial packaging applications.

“The APR’s formal recognition of these adhesive systems underscores Dow’s commitment to advancing the circular economy,” said Heather Jimkoski, global business director for laminating adhesives, Dow. “Our customers shouldn’t have to sacrifice quality for circular materials, and we are prioritizing innovation to ensure they don’t have to.”

Recyclable materials are in high demand from consumers and sharp focus from policymakers. Dow designed PACACEL™ L75-200 and PACACEL™ L-75-191 Solventless Adhesives and ADCOTE™ 536A Solvent-Borne Adhesive to address these demands to expand the possibilities of label performance and circularity. The two PACACEL™ Adhesive products are the first solventless systems from Dow to receive APR recognition, while ADCOTE™ Adhesive is the only solvent-based system of its kind to have achieved APR Design Critical Guidance Recognition.

“As we see the demand for more sustainable products on the rise, we do not see any wavering of demand for high quality and performance,” continues Jimkoski. “This means solutions must be designed both for recyclability and to exceed consumers’ performance expectations. Industry experts must come together to help manufacturers, converters and brand owners deliver, while laying the foundation for a circular future for plastics.”

Dow previously announced an agreement to sell its flexible packaging laminating adhesives business to Arkema, a leader in specialty materials. The transaction is expected to close by the end of 2024, subject to regulatory approval.

Dow believes a collaborative approach is key to realizing a circular economy and works with companies throughout the value chain to reimagine packaging—including films, labels, adhesives and more. Dow and its customers test and optimize packaging and label technologies designed for recyclability to improve the circular economy for plastics.

Link to online article

Dow recognized on ‘Disability Equality Index’ for 8th consecutive year

Dow has received a top score on the Disability Equality Index® and is recognized as one of the “2024 Best Places to Work for Disability Inclusion.” This is the eighth consecutive year Dow has received this recognition. The index is the world’s most comprehensive benchmarking tool for the Fortune 1000 scope companies to measure disability workplace inclusion inside their organizations and assess performance across industry sectors.

Now in its tenth year, the Disability Equality Index was created by a diverse group of business leaders, policy experts, and disability advocates, in partnership with Disability:IN and The American Association of People with Disabilities (AAPD), to help businesses make a positive impact on the unemployment/underemployment of people with disabilities. Today the index is acknowledged as the most robust disability inclusion assessment tool in business.

In 2024, 542 corporations, including 71 Fortune 100 and 220 Fortune 500 utilized the Disability Equality Index to benchmark their disability inclusion efforts.

"We are humbled to once again be recognized as a top performer on the Disability Equality Index" said John Sampson, executive sponsor for Dow's Disability Employee Network and senior vice president of operations, manufacturing and engineering. "This recognition shows Dow's commitment to an inclusive culture where individuals of every ability contribute, and where collectively all employees drive value. At Dow, we firmly believe that people with disabilities are an invaluable pool of talent that help move the Company forward."

Dow recognizes that its employees are the driving force behind its advancement, value creation, and commitment to stakeholders. Globally, people with disabilities represent over one billion people. Disability is a natural part of the human experience, and it crosses lines of age, ethnicity, gender, gender identity, race, sexual orientation, socioeconomic status, and religion. That is why in addition to Dow's inclusive policies and programs, the Company offers an employee resource group, the Disability Employee Network (DEN), with its purpose to drive inclusion, equitable opportunity, and accessibility so that individuals of every ability can thrive.

Visit Dow's website for additional information on the Company's commitment to inclusion and diversity and to explore the Company's 2023 INtersections Progress Report.

About the Disability Equality Index®

The Disability Equality Index has become the leading independent, third-party resource for the annual benchmarking of corporate disability inclusion policies and programs and is now trusted by more than 70% of the United States Fortune 100 and nearly half of the Fortune 500. Such companies must increasingly consider how emerging global reporting directives and stakeholder expectations surrounding social and corporate governance factors impact their operational, cultural, reputational, and financial performance.

The Disability Equality Index is an objective, reflective, forward-thinking, and confidential disability rating tool designed to assist business in advancing inclusion practices. It is a comprehensive benchmark that helps companies build a roadmap of measurable, tangible actions across five scored categories: Culture & Leadership, Enterprise-Wide Access, Employment Practices, Community Engagement, and Supplier Diversity. Participating companies receive a score, on a scale of zero (0) to 100, with those scoring 80 or higher earning the distinction of “Best Places to Work for Disability Inclusion” for the benchmark year.

