

STATEMENTS OF CONSOLIDATED INCOME (LOSS)

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

	Three months ended September 30		Year ended September 30	
	2023	2022	2023	2022
Sales	\$ 518	\$ 631	\$ 2,191	\$ 2,391
Cost of sales	389	422	1,523	1,561
GROSS PROFIT	129	209	668	830
Selling, general and administrative expense	109	94	365	393
Research and development expense	14	14	51	55
Intangibles amortization expense	23	23	93	94
Equity and other income	1	1	7	3
Income on acquisitions and divestitures, net	6	-	6	42
OPERATING INCOME (LOSS)	(10)	79	172	333
Net interest and other expense	28	40	6	149
Other net periodic benefit loss (income)	-	(22)	6	(22)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(38)	61	160	206
Income tax expense (benefit)	(30)	1	(8)	25
INCOME (LOSS) FROM CONTINUING OPERATIONS	(8)	60	168	181
Income (loss) from discontinued operations, net of income taxes	4	(3)	10	746
NET INCOME (LOSS)	<u>\$ (4)</u>	<u>\$ 57</u>	<u>\$ 178</u>	<u>\$ 927</u>
DILUTED EARNINGS PER SHARE				
Income (loss) from continuing operations	\$ (0.15)	\$ 1.09	\$ 3.13	\$ 3.20
Income (loss) from discontinued operations	0.08	(0.05)	0.18	13.21
Net income (loss)	<u>\$ (0.07)</u>	<u>\$ 1.04</u>	<u>\$ 3.31</u>	<u>\$ 16.41</u>
AVERAGE DILUTED COMMON SHARES OUTSTANDING (a)	51	55	54	56
SALES				
Life Sciences	203	213	869	815
Personal Care	146	188	598	678
Specialty Additives	144	187	600	719
Intermediates	37	64	185	256
Intersegment Sales	(12)	(21)	(61)	(77)
	<u>\$ 518</u>	<u>\$ 631</u>	<u>\$ 2,191</u>	<u>\$ 2,391</u>
OPERATING INCOME (LOSS)				
Life Sciences	31	40	172	155
Personal Care	14	35	52	102
Specialty Additives	(12)	24	10	103
Intermediates	-	14	50	87
Unallocated and other	(43)	(34)	(112)	(114)
	<u>\$ (10)</u>	<u>\$ 79</u>	<u>\$ 172</u>	<u>\$ 333</u>

(a) As a result of the loss from continuing operations for the three months ending September 30, 2023, 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 per share calculation for the applicable periods.

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

Table 2

	September 30 2023	September 30 2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 417	\$ 646
Accounts receivable	338	402
Inventories	626	629
Other assets	125	91
Total current assets	<u>1,506</u>	<u>1,768</u>
Noncurrent assets		
Property, plant and equipment		
Cost	3,211	3,050
Accumulated depreciation	1,838	1,712
Net property, plant and equipment	<u>1,373</u>	<u>1,338</u>
Goodwill	1,362	1,312
Intangibles	886	963
Operating lease assets, net	122	107
Restricted investments	290	313
Asbestos insurance receivable	127	138
Deferred income taxes	22	20
Other assets	251	254
Total noncurrent assets	<u>4,433</u>	<u>4,445</u>
Total assets	<u>\$ 5,939</u>	<u>\$ 6,213</u>
LIABILITIES AND EQUITY		
Current liabilities		
Short-term debt	\$ 16	\$ -
Trade and other payables	210	265
Accrued expenses and other liabilities	208	269
Current operating lease obligations	22	19
Total current liabilities	<u>456</u>	<u>553</u>
Noncurrent liabilities		
Long-term debt	1,314	1,270
Asbestos litigation reserve	427	472
Deferred income taxes	148	176
Employee benefit obligations	100	103
Operating lease obligations	106	94
Other liabilities	291	325
Total noncurrent liabilities	<u>2,386</u>	<u>2,440</u>
Stockholders' equity	<u>3,097</u>	<u>3,220</u>
Total liabilities and stockholders' equity	<u>\$ 5,939</u>	<u>\$ 6,213</u>

