News Release

Ashland reports financial results[1] for third quarter of fiscal year 2023

- Sales of $546 million, down 15 percent compared to the prior-year quarter
- Net income (including discontinued operations) of $50 million, or $0.94 per diluted share
- Income from continuing operations of $42 million, or $0.79 per diluted share
- Adjusted income from continuing operations excluding intangibles amortization expense of $65 million, or $1.23 per diluted share
- Adjusted EBITDA of $133 million
- Cash flows provided by operating activities of $137 million; ongoing free cash flow[2] of $97 million

WILMINGTON, Del., July 25, 2023 – Ashland Inc. (NYSE: ASH) today announced financial results[1] for the third quarter of fiscal year 2023, which ended June 30, 2023. The global additives and specialty ingredients company holds leadership positions in high-quality, consumer-focused markets including pharmaceuticals, personal care and architectural coatings.

Sales were $546 million, down 15 percent compared to the prior-year quarter. While sales to pharmaceutical customers increased, each of the company's reportable segments reported sales declines when compared to the prior-year period driven by lower volumes from customer inventory destocking partially offset by favorable pricing. Foreign currency had a negligible impact on sales.

Net income was $50 million, up from $36 million in the prior-year quarter. Income from continuing operations was $42 million, down from $51 million in the prior-year quarter, or $0.79 per diluted share, down from $0.93 in the prior-year quarter. Adjusted income from continuing operations excluding intangibles amortization expense was $65 million, down from $104 million in the prior-year quarter, or $1.23 per diluted share, down from $1.89 in the prior-year quarter. Adjusted EBITDA was $133 million, down 24 percent from $174 million in the prior-year quarter. Lower sales volume across end markets was driven primarily by customer destocking actions and resulted in lower earnings. Additionally, as a consequence of these customer dynamics, the company continued its own inventory-control actions which contributed to the reduction in earnings for the quarter by $15 million.

Cash flows provided by operating activities totaled $137 million, up from a use of $17 million in the prior-year quarter. Ongoing free cash flow[2] totaled $97 million compared to $13 million in the prior-year quarter.

"Ashland's financial results in this quarter were consistent with the earnings update we issued on June 28," said Guillermo Novo, chair and chief executive officer, Ashland. "Our inflation-recovery actions taken last year and early this year continue to benefit overall results. However, the reset impact from customer destocking actions across supply chains continues to impact many of the markets we serve. As previously stated, our expectations that destocking would conclude during the fiscal-third quarter proved to be optimistic. There is still uncertainty as to when these dynamics will end. Until the inventory-control actions taken by our customers have subsided, it will remain difficult for us to gauge current near-term end-market demand."

Reportable Segment Performance

To aid in the understanding of Ashland's ongoing business performance, the results of the company's reportable segments are described below on an adjusted basis. In addition, EBITDA and adjusted EBITDA are reconciled to operating income in Table 4. Free cash flow, ongoing free cash flow and adjusted operating income are reconciled in Table 6 and adjusted income from continuing operations, adjusted diluted earnings per share and adjusted diluted earnings per share excluding intangible amortization expense are reconciled in Table 7 of this news release. These adjusted results are considered non-GAAP financial measures. For a full description of the non-GAAP financial measures used, see the "Use of Non-GAAP Measures" section that further describes these adjustments below.

Life Sciences
Sales were $219 million, down four percent from the prior-year quarter, driven by sales growth to pharmaceutical customers reflecting enhanced mix and cost recovery. This growth was more than offset by customer destocking by nutrition and nutraceutical ingredient customers.

Adjusted operating income was $54 million, up from $51 million in the prior-year quarter. Adjusted EBITDA was $72 million, up from $67 million in the prior-year quarter, primarily reflecting disciplined pricing leading to cost recovery and strong pharma mix, partially offset by lower volumes. Planned inventory-control actions for nutrition products negatively impacted Adjusted EBITDA by $5 million.

Personal Care
Sales were $146 million, down 15 percent from the prior-year quarter. Disciplined pricing across end markets was more than offset by continued inventory destocking by customers serving the personal-care end markets.

Adjusted operating income was $14 million, down from $25 million in the prior-year quarter. Adjusted EBITDA was $35 million, down from $46 million in the prior-year quarter, primarily reflecting lower sales volumes related to customer destocking.

Specialty Additives
Sales were $152 million, down 22 percent from the prior-year quarter, as continued inflation recovery was more than offset by the impact of inventory destocking by customers.

