

Ashland Inc. and Consolidated Subsidiaries
STATEMENTS OF CONDENSED CONSOLIDATED INCOME (LOSS)
(In millions except per share data - preliminary and unaudited)

Table 1

	Three months ended December 31	
	2025	2024
Sales	\$ 386	\$ 405
Cost of sales	281	294
GROSS PROFIT	<u>105</u>	<u>111</u>
Selling, general and administrative expense	86	78
Research and development expense	13	13
Intangibles amortization expense	15	17
Equity and other income	1	1
Income (loss) on divestitures, net	<u>2</u>	<u>(183)</u>
OPERATING LOSS	<u>(6)</u>	<u>(179)</u>
Net interest and other expense	8	28
Other net periodic benefit loss	1	2
LOSS FROM CONTINUING OPERATIONS		
BEFORE INCOME TAXES	<u>(15)</u>	<u>(209)</u>
Income tax benefit	(1)	(43)
LOSS FROM CONTINUING OPERATIONS	<u>(14)</u>	<u>(166)</u>
Income from discontinued operations, net of income taxes	2	1
NET LOSS	<u><u>\$ (12)</u></u>	<u><u>\$ (165)</u></u>
DILUTED EARNINGS (LOSS) PER SHARE		
Loss from continuing operations	\$ (0.30)	\$ (3.51)
Income from discontinued operations	0.04	0.01
Net loss	<u><u>\$ (0.26)</u></u>	<u><u>\$ (3.50)</u></u>
AVERAGE DILUTED COMMON SHARES OUTSTANDING^(a)	46	47
SALES		
Life Sciences	139	134
Personal Care	123	134
Specialty Additives	102	115
Intermediates	31	33
Intersegment Sales	(9)	(11)
	<u><u>\$ 386</u></u>	<u><u>\$ 405</u></u>
OPERATING INCOME (LOSS)		
Life Sciences	17	14
Personal Care	11	11
Specialty Additives	(8)	(5)
Intermediates	-	3
Unallocated and other	<u>(26)</u>	<u>(202)</u>
	<u><u>\$ (6)</u></u>	<u><u>\$ (179)</u></u>

(a) As a result of the loss from continuing operations for the three months ended December 31, 2025 and 2024, 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

	December 31 2025	September 30 2025
ASSETS		
Current assets		
Cash and cash equivalents	\$ 304	\$ 215
Accounts receivable, net	190	242
Inventories	565	568
Other assets	95	180
Total current assets	<u>1,154</u>	<u>1,205</u>
Noncurrent assets		
Property, plant and equipment		
Cost	3,363	3,355
Accumulated depreciation	<u>2,182</u>	<u>2,154</u>
Net property, plant and equipment	<u>1,181</u>	<u>1,201</u>
Goodwill	707	705
Intangibles	548	563
Operating lease assets, net	100	103
Restricted investments	297	297
Asbestos insurance receivable, net	124	127
Deferred income taxes	157	157
Other assets	251	253
Total noncurrent assets	<u>3,365</u>	<u>3,406</u>
Total assets	<u><u>\$ 4,519</u></u>	<u><u>\$ 4,611</u></u>
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	\$ 167	\$ 189
Accrued expenses and other liabilities	180	213
Current operating lease obligations	19	21
Total current liabilities	<u>366</u>	<u>423</u>
Noncurrent liabilities		
Long-term debt	1,387	1,384
Asbestos litigation reserves	372	389
Deferred income taxes	31	31
Employee benefit obligations	99	96
Operating lease obligations	83	85
Other liabilities	303	299
Total noncurrent liabilities	<u>2,275</u>	<u>2,284</u>
Stockholders' equity	<u><u>1,878</u></u>	<u><u>1,904</u></u>
Total liabilities and stockholders' equity	<u><u>\$ 4,519</u></u>	<u><u>\$ 4,611</u></u>