Findings from a two-year Global Disability Equality Index pilot informed the launch of a scored benchmark that opened in 2024 to seven new countries in addition to the United States. These include: Brazil, Canada, Germany, India, Japan, the Philippines, and the United Kingdom. Now in its 10th year, the Disability Equality Index has grown nearly 7x since 2015, expanding from 80 companies in its first year to 542 in 2024. Collectively, the 2024 edition received 753 submissions spanning the eight benchmarked countries.

Link to online article

Dow advances its mechanical recycling offering by agreeing to acquire Circulus, a North American polyethylene recycler

- *Acquisition of Circulus will add capacity of 50,000 metric tons of recycled materials annually to advance progress towards Dow’s 2030 Transform the Waste goal*

Dow announced it has signed an agreement to acquire Circulus, a leading recycler of plastic waste into post-consumer resin (PCR). This transaction includes two facilities, one in Ardmore, Oklahoma, and another in Arab, Alabama, with a total capacity of 50,000 metric tons per year. Dow expects the transaction to close in the third quarter of 2024, subject to customary regulatory approval.

"This acquisition will allow Dow to combine our Company's industry leading materials science technology with Circulus' film recycling expertise to accelerate progress towards our 2030 Transform the Waste goal," said **Karen S. Carter**, president, Packaging & Specialty Plastics. "It will also expand how we participate in the industry, allowing us to generate value for our customers by directly producing more higher performing circular products that brands and consumers are demanding."

Dow's expertise in materials science and high-performance resins combined with Circulus' mechanical film recycling capability will allow Dow to enhance its offerings in applications, such as collation shrink packaging, stretch film, liners and select food packaging, to a wider range of applications in the industrial, consumer, and transportation markets.

"The Circulus team is excited to move forward with Dow in advancing a circular economy. Circulus leverages the best technology available to advance the recycling of plastic packaging waste," said **Mike Dulin**, CEO, Circulus. "Our leadership team brings more than 65 years of combined experience in the recycling and plastics industries, resulting in high quality and sustainably produced resins, suitable for upcycled applications."

This transaction supports Dow's efforts, announced earlier, to transform plastic waste and other forms of alternative feedstocks into 3 million metric tons of circular and renewable solutions annually by 2030. To do this, Dow is building industrial ecosystems to collect, reuse or recycle waste and expand its portfolio to meet rapidly growing demand.

Link to online article

Pioneering pickleball performance with Wilson

“Dow offers extensive material options and strong R&D capabilities, meaning we get the opportunity to try out several solutions to make our racket sports gear even better. This sort of testing flexibility allows our teams to streamline innovation – it helped us successfully cross-develop player-preferred pickleballs and tennis balls.”

– Chloe Lee, Advanced Materials Engineer at Wilson Sporting Goods

Pickleball is often described as a hybrid of tennis, badminton and ping pong, and is celebrated for its enjoyable gameplay, ease of learning and accessibility. Despite being invented in the 1960s, it’s now the fastest-growing sport in the United States — according to the Sports & Fitness Industry Association (SFIA), participation has grown by more than 158.6% since 2021. This unprecedented growth was onset by the COVID-19 pandemic, as the racket sport offered a safe yet social exercise, requiring only a court, paddle and ball.

Wilson Sporting Goods was ahead of the craze and began to ideate its first pickleball design in 2018. Around that same time, they had enlisted Dow’s materials science expertise and R&D capabilities to help create a more sustainable tennis ball. Despite player satisfaction stalling innovation for over 50 years, Wilson saw an opportunity: traditional non-recyclable, pressurized cans helped tennis balls maintain bounce but contributed to environmental waste. Our teams worked hand-in-hand to ultimately develop the Triniti tennis ball, integrated with Dow plastomer technologies to help offer a lively bounce, consistent performance and durability without pressurized packaging.

Building on our successful tennis ball collaboration — and shared commitment to advancing performance and sustainability in sporting goods — our teams shifted gears to tackle optimizing the ball for the fastest-growing sport.

THE CHALLENGE

Producing Pickleballs that Push the Limits of Playability

By the time the Triniti ball launched, Wilson had also released its first pickleball design: the TRU 32. It was a rough-to-the-touch injection-molded pickleball, comprising of an innovative proprietary formula. With an equally distributed 32-hole pattern, it offered improved flight stability when compared to traditional 40-hole options. Now that Wilson had this initial design nailed down, they were ready to elevate it for professional-grade performance, and knew Dow could help.