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

Table 3

	Three months ended September 30		Year ended September 30	
	2023	2022	2023	2022
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES				
FROM CONTINUING OPERATIONS				
Net income (loss)	\$ (4)	\$ 57	\$ 178	\$ 927
Loss (income) from discontinued operations, net of income taxes	(4)	3	(10)	(746)
Adjustments to reconcile income from continuing operations to cash flows from operating activities				
Depreciation and amortization	62	60	243	241
Original issue discount and debt issuance cost amortization	1	2	6	7
Deferred income taxes	(44)	(20)	(32)	(35)
Gain from sales of property and equipment	-	-	(1)	-
Stock based compensation expense	6	4	22	18
Excess tax benefit on stock based compensation	-	-	2	1
Loss (income) from restricted investments	15	27	(43)	86
Income on acquisitions and divestitures, net	(7)	-	(7)	(42)
Asset impairments	-	-	4	-
Pension contributions	(1)	(1)	(8)	(5)
Gain on pension and other postretirement plan remeasurements	(2)	(21)	(2)	(22)
Change in operating assets and liabilities (a)	108	68	(58)	(237)
Total cash flows provided by operating activities from continuing operations	130	179	294	193
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES				
FROM CONTINUING OPERATIONS				
Additions to property, plant and equipment	(69)	(46)	(170)	(113)
Proceeds from disposal of property, plant and equipment	9	-	11	51
Proceeds from settlement of Company-owned life insurance contracts	3	1	6	3
Company-owned life insurance payments	(4)	(4)	(5)	(4)
Funds restricted for specific transactions	(2)	-	(9)	(74)
Reimbursements from restricted investments	12	7	58	35
Proceeds from sale of securities	11	12	47	87
Purchases of securities	(11)	(12)	(47)	(87)
Total cash flows used by investing activities from continuing operations	(51)	(42)	(109)	(102)
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES				
FROM CONTINUING OPERATIONS				
Repurchase of common stock	-	-	(300)	(200)
Repayment of long-term debt	-	-	-	(250)
Proceeds from (repayment of) short-term debt	16	-	16	(365)
Debt issuance costs	-	(2)	-	(2)
Cash dividends paid	(20)	(18)	(76)	(70)
Stock based compensation employee withholding taxes paid in cash	(1)	-	(11)	(9)
Total cash flows used by financing activities from continuing operations	(5)	(20)	(371)	(896)
CASH PROVIDED (USED) BY CONTINUING OPERATIONS				
Cash provided (used) by discontinued operations				
Operating cash flows	(8)	(104)	(51)	(406)
Investing cash flows	-	8	-	1,658
Effect of currency exchange rate changes on cash and cash equivalents	2	(4)	8	(11)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	68	17	(229)	436
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	349	629	646	210
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 417	\$ 646	\$ 417	\$ 646
DEPRECIATION AND AMORTIZATION				
Life Sciences	17	17	69	63
Personal Care	22	21	85	84
Specialty Additives	20	19	76	81
Intermediates	3	3	13	13
Unallocated and other	-	-	-	-
	\$ 62	\$ 60	\$ 243	\$ 241

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

RECONCILIATION OF NON-GAAP DATA - ADJUSTED EBITDA

(In millions - preliminary and unaudited)

	Three months ended September 30	
	2023	2022
Adjusted EBITDA - Ashland Inc.		
Net income (loss)	\$ (4)	\$ 57
Income tax expense (benefit)	(30)	1
Net interest and other expense	28	40
Depreciation and amortization	62	60
EBITDA	56	158
Loss (income) from discontinued operations, net of income taxes	(4)	3
Gain on pension and other postretirement plan remeasurements	(2)	(22)
Operating key items (see Table 5)	24	8
Adjusted EBITDA	<u>\$ 74</u>	<u>\$ 147</u>
EBITDA - Life Sciences		
Operating income	\$ 31	\$ 40
Add:		
Depreciation and amortization	17	17
EBITDA	<u>\$ 48</u>	<u>\$ 57</u>
EBITDA - Personal Care		
Operating income	\$ 14	\$ 35
Add:		
Depreciation and amortization	22	21
EBITDA	<u>\$ 36</u>	<u>\$ 56</u>
EBITDA - Specialty Additives		
Operating income (loss)	\$ (12)	\$ 24
Add:		
Depreciation and amortization	20	19
EBITDA	<u>\$ 8</u>	<u>\$ 43</u>
EBITDA - Intermediates		
Operating income	\$ -	\$ 14
Add:		
Depreciation and amortization	3	3
EBITDA	<u>\$ 3</u>	<u>\$ 17</u>

SEGMENT COMPONENTS OF KEY ITEMS FOR APPLICABLE INCOME STATEMENT CAPTIONS

(In millions - preliminary and unaudited)

