

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

Table 1

	Three months ended December 31,	
	2021	2020
Sales	\$ 512	\$ 468
Cost of sales	351	321
GROSS PROFIT	161	147
Selling, general and administrative expense	82	101
Research and development expense	13	13
Intangibles amortization expense	24	21
Equity and other income	-	5
OPERATING INCOME	42	17
Net interest and other expense (income)	5	(7)
Net income on acquisitions and divestitures	-	14
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	37	38
Income tax expense (benefit)	5	(5)
INCOME FROM CONTINUING OPERATIONS	32	43
Income from discontinued operations (net of income taxes)	16	13
NET INCOME	<u>\$ 48</u>	<u>\$ 56</u>
DILUTED EARNINGS PER SHARE		
Income from continuing operations	\$ 0.55	\$ 0.70
Income from discontinued operations	0.28	0.22
Net income	<u>\$ 0.83</u>	<u>\$ 0.92</u>
AVERAGE DILUTED COMMON SHARES OUTSTANDING	58	61
SALES		
Life Sciences	170	170
Personal Care	147	126
Specialty Additives	156	147
Intermediates	53	33
Intersegment Sales	(14)	(8)
	<u>\$ 512</u>	<u>\$ 468</u>
OPERATING INCOME		
Life Sciences	21	29
Personal Care	15	15
Specialty Additives	17	2
Intermediates	16	2
Unallocated and other	(27)	(31)
	<u>\$ 42</u>	<u>\$ 17</u>

	December 31 <u>2021</u>	September 30 <u>2021</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 194	\$ 210
Accounts receivable	340	369
Inventories	530	473
Other assets	66	68
Current assets held for sale	<u>604</u>	<u>597</u>
Total current assets	1,734	1,717
Noncurrent assets		
Property, plant and equipment		
Cost	3,070	3,066
Accumulated depreciation	<u>1,669</u>	<u>1,639</u>
Net property, plant and equipment	1,401	1,427
Goodwill	1,411	1,430
Intangibles	1,068	1,099
Operating lease assets, net	117	124
Restricted investments	390	384
Asbestos insurance receivable	132	134
Deferred income taxes	30	30
Other assets	<u>266</u>	<u>267</u>
Total noncurrent assets	<u>4,815</u>	<u>4,895</u>
Total assets	<u>\$ 6,549</u>	<u>\$ 6,612</u>
LIABILITIES AND EQUITY		
Current liabilities		
Short-term debt	\$ 376	\$ 365
Current portion of long-term debt	13	9
Trade and other payables	236	236
Accrued expenses and other liabilities	214	251
Current operating lease obligations	22	23
Current liabilities held for sale	<u>47</u>	<u>50</u>
Total current liabilities	908	934
Noncurrent liabilities		
Long-term debt	1,580	1,596
Asbestos litigation reserve	472	490
Deferred income taxes	238	237
Employee benefit obligations	145	144
Operating lease obligations	104	110
Other liabilities	<u>339</u>	<u>349</u>
Total noncurrent liabilities	2,878	2,926
Stockholders' equity	<u>2,763</u>	<u>2,752</u>
Total liabilities and stockholders' equity	<u>\$ 6,549</u>	<u>\$ 6,612</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	
	2021	2020
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES FROM CONTINUING OPERATIONS		
Net income	\$ 48	\$ 56
Income from discontinued operations (net of taxes)	(16)	(13)
Adjustments to reconcile income from continuing operations to cash flows from operating activities		
Depreciation and amortization	60	59
Original issue discount and debt issuance cost amortization	1	1
Deferred income taxes	3	(5)
Gain from sales of property and equipment	-	(4)
Stock based compensation expense	4	4
(Income) loss from restricted investments	(13)	(23)
Income on acquisitions and divestitures	-	(14)
Impairments	-	9
Pension contributions	(1)	(2)
Change in operating assets and liabilities (a)	(72)	13
Total cash flows provided by operating activities from continuing operations	14	81
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES FROM CONTINUING OPERATIONS		
Additions to property, plant and equipment	(15)	(30)
Proceeds from disposal of property, plant and equipment	1	5
Proceeds from sale or restructuring of operations	-	14
Net purchase of funds restricted for specific transactions	-	(1)
Reimbursements from restricted investments	7	8
Proceeds from sale of securities	4	42
Purchases of securities	(4)	(42)
Total cash flows used by investing activities from continuing operations	(7)	(4)
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES FROM CONTINUING OPERATIONS		
Proceeds from (repayment of) short-term debt	11	(187)
Cash dividends paid	(17)	(17)
Stock based compensation employee withholding taxes paid in cash	(5)	(3)
Total cash flows used by financing activities from continuing operations	(11)	(207)
CASH USED BY CONTINUING OPERATIONS	(4)	(130)
Cash provided (used) by discontinued operations		
Operating cash flows	(8)	11
Investing cash flows	(1)	(3)
Effect of currency exchange rate changes on cash and cash equivalents	(3)	3
DECREASE IN CASH AND CASH EQUIVALENTS	(16)	(119)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	210	454
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 194	\$ 335
DEPRECIATION AND AMORTIZATION		
Life Sciences	15	16
Personal Care	21	19
Specialty Additives	21	21
Intermediates	3	3
	\$ 60	\$ 59

