

STATEMENTS OF CONDENSED CONSOLIDATED INCOME (LOSS)

(In millions except per share data - preliminary and unaudited)

	Three months ended March 31		Six months ended March 31	
	2026	2025	2026	2025
Sales	\$ 482	\$ 479	\$ 868	\$ 884
Cost of sales	335	332	616	626
GROSS PROFIT	147	147	252	258
Selling, general and administrative expense	79	85	165	162
Research and development expense	14	14	27	28
Intangibles amortization expense	15	15	30	32
Equity and other income	-	-	1	1
Income (loss) on divestitures, net	-	18	2	(165)
OPERATING INCOME (LOSS)	39	51	33	(128)
Net interest and other expense	18	11	26	39
Other net periodic benefit loss	1	1	2	3
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	20	39	5	(170)
Income tax expense (benefit)	5	9	4	(34)
INCOME (LOSS) FROM CONTINUING OPERATIONS	15	30	1	(136)
Income from discontinued operations, net of income taxes	1	1	3	1
NET INCOME (LOSS)	<u>\$ 16</u>	<u>\$ 31</u>	<u>\$ 4</u>	<u>\$ (135)</u>
DILUTED EARNINGS (LOSS) PER SHARE				
Income (loss) from continuing operations	\$ 0.32	\$ 0.63	\$ 0.02	\$ (2.91)
Income from discontinued operations	0.02	0.02	0.06	0.03
Net income (loss)	<u>\$ 0.34</u>	<u>\$ 0.65</u>	<u>\$ 0.08</u>	<u>\$ (2.88)</u>
AVERAGE DILUTED COMMON SHARES OUTSTANDING^(a)	46	47	46	47
SALES				
Life Sciences	172	172	311	306
Personal Care	150	146	273	279
Specialty Additives	134	134	236	249
Intermediates	35	37	66	71
Intersegment sales	(9)	(10)	(18)	(21)
	<u>\$ 482</u>	<u>\$ 479</u>	<u>\$ 868</u>	<u>\$ 884</u>
OPERATING INCOME (LOSS)				
Life Sciences	35	28	52	42
Personal Care	27	28	38	39
Specialty Additives	(7)	7	(15)	2
Intermediates	4	(1)	4	2
Unallocated and other	(20)	(11)	(46)	(213)
	<u>\$ 39</u>	<u>\$ 51</u>	<u>\$ 33</u>	<u>\$ (128)</u>

(a) As a result of the loss from continuing operations for the six months ended March 31, 2025, the effect of the share-based awards convertible to common shares would be anti-dilutive. In accordance with U.S. GAAP, these shares have been excluded from the diluted earnings (loss) per share calculation for the period.

Ashland Inc. and Consolidated Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions - preliminary and unaudited)

Table 2

	March 31 2026	September 30 2025
ASSETS		
Current assets		
Cash and cash equivalents	\$ 343	\$ 215
Accounts receivable, net	244	242
Inventories	506	568
Other assets	116	180
Total current assets	<u>1,209</u>	<u>1,205</u>
Noncurrent assets		
Property, plant and equipment		
Cost	3,362	3,355
Accumulated depreciation	<u>2,199</u>	<u>2,154</u>
Net property, plant and equipment	1,163	1,201
Goodwill	700	705
Intangibles	529	563
Operating lease assets, net	101	103
Restricted investments	276	297
Asbestos insurance receivable, net	122	127
Deferred income taxes	157	157
Other assets	<u>242</u>	<u>253</u>
Total noncurrent assets	<u>3,290</u>	<u>3,406</u>
Total assets	<u>\$ 4,499</u>	<u>\$ 4,611</u>
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	\$ 181	\$ 189
Accrued expenses and other liabilities	195	213
Current operating lease obligations	<u>19</u>	<u>21</u>
Total current liabilities	395	423
Noncurrent liabilities		
Long-term debt	1,374	1,384
Asbestos litigation reserves	362	389
Deferred income taxes	31	31
Employee benefit obligations	96	96
Operating lease obligations	85	85
Other liabilities	<u>290</u>	<u>299</u>
Total noncurrent liabilities	2,238	2,284
Stockholders' equity	<u>1,866</u>	<u>1,904</u>
Total liabilities and stockholders' equity	<u>\$ 4,499</u>	<u>\$ 4,611</u>

