

STATEMENTS OF CONSOLIDATED INCOME (LOSS)

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

	Three months ended March 31		Six months ended March 31	
	2024	2023	2024	2023
Sales	\$ 575	\$ 603	\$ 1,048	\$ 1,128
Cost of sales	414	406	789	766
GROSS PROFIT	161	197	259	362
Selling, general and administrative expense	106	79	189	172
Research and development expense	14	12	26	25
Intangibles amortization expense	20	23	40	46
Equity and other income	-	-	2	1
Loss on acquisitions and divestitures, net	-	-	(2)	-
OPERATING INCOME	21	83	4	120
Net interest and other expense (income)	2	(10)	(21)	(24)
Other net periodic benefit loss	2	2	4	3
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	17	91	21	141
Income tax expense (benefit)	(104)	(1)	(128)	7
INCOME FROM CONTINUING OPERATIONS	121	92	149	134
Loss from discontinued operations, net of income taxes	(1)	(1)	(2)	(2)
NET INCOME	<u>\$ 120</u>	<u>\$ 91</u>	<u>\$ 147</u>	<u>\$ 132</u>
DILUTED EARNINGS PER SHARE				
Income from continuing operations	\$ 2.40	\$ 1.68	\$ 2.92	\$ 2.43
Loss from discontinued operations	(0.01)	(0.01)	(0.04)	(0.04)
Net income	<u>\$ 2.39</u>	<u>\$ 1.67</u>	<u>\$ 2.88</u>	<u>\$ 2.39</u>
AVERAGE DILUTED COMMON SHARES OUTSTANDING	51	55	51	55
SALES				
Life Sciences	222	240	422	447
Personal Care	169	167	298	305
Specialty Additives	157	161	279	304
Intermediates	40	51	73	105
Intersegment Sales	(13)	(16)	(24)	(33)
	<u>\$ 575</u>	<u>\$ 603</u>	<u>\$ 1,048</u>	<u>\$ 1,128</u>
OPERATING INCOME (LOSS)				
Life Sciences	50	58	82	92
Personal Care	25	14	28	25
Specialty Additives	(18)	15	(50)	16
Intermediates	9	17	16	37
Unallocated and other	(45)	(21)	(72)	(50)
	<u>\$ 21</u>	<u>\$ 83</u>	<u>\$ 4</u>	<u>\$ 120</u>

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

Table 2

	March 31 2024	September 30 2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 439	\$ 417
Accounts receivable	260	338
Inventories	550	626
Other assets	178	125
Total current assets	<u>1,427</u>	<u>1,506</u>
Noncurrent assets		
Property, plant and equipment		
Cost	3,299	3,211
Accumulated depreciation	1,959	1,838
Net property, plant and equipment	<u>1,340</u>	<u>1,373</u>
Goodwill	1,379	1,362
Intangibles	851	886
Operating lease assets, net	117	122
Restricted investments	306	290
Asbestos insurance receivable	121	127
Deferred income taxes	150	22
Other assets	257	251
Total noncurrent assets	<u>4,521</u>	<u>4,433</u>
Total assets	<u>\$ 5,948</u>	<u>\$ 5,939</u>
LIABILITIES AND EQUITY		
Current liabilities		
Short-term debt	\$ -	\$ 16
Trade and other payables	207	210
Accrued expenses and other liabilities	225	208
Current operating lease obligations	21	22
Total current liabilities	<u>453</u>	<u>456</u>
Noncurrent liabilities		
Long-term debt	1,328	1,314
Asbestos litigation reserve	399	427
Deferred income taxes	148	148
Employee benefit obligations	97	100
Operating lease obligations	101	106
Other liabilities	288	291
Total noncurrent liabilities	<u>2,361</u>	<u>2,386</u>
Stockholders' equity	<u>3,134</u>	<u>3,097</u>
Total liabilities and stockholders' equity	<u>\$ 5,948</u>	<u>\$ 5,939</u>