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

Table 3

	Three months ended December 31	
	2025	2024
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES FROM CONTINUING OPERATIONS		
Net loss	\$ (12)	\$ (165)
Income from discontinued operations, net of income taxes	(2)	(1)
Adjustments to reconcile loss from continuing operations to cash flows from operating activities		
Depreciation and amortization	48	51
Original issue discount and debt issuance cost amortization	2	2
Deferred income taxes	1	(3)
Gain from sales of property, plant and equipment	(2)	-
Equity income from affiliates	(1)	(1)
Stock based compensation expense	4	4
Loss from excess tax deduction on stock based compensation	(2)	-
Loss (income) from restricted investments	(7)	12
Loss on divestitures, net	-	183
Pension contributions	(2)	(4)
Loss on pension and other postretirement plan remeasurements	-	1
Change in operating assets and liabilities ^(a)	98	(109)
Total cash flows provided (used) by operating activities from continuing operations	125	(30)
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES FROM CONTINUING OPERATIONS		
Additions to property, plant and equipment	(14)	(23)
Proceeds from disposal of property, plant and equipment	4	-
Proceeds from settlement of Company-owned life insurance contracts	5	-
Company-owned life insurance payments	(1)	(1)
Funds restricted for specific transactions	(7)	-
Reimbursements from restricted investments	15	6
Proceeds from sale of securities	12	5
Purchases of securities	(12)	(5)
Total cash flows provided (used) by investing activities from continuing operations	2	(18)
CASH FLOWS USED BY FINANCING ACTIVITIES FROM CONTINUING OPERATIONS		
Cash dividends paid	(19)	(19)
Stock based compensation employee withholding taxes paid in cash	(2)	(3)
Total cash flows used by financing activities from continuing operations	(21)	(22)
CASH PROVIDED (USED) BY CONTINUING OPERATIONS		
Cash used by discontinued operations		
Operating cash flows	(16)	(10)
Effect of currency exchange rate changes on cash and cash equivalents	(1)	(1)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	89	(81)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	215	300
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u><u>\$ 304</u></u>	<u><u>\$ 219</u></u>
DEPRECIATION AND AMORTIZATION		
Life Sciences	14	14
Personal Care	15	18
Specialty Additives	18	16
Intermediates	1	3
	<u><u>\$ 48</u></u>	<u><u>\$ 51</u></u>

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

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

Table 4

	Three months ended December 31	
	2025	2024
<u>Adjusted EBITDA - Ashland Inc.</u>		
Net loss	\$ (12)	\$ (165)
Income tax benefit	(1)	(43)
Net interest and other expense	8	28
Depreciation and amortization ^(a)	45	51
<u>EBITDA</u>	<u>40</u>	<u>(129)</u>
Income from discontinued operations, net of income taxes	(2)	(1)
Loss on pension and other postretirement plan remeasurements	-	1
Operating key items (see Table 5)	20	190
<u>Adjusted EBITDA</u>	<u>\$ 58</u>	<u>\$ 61</u>
<u>Adjusted EBITDA - Life Sciences</u>		
Operating income	\$ 17	\$ 14
Add:		
Depreciation and amortization	14	14
<u>Adjusted EBITDA</u>	<u>\$ 31</u>	<u>\$ 28</u>
<u>Adjusted EBITDA - Personal Care</u>		
Operating income	\$ 11	\$ 11
Add:		
Depreciation and amortization	15	18
Operating key items (see Table 5)	-	1
<u>Adjusted EBITDA</u>	<u>\$ 26</u>	<u>\$ 30</u>
<u>Adjusted EBITDA - Specialty Additives</u>		
Operating loss	\$ (8)	\$ (5)
Add:		
Depreciation and amortization ^(a)	15	16
Operating key items (see Table 5)	8	2
<u>Adjusted EBITDA</u>	<u>\$ 15</u>	<u>\$ 13</u>
<u>Adjusted EBITDA - Intermediates</u>		
Operating income	\$ -	\$ 3
Add:		
Depreciation and amortization	1	3
<u>Adjusted EBITDA</u>	<u>\$ 1</u>	<u>\$ 6</u>

(a) Depreciation and amortization excludes accelerated depreciation expense of \$3 million for Specialty Additives for the three months ended December 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 December 31, 2025						
	Life Sciences	Personal Care	Specialty Additives	Intermediates	Unallocated & Other	Total	
OPERATING INCOME (LOSS)							
Operating key items:							
Environmental reserve adjustments	\$ -	\$ -	\$ -	\$ -	\$ (10)	\$ (10)	
Other plant optimization costs	-	-	(5)	-	-	(5)	
Restructuring, separation and other costs	-	-	-	-	(4)	(4)	
Accelerated depreciation	-	-	(3)	-	-	(3)	
Income on divestitures, net	-	-	-	-	2	2	
All other operating income (loss)	17	11	(8)	-	(14)	14	
Operating income (loss)	17	11	(8)	-	(26)	(6)	
NET INTEREST AND OTHER EXPENSE (INCOME)							
Key items						(2)	(2)
All other net interest and other expense					10	10	
					8	8	
OTHER NET PERIODIC BENEFIT LOSS							
						1	1
INCOME TAX EXPENSE (BENEFIT)							
Tax effect of key items ^(a)						(4)	(4)
All other income tax expense					3	3	
					(1)	(1)	
INCOME (LOSS) FROM CONTINUING OPERATIONS							
	\$ 17	\$ 11	\$ (8)	\$ -	\$ (34)	\$ (14)	
	Three Months Ended December 31, 2024						
	Life Sciences	Personal Care	Specialty Additives	Intermediates	Unallocated & Other	Total	
OPERATING INCOME (LOSS)							
Operating key items:							
Avoca impairment	\$ -	\$ -	\$ -	\$ -	\$ (183)	\$ (183)	
Other plant optimization costs	-	(1)	(2)	-	-	(3)	
Restructuring, separation and other costs	-	-	-	-	(3)	(3)	
Environmental reserve adjustments	-	-	-	-	(1)	(1)	
All other operating income (loss)	14	12	(3)	3	(15)	11	
Operating income (loss)	14	11	(5)	3	(202)	(179)	
NET INTEREST AND OTHER EXPENSE							
Key items						17	17
All other net interest and other expense					11	11	
					28	28	
OTHER NET PERIODIC BENEFIT LOSS							
Key items						1	1
All other net periodic benefit costs					1	1	
					2	2	
INCOME TAX EXPENSE (BENEFIT)							
Tax effect of key items ^(a)						(50)	(50)
Tax specific key items ^(b)					8	8	
All other income tax expense					(1)	(1)	
					(43)	(43)	
INCOME (LOSS) FROM CONTINUING OPERATIONS							
	\$ 14	\$ 11	\$ (5)	\$ 3	\$ (189)	\$ (166)	