Our teams embarked on a mission to optimize the TRU 32, exploring the benefits of various Dow materials to develop a design and composition that would offer superior consistency, durability and speed. Leveraging our learnings from the Triniti ball, we collaborated on a multitude of prototypes until we landed on a next-level pickleball.

THE SOLUTION

Serving Up Player-Preferred Pickleballs

Integrated with Dow elastomer technologies, the TRU 32 Pro delivers the same dependable consistency as TRU 32 but with enhanced speed and liveliness, making it ideal for advanced competitive gameplay. Its patented hole pattern creates consistent flight and bounce characteristics that complement the fast, responsive nature of its composition. Manufactured in the USA with imported components, the ball is USA Pickleball approved for outdoor competitive play and introduced new levels of pickleball performance. Building on this design, our teams also recently collaborated on a version specifically for indoor play — the TRU 32 Indoor ball.

Setting New Standards in Racket Sport Technology

The collaborations between Dow and Wilson exemplify the power of partnership in advancing innovation and sustainability. By leveraging our combined expertise and passion for advancing sport, we've tackled key issues in racket sport balls such as durability and performance, creating breakthrough products like the Triniti tennis balls and TRU 32 Pro pickleball that enhance game play for everyday players and professionals alike. Our innovative designs mark significant progress in performance and sustainability, and we anticipate many more to come. Together, we're not just meeting the standards in the world of sporting goods — we're setting them.

Learn more about Dow technologies in tennis
Learn more about Dow's collaborations in sports

Link to online article

Dow and Fiori Group sign MoU to develop sustainable solutions for circularity in the mobility market

This partnership allows both companies to work together along the European value chain, enlarging ecosystems to recycle materials obtained from end-of-life vehicles

Dow and Fiori Group, a company that collects, stores and processes ferrous and non-ferrous materials, today announced the signing of a memorandum of understanding (MoU) to collaborate in the development of a new ecosystem for recycling end-of-life (EOL) parts and materials of vehicles.

The MoU addresses both companies' intent to handle analysis of the dismantling process and its impact on EOL waste fraction quality and suitability for recycling processes, as well as to create the new ecosystem business model under a 'test and learn' practice. Fiori Group and Dow MobilityScience™ teams will provide timely updates on experiments' results, collaborating transparently to create a valuable prototype for recycling EOL vehicle parts and materials.

"Our extensive capabilities in the reuse of metals and non-metal materials, and the sorting of different materials from end-of-life vehicles, have positioned us as a market leader for recycling in Italy," said Mauro Grotto, vice president of Italmetalli, a Fiori Group company. "Our collaboration with Dow grants us to be ranked in the forefront of seeking new solutions to reach European end-of-life vehicle recycling targets and is in line with our guiding pillars of scientific research, restoring the value of waste and communicating this value in an open and educational way".

"As two leaders committed to fostering a circular economy for polymers, plastics and polyurethanes, collaborative innovation is key to accelerating sustainable mobility," said Dr. Esther Quintanilla, Dow's global MobilityScience™ marketing director. "By joining forces with Fiori Group, we are strengthening our commitment to a sustainable future for the automotive industry through our leading materials in this key growth segment and their expertise in expanding the recycled fraction from end-of-life vehicles."

As part of its sustainability strategy, Dow is increasingly focused on new sustainable solutions including new technology for mechanical and chemical recycling from different materials that are currently considered waste. The collaboration between Dow and Fiori Group will be an automotive and mobility recycling program featuring the Dow Renuva™ portfolio of recycled materials.

With world-class technical capabilities and a diverse portfolio of materials science options, Dow MobilityScience™ pioneers innovation that drives global progress. From addressing challenges like decarbonization to enhancing EV performance, Dow remains at the forefront of advancing mobility. For further details, please visit the MobilityScience™ website.

About Fiori Group

Fiori Group has been operating for around 70 years and today represents one of the main Italian companies in ferrous and non-ferrous scrap recycling sector. Always looking for technologically advanced solutions, it combines goals often seen as diverging: economic development and environmental protection. As a natural evolution of this responsible approach and constant commitment to continuous improvement, the Fiori Group has decided to adhere to the EMAS Regulation for both the Crespellano-Bologna (Italmetalli) and Rome (Italferro) plants. In addition to the 2 ELVs shredding mills, the Group operates several lines dedicated to other non-ferrous metal waste and it deploys various technologies to close the end-of-life cycle for cars. The Group has a turnover of 450 million euros and approximately 200 employees.

Link to online article

Form # 736-02164-01-0724