

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	
	2025	2024	2025	2024
Sales	\$ 479	\$ 575	\$ 884	\$ 1,048
Cost of sales	332	414	626	789
GROSS PROFIT	147	161	258	259
Selling, general and administrative expense	85	106	162	189
Research and development expense	14	14	28	26
Intangibles amortization expense	15	20	32	40
Equity and other income	-	-	1	2
Income (loss) on acquisitions and divestitures, net	18	-	(165)	(2)
OPERATING INCOME (LOSS)	51	21	(128)	4
Net interest and other expense (income)	11	2	39	(21)
Other net periodic benefit loss	1	2	3	4
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	39	17	(170)	21
Income tax expense (benefit)	9	(104)	(34)	(128)
INCOME (LOSS) FROM CONTINUING OPERATIONS	30	121	(136)	149
Income (loss) from discontinued operations, net of income taxes	1	(1)	1	(2)
NET INCOME (LOSS)	<u>\$ 31</u>	<u>\$ 120</u>	<u>\$ (135)</u>	<u>\$ 147</u>
DILUTED EARNINGS PER SHARE				
Income (loss) from continuing operations	\$ 0.63	\$ 2.40	\$ (2.91)	\$ 2.92
Income (loss) from discontinued operations	0.02	(0.01)	0.03	(0.04)
Net income (loss)	<u>\$ 0.65</u>	<u>\$ 2.39</u>	<u>\$ (2.88)</u>	<u>\$ 2.88</u>
AVERAGE DILUTED COMMON SHARES OUTSTANDING^(a)	47	51	47	51
SALES				
Life Sciences	172	222	306	422
Personal Care	146	169	279	298
Specialty Additives	134	157	249	279
Intermediates	37	40	71	73
Intersegment Sales	(10)	(13)	(21)	(24)
	<u>\$ 479</u>	<u>\$ 575</u>	<u>\$ 884</u>	<u>\$ 1,048</u>
OPERATING INCOME (LOSS)				
Life Sciences	28	50	42	82
Personal Care	28	25	39	28
Specialty Additives	7	(18)	2	(50)
Intermediates	(1)	9	2	16
Unallocated and other	(11)	(45)	(213)	(72)
	<u>\$ 51</u>	<u>\$ 21</u>	<u>\$ (128)</u>	<u>\$ 4</u>

(a) As a result of the loss from continuing operations for the six months ending 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 per share calculation for the period.

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

Table 2

	March 31 2025	September 30 2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 168	\$ 300
Accounts receivable, net	226	243
Inventories	542	545
Other assets	139	107
Total current assets	1,075	1,195
Noncurrent assets		
Property, plant and equipment		
Cost	3,261	3,316
Accumulated depreciation	2,041	2,013
Net property, plant and equipment	1,220	1,303
Goodwill	1,356	1,381
Intangibles	580	751
Operating lease assets, net	98	114
Restricted investments	272	295
Asbestos insurance receivable, net	126	132
Deferred income taxes	241	210
Other assets	265	264
Total noncurrent assets	4,158	4,450
Total assets	<u>\$ 5,233</u>	<u>\$ 5,645</u>
LIABILITIES AND EQUITY		
Current liabilities		
Short-term debt	\$ 50	\$ -
Trade and other payables	185	214
Accrued expenses and other liabilities	209	256
Current operating lease obligations	19	20
Total current liabilities	463	490
Noncurrent liabilities		
Long-term debt	1,336	1,349
Asbestos litigation reserve	391	414
Deferred income taxes	29	29
Employee benefit obligations	110	110
Operating lease obligations	82	99
Other liabilities	263	286
Total noncurrent liabilities	2,211	2,287
Stockholders' equity	2,559	2,868
Total liabilities and stockholders' equity	<u>\$ 5,233</u>	<u>\$ 5,645</u>

STATEMENTS OF CONDENSED CONSOLIDATED CASH FLOWS

(In millions - preliminary and unaudited)

