

	Three months ended	
	December 31,	
	2020	2019
Sales	\$ 552	\$ 533
Cost of sales	374	380
GROSS PROFIT	178	153
Selling, general and administrative expense	106	99
Research and development expense	15	16
Intangibles amortization expense	21	21
Equity and other income	5	-
OPERATING INCOME	41	17
Net interest and other expense (income)	(6)	10
Net income on divestitures	14	3
INCOME FROM CONTINUING OPERATIONS		
BEFORE INCOME TAXES	61	10
Income tax expense (benefit)	-	(24)
INCOME FROM CONTINUING OPERATIONS	61	34
Loss from discontinued operations (net of income taxes)	(5)	(2)
NET INCOME	<u>\$ 56</u>	<u>\$ 32</u>
DILUTED EARNINGS PER SHARE		
Income from continuing operations	\$ 0.99	\$ 0.56
Income (loss) from discontinued operations	(0.08)	(0.03)
Net income	<u>\$ 0.91</u>	<u>\$ 0.53</u>
AVERAGE DILUTED COMMON SHARES OUTSTANDING	61	61
SALES		
Life Sciences	170	155
Personal Care and Household	126	137
Consumer Specialties	296	292
Specialty Additives	147	139
Performance Adhesives	84	74
Industrial Specialties	231	213
Intermediates & Solvents	33	28
Intersegment Sales	(8)	-
	<u>\$ 552</u>	<u>\$ 533</u>
OPERATING INCOME (LOSS)		
Life Sciences	29	22
Personal Care and Household	15	11
Consumer Specialties	44	33
Specialty Additives	2	9
Performance Adhesives	20	10
Industrial Specialties	22	19
Intermediates & Solvents	2	(12)
Unallocated and other	(27)	(23)
	<u>\$ 41</u>	<u>\$ 17</u>

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

Table 2

	December 31 2020	September 30 2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 335	\$ 454
Accounts receivable	409	471
Inventories	537	529
Other assets	100	87
Held for sale	-	6
Total current assets	<u>1,381</u>	<u>1,547</u>
Noncurrent assets		
Property, plant and equipment		
Cost	3,310	3,265
Accumulated depreciation	1,748	1,700
Net property, plant and equipment	1,562	1,565
Goodwill	1,792	1,758
Intangibles	1,001	1,013
Operating lease assets, net	137	137
Restricted investments	316	301
Asbestos insurance receivable	130	136
Deferred income taxes	26	26
Other assets	397	394
Total noncurrent assets	<u>5,361</u>	<u>5,330</u>
Total assets	<u>\$ 6,742</u>	<u>\$ 6,877</u>
LIABILITIES AND EQUITY		
Current liabilities		
Short-term debt	\$ 93	\$ 280
Trade and other payables	217	233
Accrued expenses and other liabilities	252	277
Current operating lease obligations	23	23
Total current liabilities	<u>585</u>	<u>813</u>
Noncurrent liabilities		
Long-term debt	1,601	1,573
Asbestos litigation reserve	498	513
Deferred income taxes	222	229
Employee benefit obligations	157	157
Operating lease obligations	124	124
Other liabilities	433	432
Total noncurrent liabilities	<u>3,035</u>	<u>3,028</u>
Stockholders' equity	<u>3,122</u>	<u>3,036</u>
Total liabilities and stockholders' equity	<u>\$ 6,742</u>	<u>\$ 6,877</u>