	Three Months Ended September 30, 2023					Total
	Life Sciences	Personal Care	Specialty Additives	Intermediates	Unallocated & Other	
OPERATING INCOME (LOSS)						
Operating key items:						
Environmental reserve adjustments	\$ -	\$ -	\$ -	\$ -	\$ (25)	\$ (25)
Restructuring, separation and other costs	-	-	-	-	(5)	(5)
Income on acquisitions and divestitures, net	-	-	-	-	6	6
All other operating income (loss)	31	14	(12)	-	(19)	14
Operating income (loss)	31	14	(12)	-	(43)	(10)
NET INTEREST AND OTHER EXPENSE						
Key items					18	18
All other net interest and other expense					10	10
					28	28
OTHER NET PERIODIC BENEFIT LOSS (INCOME)						
Key items					(2)	(2)
All other net periodic benefit losses					2	2
					-	-
INCOME TAX EXPENSE (BENEFIT)						
Tax effect of key items (a)					(9)	(9)
Tax specific key items (b)					(20)	(20)
All other income tax expense					(1)	(1)
					(30)	(30)
INCOME (LOSS) FROM CONTINUING OPERATIONS	\$ 31	\$ 14	\$ (12)	\$ -	\$ (41)	\$ (8)

	Three Months Ended September 30, 2022					Total
	Life Sciences	Personal Care	Specialty Additives	Intermediates	Unallocated & Other	
OPERATING INCOME (LOSS)						
Operating key items:						
Environmental reserve adjustments	\$ -	\$ -	\$ -	\$ -	\$ (6)	\$ (6)
Restructuring, separation and other costs	-	-	-	-	(2)	(2)
All other operating income (loss)	40	35	24	14	(26)	87
Operating income (loss)	40	35	24	14	(34)	79
NET INTEREST AND OTHER EXPENSE						
Key items					29	29
All other net interest and other expense					11	11
					40	40
OTHER NET PERIODIC BENEFIT LOSS (INCOME)						
					(22)	(22)
INCOME TAX EXPENSE (BENEFIT)						
Tax effect of key items (a)					2	2
Tax specific key items (b)					(15)	(15)
All other income tax expense					14	14
					1	1
INCOME (LOSS) FROM CONTINUING OPERATIONS	\$ 40	\$ 35	\$ 24	\$ 14	\$ (53)	\$ 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. 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 September 30		Year ended September 30	
	2023	2022	2023	2022
Free cash flows				
Total cash flows provided (used) by operating activities from continuing operations	\$ 130	\$ 179	\$ 294	\$ 193
Adjustments:				
Additions to property, plant and equipment	(69)	(46)	(170)	(113)
Free cash flows	\$ 61	\$ 133	\$ 124	\$ 80
Cash (inflows) outflows from U.S. Accounts Receivable Sales Program (a)	26	(59)	40	(17)
Restructuring-related payments (b)	5	1	8	10
Environmental and related litigation payments (c)	12	18	45	54
Ongoing free cash flow	\$ 104	\$ 93	\$ 217	\$ 127
Net Income (loss)	(4)	57	178	927
Adjusted EBITDA (d)	\$ 74	\$ 147	\$ 459	\$ 590
Operating cash flow conversion (e)	Not meaningful	314%	165%	21%
Ongoing free cash flow conversion (f)	141%	63%	47%	22%

- (a) Represents activity associated with the U.S. Accounts Receivable Sales Program impacting each period presented.
(b) Restructuring payments incurred during each period presented.
(c) Represents cash outflows associated with environmental and related litigation payments which will be reimbursed by the Environmental trust.
(d) See Adjusted EBITDA reconciliation.
(e) Operating cash flow conversion is defined as Cash flows provided by operating activities from continuing operations divided by Net Income.
(f) Ongoing free cash flow conversion is defined as Ongoing free cash flow divided by Adjusted EBITDA.

	Three months ended September 30		Year ended September 30	
	2023	2022	2023	2022
Adjusted operating income				
Operating income (loss) (as reported)	\$ (10)	\$ 79	\$ 172	\$ 333
Key items, before tax:				
Restructuring, separation and other costs	5	2	10	5
Environmental reserve adjustments	25	6	56	53
ICMS Brazil tax credit	-	-	(12)	-
Income on acquisitions and divestitures, net	(6)	-	(6)	(42)
Asset impairments	-	-	4	-
Adjusted operating income (non-GAAP)	\$ 14	\$ 87	\$ 224	\$ 349