(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 December 31	
	2025	2024
Free cash flows		
Total cash flows provided (used) by operating activities from continuing operations	\$ 125	\$ (30)
Adjustments:		
Additions to property, plant and equipment	(14)	(23)
Free Cash Flows	\$ 111	\$ (53)
Tax refund ^(a)	(103)	-
Cash outflows from U.S. Accounts Receivable Sales Program ^(b)	-	7
Cash outflows from Foreign Accounts Receivable Sales Program ^(c)	7	13
Restructuring-related payments ^(d)	5	3
Environmental and related litigation payments ^(e)	6	4
Ongoing Free Cash Flow	\$ 26	\$ (26)
Net loss	\$ (12)	\$ (165)
Adjusted EBITDA ^(f)	\$ 58	\$ 61
Operating Cash Flow Conversion ^(g)	Not meaningful	18%
Ongoing Free Cash Flow Conversion ^(h)	45%	-43%

(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 loss.

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

	Three months ended December 31	
	2025	2024
Adjusted Operating Income		
Operating loss (as reported)	\$ (6)	\$ (179)
Key items, before tax:		
Environmental reserve adjustments	10	1
Other plant optimization costs	5	3
Restructuring, separation and other costs	4	3
Accelerated depreciation	3	-
Avoca business impairment	-	183
Income on divestitures, net	(2)	-
Adjusted Operating Income (non-GAAP)	<u>\$ 14</u>	<u>\$ 11</u>

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

Table 7

	Three months ended December 31	
	2025	2024
	\$ (14)	\$ (166)
Loss from continuing operations (as reported)		
Key items, before tax:		
Environmental reserve adjustments	10	1
Other plant optimization costs	5	3
Restructuring, separation and other costs	4	3
Accelerated depreciation	3	-
Avoca business impairment	-	183
Loss on pension plan remeasurements	-	1
Income on divestitures, net	(2)	-
Unrealized (gains) losses on securities	(2)	17
Key items, before tax	<u>18</u>	<u>208</u>
Tax effect of key items ^(a)	<u>(4)</u>	<u>(50)</u>
Key items, after tax	<u>14</u>	<u>158</u>
Tax specific key items:		
Uncertain tax positions	-	1
Other and tax reform related activity	-	7
Tax specific key items ^(b)	<u>-</u>	<u>8</u>
Total key items	<u>14</u>	<u>166</u>
Adjusted Loss from Continuing Operations (non-GAAP)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Amortization expense adjustment (net of tax) ^(c)	<u>12</u>	<u>14</u>
Adjusted Income from Continuing Operations (non-GAAP) Excluding Intangibles Amortization Expense	<u><u>\$ 12</u></u>	<u><u>\$ 14</u></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% and 21% for the three months ended December 31, 2025 and 2024, respectively.

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

Table 7 (Continued)

	Three months ended December 31	
	2025	2024
Diluted EPS from continuing operations (as reported)	\$ (0.30)	\$ (3.51)
Key items, before tax:		
Environmental reserve adjustments	0.22	0.02
Other plant optimization costs	0.11	0.06
Restructuring, separation and other costs	0.08	0.06
Accelerated depreciation	0.06	-
Avoca business impairment	-	3.89
Loss on pension plan remeasurements	-	0.02
Income on divestitures, net	(0.04)	-
Unrealized (gains) losses on securities	(0.05)	0.35
Key items, before tax	0.38	4.40
Tax effect of key items ^(a)	(0.09)	(1.07)
Key items, after tax	0.29	3.33
Tax specific key items:		
Uncertain tax positions	-	0.02
Other and tax reform related activity	-	0.15
Tax specific key items ^(b)	-	0.17
Total key items	0.29	3.50
Adjusted Diluted EPS from Continuing Operations (non-GAAP)	\$ (0.01)	\$ (0.01)
Amortization expense adjustment (net of tax) ^(c)	0.27	0.29
Adjusted Diluted EPS from Continuing Operations (non-GAAP) Excluding Intangibles Amortization Expense	<u>\$ 0.26</u>	<u>\$ 0.28</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% and 21% for the three months ended December 31, 2025 and 2024, respectively.