(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	
	2021	2020
Adjusted EBITDA - Ashland Global Holdings Inc.		
Net income	\$ 48	\$ 56
Income tax expense (benefit)	5	(5)
Net interest and other expense (income)	5	(7)
Depreciation and amortization	60	59
EBITDA	118	103
Income from discontinued operations (net of taxes)	(16)	(13)
Net gain on acquisitions and divestitures key items (see Table 5)	-	(14)
Operating key items (see Table 5)	4	25
Adjusted EBITDA	<u>\$ 106</u>	<u>\$ 101</u>
Adjusted EBITDA - Life Sciences		
Operating income	\$ 21	\$ 29
Add:		
Depreciation and amortization	15	16
Adjusted EBITDA	<u>\$ 36</u>	<u>\$ 45</u>
Adjusted EBITDA - Personal Care		
Operating income	\$ 15	\$ 15
Add:		
Depreciation and amortization	21	19
Adjusted EBITDA	<u>\$ 36</u>	<u>\$ 34</u>
Adjusted EBITDA - Specialty Additives		
Operating income	\$ 17	\$ 2
Add:		
Depreciation and amortization	21	21
Operating key items (see Table 5)	-	9
Adjusted EBITDA	<u>\$ 38</u>	<u>\$ 32</u>
Adjusted EBITDA - Intermediates		
Operating income (loss)	\$ 16	\$ 2
Add:		
Depreciation and amortization	3	3
Adjusted EBITDA	<u>\$ 19</u>	<u>\$ 5</u>

SEGMENT COMPONENTS OF KEY ITEMS FOR APPLICABLE INCOME STATEMENT CAPTIONS

(In millions - preliminary and unaudited)

	Three Months Ended December 31, 2021					
	<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:						
Environmental reserve adjustments	\$ -	\$ -	\$ -	\$ -	\$ (3)	\$ (3)
Restructuring, separation and other costs	-	-	-	-	(1)	(1)
All other operating income (loss)	<u>21</u>	<u>15</u>	<u>17</u>	<u>16</u>	<u>(23)</u>	<u>46</u>
Operating income (loss)	21	15	17	16	(27)	42
NET INTEREST AND OTHER EXPENSE (INCOME)						
Key items					(4)	(4)
All other net interest and other expense					<u>9</u>	<u>9</u>
					5	5
INCOME TAX EXPENSE						
All other income tax expense					<u>5</u>	<u>5</u>
					5	5
INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>\$ 21</u>	<u>\$ 15</u>	<u>\$ 17</u>	<u>\$ 16</u>	<u>\$ (37)</u>	<u>\$ 32</u>