RECONCILIATION OF CERTAIN NON-GAAP DATA

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

	Three months ended September 30		Year ended September 30	
	2023	2022	2023	2022
Income (loss) from continuing operations (as reported)	\$ (8)	\$ 60	\$ 168	\$ 181
Key items, before tax:				
Restructuring, separation and other costs	5	2	10	5
Unrealized (gains) losses on securities	18	29	(29)	102
Environmental reserve adjustments	25	6	56	53
Gain on pension and other postretirement plan remeasurements	(2)	(22)	(2)	(22)
ICMS Brazil tax credit	-	-	(12)	-
Income on acquisitions and divestitures, net	(6)	-	(6)	(42)
Asset impairments	-	-	4	-
Key items, before tax	40	15	21	96
Tax effect of key items (a)	(9)	2	(1)	(21)
Key items, after tax	31	17	20	75
Tax specific key items:				
Restructuring and separation activity	-	(7)	-	3
Valuation allowance	(5)	-	(6)	(4)
Uncertain tax positions	(9)	(8)	(32)	(8)
Other and tax reform related activity	(6)	-	(6)	-
Tax specific key items (b)	(20)	(15)	(44)	(9)
Total key items	11	2	(24)	66
Adjusted income from continuing operations (non-GAAP)	<u>\$ 3</u>	<u>\$ 62</u>	<u>\$ 144</u>	<u>\$ 247</u>
Amortization expense adjustment (net of tax) (c)	18	18	74	75
Adjusted income from continuing operations (non-GAAP) excluding intangibles amortization expense	<u>\$ 21</u>	<u>\$ 80</u>	<u>\$ 218</u>	<u>\$ 322</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:

- Restructuring and separation activity: Includes the impact from company-wide restructuring activities. These adjustments related to various tax impacts including state tax costs, foreign tax costs and other tax account adjustments.

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

(c) Amortization expense adjustment (net of tax) tax rates were 20% for the three and twelve months ended September 30, 2023 and 2022.

RECONCILIATION OF CERTAIN NON-GAAP DATA

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

	Three months ended September 30		Year ended September 30	
	2023	2022	2023	2022
Diluted EPS from continuing operations (as reported)	\$ (0.15)	\$ 1.09	\$ 3.13	\$ 3.20
Key items, before tax:				
Restructuring, separation and other costs	0.09	0.04	0.19	0.09
Unrealized (gains) losses on securities	0.35	0.53	(0.54)	1.82
Environmental reserve adjustments	0.49	0.11	1.04	0.95
Gain on pension and other postretirement plan remeasurements	(0.04)	(0.40)	(0.04)	(0.40)
ICMS Brazil tax credit	-	-	(0.22)	-
Income on acquisitions and divestitures, net	(0.12)	-	(0.11)	(0.75)
Asset impairments	-	-	0.08	-
Key items, before tax	0.77	0.28	0.40	1.71
Tax effect of key items (a)	(0.18)	0.04	(0.02)	(0.38)
Key items, after tax	0.59	0.32	0.38	1.33
Tax specific key items:				
Restructuring and separation activity	-	(0.13)	-	0.06
Valuation allowance	(0.11)	-	(0.12)	(0.07)
Uncertain tax positions	(0.17)	(0.15)	(0.60)	(0.15)
Other and tax reform related activity	(0.11)	-	(0.11)	-
Tax specific key items (b)	(0.39)	(0.28)	(0.83)	(0.16)
Total key items	0.20	0.04	(0.45)	1.17
Adjusted diluted EPS from continuing operations (non-GAAP)	<u>\$ 0.05</u>	<u>\$ 1.13</u>	<u>\$ 2.68</u>	<u>\$ 4.37</u>
Amortization expense adjustment (net of tax) (c)	0.36	0.33	1.39	1.33
Adjusted diluted EPS from continuing operations (non-GAAP) excluding intangibles amortization expense	<u>\$ 0.41</u>	<u>\$ 1.46</u>	<u>\$ 4.07</u>	<u>\$ 5.70</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:

- Restructuring and separation activity: Includes the impact from company-wide restructuring activities. These adjustments related to various tax impacts including state tax costs, foreign tax costs and other tax account adjustments.

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

(c) Amortization expense adjustment (net of tax) tax rates were 20% for the three and twelve months ended September 30, 2023 and 2022.

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

Table 8

Adjusted EBITDA - Ashland Inc.	Year ended September 30	
	2023	2022
Net income	\$ 178	\$ 927
Income tax expense (benefit)	(8)	25
Net interest and other expense	6	149
Depreciation and amortization	243	241
EBITDA	419	1,342
Income from discontinued operations, net of income taxes	(10)	(746)
Key items included in EBITDA:		
Restructuring, separation and other costs	10	5
Environmental reserve adjustments	56	53
Gain on pension and other postretirement plan remeasurements	(2)	(22)
ICMS Brazil tax credit	(12)	-
Income on acquisitions and divestitures, net	(6)	(42)
Asset impairments	4	-
Adjusted EBITDA (a)	\$ 459	\$ 590

(a) Includes \$12 million and \$7 million during 2023 and 2022, respectively, of net periodic pension and other postretirement costs recognized ratably through the fiscal year. These costs are comprised of service cost, interest cost, expected return on plan assets, and amortization of prior service credit.