Ashland Inc. and Consolidated Subsidiaries
STATEMENTS OF CONDENSED CONSOLIDATED CASH FLOWS
(In millions - preliminary and unaudited)

Table 3

	Three months ended		Six months ended	
	March 31		March 31	
	2026	2025	2026	2025
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES FROM CONTINUING OPERATIONS				
Net income (loss)	\$ 16	\$ 31	\$ 4	\$ (135)
Income from discontinued operations, net of income taxes	(1)	(1)	(3)	(1)
Adjustments to reconcile income (loss) from continuing operations to cash flows from operating activities				
Depreciation and amortization	45	60	93	111
Original issue discount and debt issuance cost amortization	2	2	4	3
Deferred income taxes	2	4	3	1
Gain from sales of property, plant and equipment	-	(11)	(2)	(11)
Equity income from affiliates	-	-	(1)	(1)
Stock based compensation expense	5	5	9	9
Loss from excess tax deduction on stock based compensation	-	-	(2)	-
(Income) loss from restricted investments	2	(6)	(5)	7
(Income) loss on divestitures, net	-	(7)	-	176
Pension contributions	(3)	(3)	(5)	(7)
Loss on pension and other postretirement plan remeasurements	-	-	-	1
Change in operating assets and liabilities ^(a)	(18)	(65)	80	(174)
Total cash flows provided (used) by operating activities from continuing operations	50	9	175	(21)
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES FROM CONTINUING OPERATIONS				
Additions to property, plant and equipment	(17)	(21)	(31)	(44)
Proceeds from disposal of property, plant and equipment	-	11	4	11
Proceeds from sale of operations	-	16	-	16
Proceeds from settlement of Company-owned life insurance contracts	15	-	20	-
Company-owned life insurance payments	-	-	(1)	(1)
Funds restricted for specific transactions	-	(8)	(7)	(8)
Reimbursements from restricted investments	18	19	33	25
Proceeds from sale of securities	15	19	27	24
Purchases of securities	(15)	(19)	(27)	(24)
Total cash flows provided (used) by investing activities from continuing operations	16	17	18	(1)
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES FROM CONTINUING OPERATIONS				
Repurchase of common stock	-	(100)	-	(100)
Proceeds from short-term debt	-	50	-	50
Cash dividends paid	(19)	(19)	(38)	(38)
Stock based compensation employee withholding taxes paid in cash	-	-	(2)	(3)
Total cash flows used by financing activities from continuing operations	(19)	(69)	(40)	(91)
CASH PROVIDED (USED) BY CONTINUING OPERATIONS				
Cash used by discontinued operations				
Operating cash flows	(9)	(8)	(25)	(18)
Effect of currency exchange rate changes on cash and cash equivalents ^(b)	1	-	-	(1)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	39	(51)	128	(132)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	304	219	215	300
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 343	\$ 168	\$ 343	\$ 168
DEPRECIATION AND AMORTIZATION				
Life Sciences	14	26	28	39
Personal Care	15	15	30	34
Specialty Additives	15	16	33	32
Intermediates	1	3	2	6
	\$ 45	\$ 60	\$ 93	\$ 111

(a) Excludes changes resulting from operations acquired or sold.

(b) Zero denotes less than \$1 million of activity.

RECONCILIATION OF NON-GAAP DATA - ADJUSTED EBITDA

(In millions - preliminary and unaudited)