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

Table 3

	Three months ended December 31	
	2020	2019
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES FROM CONTINUING OPERATIONS		
Net income (loss)	\$ 56	\$ 32
Loss from discontinued operations (net of taxes)	5	2
Adjustments to reconcile income from continuing operations to cash flows from operating activities		
Depreciation and amortization	62	61
Original issue discount and debt issuance cost amortization	1	2
Deferred income taxes	(5)	(12)
Gain from sales of property and equipment	(4)	-
Stock based compensation expense	4	4
Income from restricted investments	(23)	(13)
Net income on divestitures	(14)	-
Impairments	9	-
Pension contributions	(2)	(1)
Change in operating assets and liabilities (a)	17	(109)
Total cash flows provided (used) by operating activities from continuing operations	106	(34)
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES FROM CONTINUING OPERATIONS		
Additions to property, plant and equipment	(30)	(29)
Proceeds from disposal of property, plant and equipment	5	-
Proceeds from sale or restructuring of operations	14	-
Net purchase of funds restricted for specific transactions	(1)	(1)
Reimbursements from restricted investments	8	10
Proceeds from sale of securities	42	4
Purchases of securities	(42)	(4)
Total cash flows used by investing activities from continuing operations	(4)	(20)
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES FROM CONTINUING OPERATIONS		
Proceeds from (repayment of) short-term debt	(187)	14
Cash dividends paid	(17)	(16)
Stock based compensation employee withholding taxes paid in cash	(3)	(5)
Total cash flows used by financing activities from continuing operations	(207)	(7)
CASH PROVIDED (USED) BY CONTINUING OPERATIONS	(105)	(61)
Cash provided (used) by discontinued operations		
Operating cash flows	(14)	(17)
Investing cash flows	(3)	2
Effect of currency exchange rate changes on cash and cash equivalents	3	1
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(119)	(75)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	454	232
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 335	\$ 157
DEPRECIATION AND AMORTIZATION		
Life Sciences	16	15
Personal Care and Household	19	19
Consumer Specialties	35	34
Specialty Additives	21	20
Performance Adhesives	3	4
Industrial Specialties	24	24
Intermediates & Solvents	3	3
Unallocated and other	-	-
	\$ 62	\$ 61

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

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

Table 4

	Three months ended December 31	
	2020	2019
Adjusted EBITDA - Ashland Global Holdings Inc.		
Net income	\$ 56	\$ 32
Income tax expense (benefit)	-	(24)
Net interest and other expense (income)	(6)	10
Depreciation and amortization	<u>62</u>	<u>61</u>
EBITDA	112	79
Loss from discontinued operations (net of taxes)	5	2
Net income on divestitures key items (see Table 5)	(14)	-
Operating key items (see Table 5)	<u>21</u>	<u>7</u>
Adjusted EBITDA	<u>\$ 124</u>	<u>\$ 88</u>
Life Sciences		
Operating income	\$ 29	\$ 22
Add:		
Depreciation and amortization	<u>16</u>	<u>15</u>
Adjusted EBITDA	<u>\$ 45</u>	<u>\$ 37</u>
Personal Care and Household		
Operating income	\$ 15	\$ 11
Add:		
Depreciation and amortization	<u>19</u>	<u>19</u>
Adjusted EBITDA	<u>\$ 34</u>	<u>\$ 30</u>
Adjusted EBITDA - Consumer Specialties Total		
Operating income	\$ 44	\$ 33
Add:		
Depreciation and amortization	<u>35</u>	<u>34</u>
Adjusted EBITDA	<u>\$ 79</u>	<u>\$ 67</u>

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

Table 4 (Continued)

	Three months ended December 31	
	<u>2020</u>	<u>2019</u>
Specialty Additives		
Operating income	\$ 2	\$ 9
Add:		
Depreciation and amortization	21	20
Operating key items (see Table 5)	9	-
Adjusted EBITDA	<u>\$ 32</u>	<u>\$ 29</u>
Performance Adhesives		
Operating income	\$ 20	\$ 10
Add:		
Depreciation and amortization	3	4
Adjusted EBITDA	<u>\$ 23</u>	<u>\$ 14</u>
Adjusted EBITDA - Industrial Specialties Total		
Operating income	\$ 22	\$ 19
Add:		
Depreciation and amortization	24	24
Operating key items (see Table 5)	9	-
Adjusted EBITDA	<u>\$ 55</u>	<u>\$ 43</u>
Adjusted EBITDA - Intermediates and Solvents		
Operating income	\$ 2	\$ (12)
Add:		
Depreciation and amortization	3	3
Adjusted EBITDA	<u>\$ 5</u>	<u>\$ (9)</u>