	Three months ended March 31		Six months ended March 31	
	2025	2024	2025	2024
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES FROM CONTINUING OPERATIONS				
Net income (loss)	\$ 31	\$ 120	\$ (135)	\$ 147
Loss (income) from discontinued operations, net of income taxes	(1)	1	(1)	2
Adjustments to reconcile income (loss) from continuing operations to cash flows from operating activities				
Depreciation and amortization	60	83	111	160
Original issue discount and debt issuance cost amortization	2	2	3	3
Deferred income taxes	4	(106)	1	(136)
Gain from sales of property and equipment	(11)	-	(11)	-
Equity income from affiliates	-	-	(1)	-
Stock based compensation expense	5	6	9	7
Loss (income) from restricted investments	(6)	(12)	7	(47)
Income on divestitures, net	(7)	-	(7)	-
Impairment charges	-	-	183	-
Pension contributions	(3)	(3)	(7)	(11)
Loss on pension and other postretirement plan remeasurements	-	-	1	-
Change in operating assets and liabilities ^(a)	(65)	(37)	(174)	130
Total cash flows provided (used) by operating activities from continuing operations	9	54	(21)	255
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES FROM CONTINUING OPERATIONS				
Additions to property, plant and equipment	(21)	(34)	(44)	(70)
Proceeds from disposal of property, plant and equipment	11	-	11	-
Proceeds from sale of operations	16	-	16	-
Company-owned life insurance payments	-	-	(1)	(1)
Other investing cash flows	-	(10)	-	(10)
Funds restricted for specific transactions	(8)	-	(8)	(5)
Reimbursements from restricted investments	19	21	25	37
Proceeds from sale of securities	19	11	24	20
Purchases of securities	(19)	(11)	(24)	(20)
Total cash flows provided (used) by investing activities from continuing operations	17	(23)	(1)	(49)
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES FROM CONTINUING OPERATIONS				
Repurchase of common stock	(100)	-	(100)	(100)
Proceeds from (repayment of) short-term debt	50	-	50	(16)
Cash dividends paid	(19)	(19)	(38)	(39)
Stock based compensation employee withholding taxes paid in cash	-	(1)	(3)	(4)
Total cash flows used by financing activities from continuing operations	(69)	(20)	(91)	(159)
CASH PROVIDED (USED) BY CONTINUING OPERATIONS				
Cash used by discontinued operations	(43)	11	(113)	47
Operating cash flows	(8)	(13)	(18)	(27)
Effect of currency exchange rate changes on cash and cash equivalents	-	1	(1)	2
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(51)	(1)	(132)	22
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	219	440	300	417
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 168	\$ 439	\$ 168	\$ 439
DEPRECIATION AND AMORTIZATION				
Life Sciences	26	16	39	32
Personal Care	15	20	34	39
Specialty Additives	16	44	32	83
Intermediates	3	3	6	6
	\$ 60	\$ 83	\$ 111	\$ 160

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

RECONCILIATION OF NON-GAAP DATA - ADJUSTED EBITDA

(In millions - preliminary and unaudited)

	Three months ended March 31	
	2025	2024
Adjusted EBITDA - Ashland Inc.		
Net income	\$ 31	\$ 120
Income tax expense (benefit)	9	(104)
Net interest and other expense	11	2
Depreciation and amortization ^(a)	49	56
EBITDA	100	74
Loss (income) from discontinued operations, net of income taxes	(1)	1
Operating key items (see Table 5)	9	51
Adjusted EBITDA	<u>\$ 108</u>	<u>\$ 126</u>
Adjusted EBITDA - Life Sciences		
Operating income	\$ 28	\$ 50
Add:		
Depreciation and amortization ^(a)	13	16
Operating key items (see Table 5)	15	-
Adjusted EBITDA	<u>\$ 56</u>	<u>\$ 66</u>
Adjusted EBITDA - Personal Care		
Operating income	\$ 28	\$ 25
Add:		
Depreciation and amortization ^(a)	17	20
Operating key items (see Table 5)	(1)	-
Adjusted EBITDA	<u>\$ 44</u>	<u>\$ 45</u>
Adjusted EBITDA - Specialty Additives		
Operating income (loss)	\$ 7	\$ (18)
Add:		
Depreciation and amortization ^(a)	16	17
Operating key items (see Table 5)	3	28
Adjusted EBITDA	<u>\$ 26</u>	<u>\$ 27</u>
Adjusted EBITDA - Intermediates		
Operating income (loss)	\$ (1)	\$ 9
Add:		
Depreciation and amortization	3	3
Adjusted EBITDA	<u>\$ 2</u>	<u>\$ 12</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. Depreciation and amortization excludes accelerated depreciation expense 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, 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 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					(3)	(3)
All other net interest and other expense					14	14
					11	11
OTHER NET PERIODIC BENEFIT LOSS						
					1	1
INCOME TAX EXPENSE (BENEFIT)						
Tax effect of key items ^(a)					(2)	(2)
Tax specific key items ^(b)					(1)	(1)
All other income tax expense					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>