	Three months ended March 31	
	2026	2025
Adjusted EBITDA - Ashland Inc.		
Net income	\$ 16	\$ 31
Income tax expense	5	9
Net interest and other expense	18	11
Depreciation and amortization ^(a)	45	49
EBITDA	84	100
Income from discontinued operations, net of income taxes	(1)	(1)
Operating key items (see Table 5)	15	9
Adjusted EBITDA	<u>\$ 98</u>	<u>\$ 108</u>
Adjusted EBITDA - Life Sciences		
Operating income	\$ 35	\$ 28
Add:		
Depreciation and amortization ^(a)	14	13
Operating key items (see Table 5)	1	15
Adjusted EBITDA	<u>\$ 50</u>	<u>\$ 56</u>
Adjusted EBITDA - Personal Care		
Operating income	\$ 27	\$ 28
Add:		
Depreciation and amortization ^(a)	15	17
Operating key items (see Table 5)	1	(1)
Adjusted EBITDA	<u>\$ 43</u>	<u>\$ 44</u>
Adjusted EBITDA - Specialty Additives		
Operating income (loss)	\$ (7)	\$ 7
Add:		
Depreciation and amortization	15	16
Operating key items (see Table 5)	8	3
Adjusted EBITDA	<u>\$ 16</u>	<u>\$ 26</u>
Adjusted EBITDA - Intermediates		
Operating income (loss)	\$ 4	\$ (1)
Add:		
Depreciation and amortization	1	3
Adjusted EBITDA	<u>\$ 5</u>	<u>\$ 2</u>

(a) Depreciation and amortization excludes accelerated depreciation expense of \$13 million for Life Sciences for the three months ended March 31, 2025, which is included as a key item within this table as a component of Adjusted EBITDA. Depreciation and amortization includes \$2 million for Personal Care associated with the Avoca business assets for the three months ended March 31, 2025, which is included as a key item within this table as a component of Adjusted EBITDA.

SEGMENT COMPONENTS OF KEY ITEMS FOR APPLICABLE CONDENSED CONSOLIDATED INCOME (LOSS) STATEMENT CAPTIONS

(In millions - preliminary and unaudited)

Three Months Ended March 31, 2026						
Life Sciences	Personal Care	Specialty Additives	Intermediates	Unallocated & Other	Total	
OPERATING INCOME (LOSS)						
Operating key items:						
Other plant optimization costs	\$ (1)	\$ (1)	\$ (8)	\$ -	\$ -	\$ (10)
Restructuring, separation and other costs	-	-	-	-	(3)	(3)
Environmental reserve adjustments	-	-	-	-	(2)	(2)
All other operating income (loss)	36	28	1	4	(15)	54
Operating income (loss)	35	27	(7)	4	(20)	39
NET INTEREST AND OTHER EXPENSE						
Key items						
All other net interest and other expense					5	5
					13	13
					18	18
OTHER NET PERIODIC BENEFIT LOSS						
					1	1
INCOME TAX EXPENSE (BENEFIT)						
Tax effect of key items ^(a)						
All other income tax expense					(5)	(5)
					10	10
					5	5
INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>\$ 35</u>	<u>\$ 27</u>	<u>\$ (7)</u>	<u>\$ 4</u>	<u>\$ (44)</u>	<u>\$ 15</u>

Three Months Ended March 31, 2025						
Life Sciences	Personal Care	Specialty Additives	Intermediates	Unallocated & Other	Total	
OPERATING INCOME (LOSS)						
Operating key items:						
Accelerated depreciation	\$ (13)	\$ -	\$ -	\$ -	\$ -	\$ (13)
Restructuring, separation and other costs	-	-	-	-	(8)	(8)
Other plant optimization costs	(2)	(1)	(3)	-	-	(6)
Environmental reserve adjustments	-	-	-	-	(2)	(2)
Held for sale depreciation and amortization	-	2	-	-	-	2
Avoca business impairment and sale	-	-	-	-	8	8
Income on divestitures, net	-	-	-	-	10	10
All other operating income (loss)	43	27	10	(1)	(19)	60
Operating income (loss)	28	28	7	(1)	(11)	51
NET INTEREST AND OTHER EXPENSE (INCOME)						
Key items						
All other net interest and other expense					(3)	(3)
					14	14
					11	11
OTHER NET PERIODIC BENEFIT LOSS						
					1	1
INCOME TAX EXPENSE (BENEFIT)						
Tax effect of key items ^(a)						
Tax specific key items ^(b)					(2)	(2)
All other income tax expense					(1)	(1)
					12	12
					9	9
INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>\$ 28</u>	<u>\$ 28</u>	<u>\$ 7</u>	<u>\$ (1)</u>	<u>\$ (32)</u>	<u>\$ 30</u>

(a) Represents the tax effect of the key items that are previously identified above.