RECONCILIATION OF CERTAIN NON-GAAP DATA

(In millions - preliminary and unaudited)

	Three months ended December 31	
	2020	2019
Free cash flows (a)		
Total cash flows provided by operating activities from continuing operations	\$ 106	\$ (34)
Adjustments:		
Additions to property, plant and equipment	(30)	(29)
Free cash flows (a) (b)	<u>\$ 76</u>	<u>\$ (63)</u>

(a) Free cash flow is defined as cash flows provided (used) by operating activities less additions to property, plant and equipment and other items Ashland has deemed non-operational (if applicable).

(b) Includes \$14 million and \$6 million of restructuring payments for the three months ended December 31, 2020 and 2019, respectively.

	Three months ended December 31	
	2020	2019
Adjusted operating income		
Operating income (as reported)	\$ 41	\$ 17
Key items, before tax:		
Restructuring, separation and other costs	12	7
Capital project impairment	9	-
Adjusted operating income (non-GAAP)	<u>\$ 62</u>	<u>\$ 24</u>

Ashland Global Holdings 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	
	2020	2019
Income from continuing operations (as reported)	\$ 61	\$ 34
Key items, before tax:		
Restructuring, separation and other costs	12	7
Capital project impairment	9	-
Unrealized gain on securities	(18)	(9)
Net gain on acquisitions and divestitures	(14)	-
Key items, before tax	(11)	(2)
Tax effect of key items (a)	4	1
Key items, after tax	(7)	(1)
Tax specific key items:		
Restructuring and separation activity	(13)	-
Other tax reform related activity	-	(25)
Tax specific key items (b)	(13)	(25)
Total key items	(20)	(26)
Adjusted income from continuing operations (non-GAAP)	<u>\$ 41</u>	<u>\$ 8</u>
Amortization expense adjustment (net of tax) (c)	17	17
Adjusted income from continuing operations (non-GAAP) excluding intangibles amortization expense	<u>\$ 58</u>	<u>\$ 25</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.
 - Other tax reform: Includes the impact of other items related to the Tax Act and other tax law changes enacted during 2020.
- (c) Amortization expense adjustment (net of tax) tax rates were 21% and 20% for the three months ended December 31, 2020 and 2019, respectively.

Ashland Global Holdings 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	
	2020	2019
Diluted EPS from continuing operations (as reported)	\$ 0.99	\$ 0.56
Key items, before tax:		
Restructuring, separation and other costs	0.18	0.12
Capital project impairment	0.16	-
Unrealized gain on securities	(0.29)	(0.15)
Net gain on acquisitions and divestitures	(0.23)	-
Key items, before tax	(0.18)	(0.03)
Tax effect of key items (a)	0.07	0.02
Key items, after tax	(0.11)	(0.01)
Tax specific key items:		
Restructuring and separation activity	(0.22)	-
Other tax reform related activity	-	(0.42)
Tax specific key items (b)	(0.22)	(0.42)
Total key items	(0.33)	(0.43)
Adjusted diluted EPS from continuing operations (non-GAAP)	<u>\$ 0.66</u>	<u>\$ 0.13</u>
Amortization expense adjustment (net of tax) (c)	0.28	0.28
Adjusted diluted EPS from continuing operations (non-GAAP) excluding intangibles amortization expense	<u>\$ 0.94</u>	<u>\$ 0.41</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.
 - Other tax reform: Includes the impact of other items related to the Tax Act and other tax law changes enacted during 2020.
- (c) Amortization expense adjustment (net of tax) tax rates were 21% and 20% for the three months ended December 31, 2020 and 2019, respectively.