Three Months Ended March 31, 2024						
Life Sciences	Personal Care	Specialty Additives	Intermediates	Unallocated & Other	Total	
OPERATING INCOME (LOSS)						
Operating key items:						
Accelerated depreciation	\$ -	\$ -	\$ (27)	\$ -	\$ -	\$ (27)
Restructuring, separation and other costs	-	-	-	-	(20)	(20)
Environmental reserve adjustments	-	-	-	-	(3)	(3)
Other plant optimization costs	-	-	(1)	-	-	(1)
All other operating income (loss)	50	25	10	9	(22)	72
Operating income (loss)	50	25	(18)	9	(45)	21
NET INTEREST AND OTHER EXPENSE (INCOME)						
Key items					(9)	(9)
All other net interest and other expense					11	11
					2	2
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
					(104)	(104)
INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>\$ 50</u>	<u>\$ 25</u>	<u>\$ (18)</u>	<u>\$ 9</u>	<u>\$ 55</u>	<u>\$ 121</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	
	2025	2024	2025	2024
Free cash flows				
Total cash flows provided (used) by operating activities from continuing operations	\$ 9	\$ 54	\$ (21)	\$ 255
Adjustments:				
Additions to property, plant and equipment	(21)	(34)	(44)	(70)
Free Cash Flows	\$ (12)	\$ 20	\$ (65)	\$ 185
Cash (inflows) outflows from U.S. Accounts Receivable Sales Program ^(a)	4	(7)	11	(15)
Cash inflows from Foreign Accounts Receivable Sales Program ^(b)	(21)	(20)	(9)	(122)
Restructuring-related payments ^(c)	14	4	17	7
Environmental and related litigation payments ^(d)	9	7	13	15
Ongoing Free Cash Flow	\$ (6)	\$ 4	\$ (33)	\$ 70
Net income (loss)	\$ 31	\$ 120	\$ (135)	\$ 147
Adjusted EBITDA ^(e)	\$ 108	\$ 126	\$ 169	\$ 197
Operating Cash Flow Conversion ^(f)	29%	45%	Not meaningful	173%
Ongoing Free Cash Flow Conversion ^(g)	-6%	3%	-20%	36%

(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 (used) by operating activities from continuing operations divided by Net income (loss).

(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	
	2025	2024	2025	2024
Adjusted Operating Income				
Operating income (loss) (as reported)	\$ 51	\$ 21	\$ (128)	\$ 4
Key items, before tax:				
Avoca impairment and sale	(8)	-	175	-
Income on divestitures, net	(10)	-	(10)	-
Accelerated depreciation	13	27	13	49
Restructuring, separation and other costs	8	20	11	24
Other plant optimization costs	6	1	9	1
Environmental reserve adjustments	2	3	3	7
Argentina currency devaluation impact	-	-	-	5
Held for sale depreciation and amortization	(2)	-	(2)	-
Adjusted Operating Income (non-GAAP)	<u>\$ 60</u>	<u>\$ 72</u>	<u>\$ 71</u>	<u>\$ 90</u>