Adjusted operating income was $9 million, compared to $36 million in the prior-year quarter. Adjusted EBITDA was $29 million, compared to $57 million in the prior-year quarter, primarily reflecting lower sales volumes related to customer destocking. Planned inventory-control actions negatively impacted Adjusted EBITDA by $6 million.

Intermediates
Sales were $43 million, down 41 percent from the prior-year quarter, driven by lower pricing and volumes of both captive butanediol (BDO) and merchant-derivatives sales. Captive internal BDO sales are recognized at market-based pricing.

Adjusted operating income was $13 million, compared to $30 million in the prior-year quarter. Adjusted EBITDA was $16 million, compared to $33 million in the prior-year quarter. Planned inventory-control actions negatively impacted Adjusted EBITDA by $4 million.

Unallocated & Other
Unallocated and Other expense was an operating loss of $19 million, compared to $29 million in the prior-year quarter. Adjusted Unallocated and Other expense was an operating loss of $17 million, compared to $28 million in the prior-year quarter.

Fiscal Year 2023 Financial Outlook

On June 28, based on continued customer destocking, significant macroeconomic uncertainty and limited visibility into near-term global consumer demand, the company updated its financial outlook for fiscal year 2023. There continues to be limited visibility as to when the customer destocking dynamics will end and the company is continuing its own previously announced actions to reduce inventory levels. Assuming the prevailing fiscal-third quarter dynamics persist throughout the fiscal-fourth quarter, the company expects sales to be in the range of $2.2 billion and Adjusted EBITDA to be in the range of $500 million for fiscal year 2023.

"The impact from customer destocking actions across many supply chains continues to impact the markets we serve," said Guillermo Novo, chair and chief executive officer, Ashland. "Based on information from global retailers of consumer products, we do not believe current customer dynamics are representative of underlying consumer demand for the high-value products in which our ingredients are used. While this uncertain environment presents near term challenges, it does not change our longer-term priorities."

"Our objectives remain clear," stated Novo. "We continue to focus on the things we can control to maximize our near-term performance, maintain disciplined capital allocation, and increase momentum on our longer-term growth opportunities. We also plan to take additional targeted restructuring actions to reduce costs over the coming quarters."

"In addition, Ashland is refocusing some of its resources toward our innovation-driven growth platforms and opportunities. I am pleased to announce that Ashland will host a live Innovation Day at our Wilmington, Delaware headquarters and research campus on September 12, 2023. This event will showcase how technology is playing a critical role in Ashland's long-term profitable growth strategy and highlight the company's innovation playbook and portfolio of scalable technologies. The event will include presentations, prepared remarks, and a moderated question-and-answer (Q&A) session with members of Ashland's executive leadership team. The event will also include poster sessions and guided tours of Ashland's research and development laboratories for in-person attendees. Additional details and registration information will be provided later this week."

"As previously stated, this is a time for caution, yet we are confident about the future. The end markets we serve remain resilient. I look forward to discussing our fiscal-third quarter financial results, our fiscal-year 2023 outlook and especially plans for the upcoming Innovation Day during our earnings call and webcast tomorrow morning," concluded Novo.

Conference Call Webcast
Ashland will host a live webcast of its third-quarter conference call with securities analysts at 9:00 a.m. ET on Wednesday, July 26, 2023. The webcast will be accessible through Ashland's website at http://investor.ashland.com and will include a slide presentation.

To access the call by phone, please use this registration link to be provided with dial in details. To avoid delays, Ashland encourages participants to dial into the conference call fifteen minutes ahead of the scheduled start time.

Following the live event, an archived version of the webcast and supporting materials will be available for 12 months on http://investor.ashland.com.

Use of Non-GAAP Measures
Ashland believes that by removing the impact of depreciation and amortization and excluding certain non-cash charges, amounts spent on interest and taxes and certain other charges that are highly variable from year to year, EBITDA, adjusted EBITDA, EBITDA margin and adjusted EBITDA margin provide Ashland's investors with performance measures that reflect the impact to operations from

trends in changes in sales, margin and operating expenses, providing a perspective not immediately apparent from net income, operating income, net income margin and operating income margin. The adjustments Ashland makes to derive the non-GAAP measures of EBITDA, adjusted EBITDA, EBITDA margin and adjusted EBITDA margin exclude items which may cause short-term fluctuations in net income and operating income and which Ashland does not consider to be the fundamental attributes or primary drivers of its business. EBITDA, adjusted EBITDA, EBITDA margin and adjusted EBITDA margin provide disclosure on the same basis as that used by Ashland's management to evaluate financial performance on a consolidated and reportable segment basis and provide consistency in financial reporting, facilitate internal and external comparisons of Ashland's historical operating performance and its business units, and provide continuity to investors for comparability purposes. EBITDA margin and adjusted EBITDA margin are defined as EBITDA and adjusted EBITDA divided by sales for the corresponding period.