(b) Represents key items resulting from tax specific financial transactions, tax law changes or other matters that fall within the definition of tax specific key items. See Table 7 for additional information.

Ashland Inc. and Consolidated Subsidiaries
RECONCILIATION OF CERTAIN NON-GAAP DATA
(In millions - preliminary and unaudited)

Table 6

	Three months ended March 31		Six months ended March 31	
	2026	2025	2026	2025
Free cash flows				
Total cash flows provided (used) by operating activities from continuing operations	\$ 50	\$ 9	\$ 175	\$ (21)
Adjustments:				
Additions to property, plant and equipment	(17)	(21)	(31)	(44)
Free Cash Flows	\$ 33	\$ (12)	\$ 144	\$ (65)
Tax refund ^(a)	-	-	(103)	-
Cash (inflows) outflows from U.S. Accounts Receivable Sales Program ^(b)	(1)	4	(1)	11
Cash inflows from Foreign Accounts Receivable Sales Program ^(c)	(14)	(21)	(7)	(9)
Restructuring-related payments ^(d)	4	14	9	17
Environmental and related litigation payments ^(e)	7	9	13	13
Ongoing Free Cash Flow	\$ 29	\$ (6)	\$ 55	\$ (33)
Net income (loss)	\$ 16	\$ 31	\$ 4	\$ (135)
Adjusted EBITDA ^(f)	\$ 98	\$ 108	\$ 156	\$ 169
Operating Cash Flow Conversion ^(g)	313%	29%	Not meaningful	Not meaningful
Ongoing Free Cash Flow Conversion ^(h)	30%	-6%	35%	-20%

(a) Represents receipt of tax refund related to the capital loss carryback from the Nutraceutical divestiture.

(b) Represents activity associated with the U.S. Accounts Receivable Sales Program impacting each period presented.

(c) Represents activity associated with the Foreign Accounts Receivable Sales Program impacting each period presented.

(d) Restructuring payments incurred during each period presented.

(e) Represents cash outflows associated with environmental and related litigation payments which will be reimbursed by the Environmental trust.

(f) See Adjusted EBITDA reconciliation.

(g) Operating Cash Flow Conversion is defined as Cash flows provided (used) by operating activities from continuing operations divided by net income (loss).

(h) Ongoing Free Cash Flow Conversion is defined as Ongoing Free Cash Flow divided by Adjusted EBITDA.

	Three months ended March 31		Six months ended March 31	
	2026	2025	2026	2025
Adjusted Operating Income				
Operating income (loss) (as reported)	\$ 39	\$ 51	\$ 33	\$ (128)
Key items, before tax:				
Other plant optimization costs	10	6	15	9
Environmental reserve adjustments	2	2	12	3
Restructuring, separation and other costs	3	8	7	11
Accelerated depreciation	-	13	3	13
Avoca business impairment and sale	-	(8)	-	175
Held for sale depreciation and amortization	-	(2)	-	(2)
Income on divestitures, net	-	(10)	(2)	(10)
Adjusted Operating Income (non-GAAP)	\$ 54	\$ 60	\$ 68	\$ 71

RECONCILIATION OF CERTAIN NON-GAAP DATA

(In millions except per share data - preliminary and unaudited)