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

Table 3

	Three months ended March 31		Six months ended March 31	
	2024	2023	2024	2023
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES				
FROM CONTINUING OPERATIONS				
Net income	\$ 120	\$ 91	\$ 147	\$ 132
Loss from discontinued operations, net of income taxes	1	1	2	2
Adjustments to reconcile income from continuing operations to cash flows from operating activities				
Depreciation and amortization	83	60	160	120
Original issue discount and debt issuance cost amortization	2	2	3	3
Deferred income taxes	(106)	8	(136)	15
Stock based compensation expense	6	5	7	12
Excess tax benefit on stock based compensation	-	1	-	2
Income from restricted investments	(12)	(22)	(47)	(48)
Asset impairments	-	-	-	4
Pension contributions	(3)	(2)	(11)	(3)
Change in operating assets and liabilities	(37)	(88)	130	(212)
Total cash flows provided by operating activities from continuing operations	54	56	255	27
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES				
FROM CONTINUING OPERATIONS				
Additions to property, plant and equipment	(34)	(35)	(70)	(58)
Proceeds from settlement of Company-owned life insurance contracts	-	1	-	3
Company-owned life insurance payments	-	-	(1)	(1)
Other investing cash flows	(10)	-	(10)	-
Funds restricted for specific transactions	-	-	(5)	(5)
Reimbursements from restricted investments	21	16	37	16
Proceeds from sale of securities	11	15	20	15
Purchases of securities	(11)	(15)	(20)	(15)
Total cash flows used by investing activities from continuing operations	(23)	(18)	(49)	(45)
CASH FLOWS USED BY FINANCING ACTIVITIES				
FROM CONTINUING OPERATIONS				
Repurchase of common stock	-	(142)	(100)	(142)
Repayment of short-term debt	-	-	(16)	-
Cash dividends paid	(19)	(18)	(39)	(36)
Stock based compensation employee withholding taxes paid in cash	(1)	(1)	(4)	(10)
Total cash flows used by financing activities from continuing operations	(20)	(161)	(159)	(188)
CASH PROVIDED (USED) BY CONTINUING OPERATIONS				
Cash used by discontinued operations				
Operating cash flows	(13)	(13)	(27)	(47)
Effect of currency exchange rate changes on cash and cash equivalents	1	3	2	6
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1)	(133)	22	(247)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	440	532	417	646
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 439	\$ 399	\$ 439	\$ 399
DEPRECIATION AND AMORTIZATION				
Life Sciences	16	17	32	34
Personal Care	20	21	39	42
Specialty Additives	44	19	83	37
Intermediates	3	3	6	7
Unallocated and other	-	-	-	-
	\$ 83	\$ 60	\$ 160	\$ 120

RECONCILIATION OF NON-GAAP DATA - ADJUSTED EBITDA

(In millions - preliminary and unaudited)

	Three months ended March 31	
	2024	2023
Adjusted EBITDA - Ashland Inc.		
Net income	\$ 120	\$ 91
Income tax benefit	(104)	(1)
Net interest and other expense (income)	2	(10)
Depreciation and amortization ^(a)	56	60
EBITDA	74	140
Loss from discontinued operations, net of income taxes	1	1
Operating key items (see Table 5)	51	4
Adjusted EBITDA	<u>\$ 126</u>	<u>\$ 145</u>
Adjusted EBITDA - Life Sciences		
Operating income	\$ 50	\$ 58
Add:		
Depreciation and amortization	16	17
Adjusted EBITDA	<u>\$ 66</u>	<u>\$ 75</u>
Adjusted EBITDA - Personal Care		
Operating income	\$ 25	\$ 14
Add:		
Depreciation and amortization	20	21
Adjusted EBITDA	<u>\$ 45</u>	<u>\$ 35</u>
Adjusted EBITDA - Specialty Additives		
Operating income (loss)	\$ (18)	\$ 15
Add:		
Depreciation and amortization ^(a)	17	19
Operating key items (see Table 5)	28	-
Adjusted EBITDA	<u>\$ 27</u>	<u>\$ 34</u>
Adjusted EBITDA - Intermediates		
Operating income	\$ 9	\$ 17
Add:		
Depreciation and amortization	3	3
Adjusted EBITDA	<u>\$ 12</u>	<u>\$ 20</u>

(a) Depreciation and amortization excludes accelerated depreciation of \$27 million for Specialty Additives for the three months ended March 31, 2024, which is included as a key item within this table as a component of Adjusted EBITDA.