	Three Months Ended December 31, 2020					
	<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:						
Restructuring, separation and other costs	\$ -	\$ -	\$ -	\$ -	\$ (12)	\$ (12)
Environmental reserve adjustments	-	-	-	-	(4)	(4)
Capital project impairment	-	-	(9)	-	-	(9)
All other operating income (loss)	<u>29</u>	<u>15</u>	<u>11</u>	<u>2</u>	<u>(15)</u>	<u>42</u>
Operating income (loss)	29	15	2	2	(31)	17
NET INTEREST AND OTHER EXPENSE (INCOME)						
Key items					(18)	(18)
All other net interest and other expense					<u>11</u>	<u>11</u>
					(7)	(7)
NET INCOME ON DIVESTITURES						
Key items					14	14
INCOME TAX EXPENSE (BENEFIT)						
Tax effect of key items (a)					3	3
Tax specific key items (b)					(13)	(13)
All other income tax expense (benefit)					<u>5</u>	<u>5</u>
					(5)	(5)
INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>\$ 29</u>	<u>\$ 15</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ (5)</u>	<u>\$ 43</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.

RECONCILIATION OF CERTAIN NON-GAAP DATA

(In millions - preliminary and unaudited)

	Three months ended December 31	
	2021	2020
Free cash flows		
Total cash flows provided by operating activities from continuing operations	14	\$ 81
Adjustments:		
Additions to property, plant and equipment	(15)	(30)
Free cash flows	(1)	51
Cash (inflows) outflows from U.S. Accounts Receivable Sales Program (a)	10	-
Restructuring-related payments (b)	4	14
Environmental and related litigation payments (c)	13	9
Ongoing free cash flow	\$ 26	\$ 74
Adjusted EBITDA (d)	\$ 106	\$ 101
Ongoing free cash flow conversion (e)	25%	73%

(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) Ongoing free cash flow divided by Adjusted EBITDA.

	Three months ended December 31	
	2021	2020
Adjusted operating income		
Operating income (loss) (as reported)	\$ 42	\$ 17
Key items, before tax:		
Restructuring, separation and other costs	1	12
Environmental reserve adjustments	3	4
Capital project impairment	-	9
Adjusted operating income (non-GAAP)	\$ 46	\$ 42

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	
	2021	2020
Income from continuing operations (as reported)	\$ 32	\$ 43
Key items, before tax:		
Restructuring, separation and other costs	1	12
Unrealized gain on securities	(4)	(18)
Environmental reserve adjustments	3	4
Net gain on acquisitions and divestitures	-	(14)
Impairments	-	9
Key items, before tax	-	(7)
Tax effect of key items (a)	-	3
Key items, after tax	-	(4)
Tax specific key items:		
Restructuring and separation activity	-	(13)
Tax specific key items (b)	-	(13)
Total key items	-	(17)
Adjusted income from continuing operations (non-GAAP)	<u>\$ 32</u>	<u>\$ 26</u>
Amortization expense adjustment (net of tax) (c)	19	17
Adjusted income from continuing operations (non-GAAP) excluding intangibles amortization expense	<u>\$ 51</u>	<u>\$ 43</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.

(c) Amortization expense adjustment (net of tax) tax rates were 20% and 21% for the three months ended December 31, 2021 and 2020, 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	
	2021	2020
Diluted EPS from continuing operations (as reported)	\$ 0.55	\$ 0.70
Key items, before tax:		
Restructuring, separation and other costs	0.02	0.18
Unrealized gain on securities	(0.07)	(0.29)
Environmental reserve adjustments	0.05	0.06
Net gain on acquisitions and divestitures	-	(0.23)
Impairments	-	0.16
Key items, before tax	-	(0.12)
Tax effect of key items (a)	-	0.05
Key items, after tax	-	(0.07)
Tax specific key items:		
Restructuring and separation activity	-	(0.22)
Tax specific key items (b)	-	(0.22)
Total key items	-	(0.29)
Adjusted diluted EPS from continuing operations (non-GAAP)	<u>\$ 0.55</u>	<u>\$ 0.41</u>
Amortization expense adjustment (net of tax) (c)	0.33	0.28
Adjusted diluted EPS from continuing operations (non-GAAP) excluding intangibles amortization expense	<u>\$ 0.88</u>	<u>\$ 0.69</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.
- (c) Amortization expense adjustment (net of tax) tax rates were 20% and 21% for the three months ended December 31, 2021 and 2020, respectively.