	Three months ended		Six months ended	
	March 31		March 31	
	2026	2025	2026	2025
Income (loss) from continuing operations (as reported)	\$ 15	\$ 30	\$ 1	\$ (136)
Key items, before tax:				
Other plant optimization costs	10	6	15	9
Environmental reserve adjustments	2	2	12	3
Restructuring, separation and other costs	3	8	7	11
Unrealized losses (gains) on securities	5	(3)	3	14
Accelerated depreciation	-	13	3	13
Avoca business impairment and sale	-	(8)	-	175
Loss on pension plan remeasurements	-	-	-	1
Held for sale depreciation and amortization	-	(2)	-	(2)
Income on divestitures, net	-	(10)	(2)	(10)
Key items, before tax	20	6	38	214
Tax effect of key items ^(a)	(5)	(2)	(9)	(52)
Key items, after tax	15	4	29	162
Tax specific key items:				
Uncertain tax positions	-	(3)	-	(4)
Other and tax reform related activity	-	2	-	11
Tax specific key items ^(b)	-	(1)	-	7
Total key items	15	3	29	169
Adjusted Income from Continuing Operations (non-GAAP)	\$ 30	\$ 33	\$ 30	\$ 33
Amortization expense adjustment (net of tax) ^(c)	12	13	24	27
Adjusted Income from Continuing Operations (non-GAAP) Excluding Intangibles Amortization Expense	\$ 42	\$ 46	\$ 54	\$ 60

(a) Represents the tax effect of the key items that are previously identified above.

(b) Represents key items resulting from tax specific financial transactions, tax law changes or other matters that fall within the definition of tax specific key items. These tax specific key items included the following:

- Uncertain tax positions: Includes the impact from the settlement of uncertain tax positions with various tax authorities.

- Other and tax reform: Includes the impact from the remeasurement of foreign deferred tax balances resulting from the impact from rate changes for foreign jurisdictions and other tax law changes enacted during fiscal 2025.

(c) Amortization expense adjustment (net of tax) tax rates were 20% for both the three and six months ended March 31, 2026, and 21% for both the three and six months ended March 31, 2025.

RECONCILIATION OF CERTAIN NON-GAAP DATA

(In millions except per share data - preliminary and unaudited)

	Three months ended March 31		Six months ended March 31	
	2026	2025	2026	2025
Diluted EPS from continuing operations (as reported)	\$ 0.32	\$ 0.63	\$ 0.02	\$ (2.91)
Key items, before tax:				
Other plant optimization costs	0.22	0.13	0.33	0.19
Environmental reserve adjustments	0.03	0.04	0.26	0.06
Restructuring, separation and other costs	0.06	0.17	0.15	0.23
Unrealized losses (gains) on securities	0.11	(0.06)	0.06	0.31
Accelerated depreciation	-	0.28	0.06	0.28
Avoca business impairment and sale	-	(0.17)	-	3.73
Loss on pension plan remeasurements	-	-	-	0.02
Held for sale depreciation and amortization	-	(0.04)	-	(0.04)
Income on divestitures, net	-	(0.21)	(0.04)	(0.21)
Key items, before tax	0.42	0.14	0.82	4.57
Tax effect of key items ^(a)	(0.10)	(0.04)	(0.20)	(1.11)
Key items, after tax	0.32	0.10	0.62	3.46
Tax specific key items:				
Uncertain tax positions	-	(0.06)	-	(0.08)
Other and tax reform related activity	-	0.04	-	0.23
Tax specific key items ^(b)	-	(0.02)	-	0.15
Total key items	0.32	0.08	0.62	3.61
Adjusted Diluted EPS from Continuing Operations (non-GAAP)	<u>\$ 0.64</u>	<u>\$ 0.71</u>	<u>\$ 0.64</u>	<u>\$ 0.70</u>
Amortization expense adjustment (net of tax) ^(c)	0.27	0.28	0.53	0.56
Adjusted Diluted EPS from Continuing Operations (non-GAAP) Excluding Intangibles Amortization Expense	<u>\$ 0.91</u>	<u>\$ 0.99</u>	<u>\$ 1.17</u>	<u>\$ 1.26</u>

(a) Represents the tax effect of the key items that are previously identified above.

(b) Represents key items resulting from tax specific financial transactions, tax law changes or other matters that fall within the definition of tax specific key items. These tax specific key items included the following:

- Uncertain tax positions: Includes the impact from the settlement of uncertain tax positions with various tax authorities.

- Other and tax reform: Includes the impact from the remeasurement of foreign deferred tax balances resulting from the impact from rate changes for foreign jurisdictions and other tax law changes enacted during fiscal 2025.

(c) Amortization expense adjustment (net of tax) tax rates were 20% for both the three and six months ended March 31, 2026, and 21% for both the three and six months ended March 31, 2025.