SEGMENT COMPONENTS OF KEY ITEMS FOR APPLICABLE INCOME STATEMENT CAPTIONS

(In millions - preliminary and unaudited)

Three Months Ended March 31, 2024						
<u>Life Sciences</u>	<u>Personal Care</u>	<u>Specialty Additives</u>	<u>Intermediates</u>	<u>Unallocated & Other</u>	<u>Total</u>	
OPERATING INCOME (LOSS)						
Operating key items:						
\$	-	\$	-	\$	(3)	\$ (3)
	-		-		(20)	(20)
	-		(27)		-	(27)
	-		(1)		-	(1)
	50		10		(22)	72
	<u>50</u>		<u>25</u>		<u>(18)</u>	<u>9</u>
					(45)	21
NET INTEREST AND OTHER EXPENSE (INCOME)						
Key items						
					(9)	(9)
All other net interest and other expense						
					11	11
					<u>2</u>	<u>2</u>
OTHER NET PERIODIC BENEFIT LOSS						
					2	2
INCOME TAX EXPENSE (BENEFIT)						
Tax effect of key items ^(a)						
					(10)	(10)
Tax specific key items ^(b)						
					(105)	(105)
All other income tax expense						
					11	11
					<u>(104)</u>	<u>(104)</u>
INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>\$ 50</u>	<u>\$ 25</u>	<u>\$ (18)</u>	<u>\$ 9</u>	<u>\$ 55</u>	<u>\$ 121</u>
Three Months Ended March 31, 2023						
<u>Life Sciences</u>	<u>Personal Care</u>	<u>Specialty Additives</u>	<u>Intermediates</u>	<u>Unallocated & Other</u>	<u>Total</u>	
OPERATING INCOME (LOSS)						
Operating key items:						
\$	-	\$	-	\$	(4)	\$ (4)
	58		14		(17)	87
	<u>58</u>		<u>14</u>		<u>15</u>	<u>17</u>
					(21)	83
NET INTEREST AND OTHER EXPENSE (INCOME)						
Key items						
					(20)	(20)
All other net interest and other expense						
					10	10
					<u>(10)</u>	<u>(10)</u>
OTHER NET PERIODIC BENEFIT LOSS						
					2	2
INCOME TAX EXPENSE (BENEFIT)						
Tax effect of key items ^(a)						
					3	3
Tax specific key items ^(b)						
					(20)	(20)
All other income tax expense						
					16	16
					<u>(1)</u>	<u>(1)</u>
INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>\$ 58</u>	<u>\$ 14</u>	<u>\$ 15</u>	<u>\$ 17</u>	<u>\$ (12)</u>	<u>\$ 92</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	
	2024	2023	2024	2023
Free cash flows				
Total cash flows provided by operating activities from continuing operations	\$ 54	\$ 56	\$ 255	\$ 27
Adjustments:				
Additions to property, plant and equipment	(34)	(35)	(70)	(58)
Free cash flows	\$ 20	\$ 21	\$ 185	\$ (31)
Cash (inflows) outflows from U.S. Accounts Receivable Sales Program ^(a)	(7)	3	(15)	22
Cash inflows from Foreign Accounts Receivable Sales Program ^(b)	(20)	-	(122)	-
Restructuring-related payments ^(c)	4	-	7	1
Environmental and related litigation payments ^(d)	7	13	15	24
Ongoing free cash flow	\$ 4	\$ 37	\$ 70	\$ 16
Net income	\$ 120	\$ 91	\$ 147	\$ 132
Adjusted EBITDA ^(e)	\$ 126	\$ 145	\$ 197	\$ 254
Operating cash flow conversion ^(f)	45%	62%	173%	20%
Ongoing free cash flow conversion ^(g)	3%	26%	36%	6%

- (a) Represents activity associated with the U.S. Accounts Receivable Sales Program impacting each period presented.
(b) Represents activity associated with the Foreign Accounts Receivable Sales Program impacting each period presented.
(c) Restructuring payments incurred during each period presented.
(d) Represents cash outflows associated with environmental and related litigation payments which will be reimbursed by the Environmental trust.
(e) See Adjusted EBITDA reconciliation.
(f) Operating cash flow conversion is defined as Cash flows provided by operating activities from continuing operations divided by Net Income.
(g) 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	
	2024	2023	2024	2023
Adjusted operating income				
Operating income (loss) (as reported)	\$ 21	\$ 83	\$ 4	\$ 120
Key items, before tax:				
Restructuring, separation and other costs	20	-	24	1
Environmental reserve adjustments	3	4	7	12
Accelerated depreciation	27	-	49	-
Other plant optimization costs	1	-	1	-
Argentina currency devaluation impact	-	-	5	-
Asset impairments	-	-	-	4
Adjusted operating income (non-GAAP)	\$ 72	\$ 87	\$ 90	\$ 137