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	
	2025	2024	2025	2024
Income (loss) from continuing operations (as reported)	\$ 30	\$ 121	\$ (136)	\$ 149
Key items, before tax:				
Avoca impairment and sale	(8)	-	175	-
Unrealized (gain) loss on securities	(3)	(9)	14	(39)
Accelerated depreciation	13	27	13	49
Restructuring, separation and other costs	8	20	11	24
Other plant optimization costs	6	1	9	1
Environmental reserve adjustments	2	3	3	7
Loss on pension and other postretirement plan remeasurements	-	-	1	-
Argentina currency devaluation impact	-	-	-	5
Held for sale depreciation and amortization	(2)	-	(2)	-
Income on divestitures, net	(10)	-	(10)	-
Key items, before tax	6	42	214	47
Tax effect of key items ^(a)	(2)	(10)	(52)	(12)
Key items, after tax	4	32	162	35
Tax specific key items:				
Uncertain tax positions	(3)	-	(4)	-
Other and tax reform related activity	2	(105)	11	(129)
Tax specific key items ^(b)	(1)	(105)	7	(129)
Total key items	3	(73)	169	(94)
Adjusted Income from Continuing Operations (non-GAAP)	<u>\$ 33</u>	<u>\$ 48</u>	<u>\$ 33</u>	<u>\$ 55</u>
Amortization expense adjustment (net of tax) ^(c)	13	16	27	33
Adjusted Income from Continuing Operations (non-GAAP) Excluding Intangibles Amortization Expense	<u>\$ 46</u>	<u>\$ 64</u>	<u>\$ 60</u>	<u>\$ 88</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 and 2024.

(c) Amortization expense adjustment (net of tax) tax rates were 21% for the three and six months ended March 31, 2025 and 20% for the three and six months ended March 31, 2024.

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	
	2025	2024	2025	2024
Diluted EPS from continuing operations (as reported)	\$ 0.63	\$ 2.40	\$ (2.91)	\$ 2.92
Key items, before tax:				
Avoca impairment and sale	(0.17)	-	3.73	-
Unrealized (gain) loss on securities	(0.06)	(0.18)	0.31	(0.76)
Accelerated depreciation	0.28	0.55	0.28	0.96
Restructuring, separation and other costs	0.17	0.39	0.23	0.47
Other plant optimization costs	0.13	0.02	0.19	0.02
Environmental reserve adjustments	0.04	0.06	0.06	0.14
Loss on pension and other postretirement plan remeasurements	-	-	0.02	-
Argentina currency devaluation impact	-	-	-	0.10
Held for sale depreciation and amortization	(0.04)	-	(0.04)	-
Income on divestitures, net	(0.21)	-	(0.21)	-
Key items, before tax	0.14	0.84	4.57	0.93
Tax effect of key items ^(a)	(0.04)	(0.20)	(1.11)	(0.23)
Key items, after tax	0.10	0.64	3.46	0.70
Tax specific key items:				
Uncertain tax positions	(0.06)	-	(0.08)	-
Other and tax reform related activity	0.04	(2.07)	0.23	(2.54)
Tax specific key items ^(b)	(0.02)	(2.07)	0.15	(2.54)
Total key items	0.08	(1.43)	3.61	(1.84)
Adjusted Diluted EPS from Continuing Operations (non-GAAP)	<u>\$ 0.71</u>	<u>\$ 0.97</u>	<u>\$ 0.70</u>	<u>\$ 1.08</u>
Amortization expense adjustment (net of tax) ^(c)	0.28	0.30	0.56	0.63
Adjusted Diluted EPS from Continuing Operations (non-GAAP) Excluding Intangibles Amortization Expense	<u>\$ 0.99</u>	<u>\$ 1.27</u>	<u>\$ 1.26</u>	<u>\$ 1.71</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 and 2024.

(c) Amortization expense adjustment (net of tax) tax rates were 21% for the three and six months ended March 31, 2025 and 20% for the three and six months ended March 31, 2024.