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	
	2024	2023	2024	2023
Income from continuing operations (as reported)	\$ 121	\$ 92	\$ 149	\$ 134
Key items, before tax:				
Restructuring, separation and other costs	20	-	24	1
Unrealized gains on securities	(9)	(20)	(39)	(41)
Environmental reserve adjustments	3	4	7	12
Accelerated depreciation	27	-	49	-
Other plant optimization costs	1	-	1	-
Argentina currency devaluation impact	-	-	5	-
Asset impairments	-	-	-	4
Key items, before tax	42	(16)	47	(24)
Tax effect of key items ^(a)	(10)	3	(12)	5
Key items, after tax	32	(13)	35	(19)
Tax specific key items:				
Other and tax reform related activity	(105)	-	(129)	-
Uncertain tax positions	-	(20)	-	(20)
Tax specific key items ^(b)	(105)	(20)	(129)	(20)
Total key items	(73)	(33)	(94)	(39)
Adjusted income (loss) from continuing operations (non-GAAP)	<u>\$ 48</u>	<u>\$ 59</u>	<u>\$ 55</u>	<u>\$ 95</u>
Amortization expense adjustment (net of tax) ^(c)	16	19	33	37
Adjusted income (loss) from continuing operations (non-GAAP) excluding intangibles amortization expense	<u>\$ 64</u>	<u>\$ 78</u>	<u>\$ 88</u>	<u>\$ 132</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:

- Other and tax reform: Includes the impact from the remeasurement of Ashland's foreign deferred tax balances resulting from the impact from rate changes for foreign jurisdictions and other tax law changes enacted during 2024.
- Uncertain tax positions: Includes the impact from the settlement of uncertain tax positions with various tax authorities.

(c) Amortization expense adjustment (net of tax) tax rates were 20% for the three and six months ended March 31, 2024 and 2023.

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	
	2024	2023	2024	2023
Diluted EPS from continuing operations (as reported)	\$ 2.40	\$ 1.68	\$ 2.92	\$ 2.43
Key items, before tax:				
Restructuring, separation and other costs	0.39	-	0.47	0.02
Unrealized gains on securities	(0.18)	(0.35)	(0.76)	(0.74)
Environmental reserve adjustments	0.06	0.07	0.14	0.22
Accelerated depreciation	0.55	-	0.96	-
Other plant optimization costs	0.02	-	0.02	-
Argentina currency devaluation impact	-	-	0.10	-
Asset impairments	-	-	-	0.07
Key items, before tax	0.84	(0.28)	0.93	(0.43)
Tax effect of key items ^(a)	(0.20)	0.05	(0.23)	0.09
Key items, after tax	0.64	(0.23)	0.70	(0.34)
Tax specific key items:				
Other and tax reform related activity	(2.07)	-	(2.54)	-
Uncertain tax positions	-	(0.36)	-	(0.36)
Tax specific key items ^(b)	(2.07)	(0.36)	(2.54)	(0.36)
Total key items	(1.43)	(0.59)	(1.84)	(0.70)
Adjusted diluted EPS from continuing operations (non-GAAP)	\$ 0.97	\$ 1.09	\$ 1.08	\$ 1.73
Amortization expense adjustment (net of tax) ^(c)	0.30	0.34	0.63	0.67
Adjusted diluted EPS from continuing operations (non-GAAP) excluding intangibles amortization expense	\$ 1.27	\$ 1.43	\$ 1.71	\$ 2.40

(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:

- Other and tax reform: Includes the impact from the remeasurement of Ashland's foreign deferred tax balances resulting from the impact from rate changes for foreign jurisdictions and other tax law changes enacted during 2024.
- Uncertain tax positions: Includes the impact from the settlement of uncertain tax positions with various tax authorities.

(c) Amortization expense adjustment (net of tax) tax rates were 20% for the three and six months ended March 31, 2024 and 2023.