Key items, which are set forth on Table 7 of this release, are defined as financial effects from significant transactions that, either by their nature or amount, have caused short-term fluctuations in net income and/or operating income which Ashland does not consider to reflect Ashland's underlying business performance and trends most accurately. Further, Ashland believes that providing supplemental information that excludes the financial effects of these items in the financial results will enhance the investor's ability to compare financial performance between reporting periods.

Tax-specific key items, which are set forth on Table 7 of this release, are defined as financial transactions, tax law changes or other matters that fall within the definition of key items as described above. These items relate solely to tax matters and would only be recorded within the income tax caption of the Statement of Consolidated Income. As with all key items, due to their nature, Ashland does not consider the financial effects of these tax-specific key items on net income to be the most accurate reflection of Ashland's underlying business performance and trends.

The free cash flow metrics enable Ashland to provide a better indication of the ongoing cash being generated that is ultimately available for both debt and equity holders as well as other investment opportunities. Unlike cash flow provided by operating activities, free cash flow and ongoing free cash flow include the impact of capital expenditures from continuing operations and other significant items impacting free cash flow, providing a more complete picture of current and future cash generation. Free cash flow, ongoing free cash flow and ongoing free cash flow conversion are non-GAAP liquidity measures that Ashland believes provide useful information to management and investors about Ashland's ability to convert Adjusted EBITDA to ongoing free cash flow. These liquidity measures are used regularly by Ashland's stakeholders and industry peers to measure the efficiency at producing cash from regular business activities. Free cash flow, ongoing free cash flow and ongoing free cash flow conversion have certain limitations, including that they do not reflect adjustments for certain non-discretionary cash flows such as mandatory debt repayments. The amount of mandatory versus discretionary expenditures can vary significantly between periods.

Adjusted diluted earnings per share is a performance measure used by Ashland and is defined by Ashland as earnings (loss) from continuing operations, adjusted for identified key items and divided by the number of outstanding diluted shares of common stock. Ashland believes this measure provides investors additional insights into operational performance by providing earnings and diluted earnings per share metrics that exclude the effect of the identified key items and tax specific key items.

Adjusted diluted earnings per share, excluding intangibles amortization expense metric enables Ashland to demonstrate the impact of non-cash intangibles amortization expense on earnings per share, in addition to key items previously mentioned. Ashland's management believes this presentation is helpful to illustrate how previous acquisitions impact applicable period results.

About Ashland

Ashland Inc. (NYSE: ASH) is a global additives and specialty ingredients company with a conscious and proactive mindset for environment, social and governance (ESG). The company serves customers in a wide range of consumer and industrial markets, including architectural coatings, construction, energy, food and beverage, nutraceuticals, personal care and pharmaceutical. Approximately 3,900 passionate, tenacious solvers – from renowned scientists and research chemists to talented engineers and plant operators – thrive on developing practical, innovative and elegant solutions to complex problems for customers in more than 100 countries. Visit ashland.com and ashland.com/ESG to learn more.

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Ashland has identified some of these forward-looking statements with words such as "anticipates," "believes," "expects," "estimates," "is likely," "predicts," "projects," "forecasts," "objectives," "may," "will," "should," "plans" and "intends" and the negative of these words or other comparable terminology as well as beliefs for projected and expected results for Q3 and full year 2023. Ashland may from time to time make forward-looking statements in its annual reports, quarterly reports and other filings with the SEC, news releases and other written and oral communications. These forward-looking statements are based on Ashland's expectations and assumptions, as of the date such statements are made, regarding Ashland's future operating performance, financial condition, operating cash flow and liquidity, as well as the economy and other future events or circumstances. These statements include but may not be limited to Ashland's expectations regarding its ability to drive sales and earnings growth and manage costs.

Ashland's expectations and assumptions include, without limitation, internal forecasts and analyses of current and future market conditions and trends, management plans and strategies, operating efficiencies and economic conditions (such as prices, supply and demand, cost of raw materials, and the ability to recover raw-material cost increases through price increases), and risks and uncertainties associated with the following: the impact of acquisitions and/or divestitures Ashland has made or may make (including the possibility that Ashland may not realize the anticipated benefits from such transactions); Ashland's substantial indebtedness (including the possibility that such indebtedness and related restrictive covenants may adversely affect Ashland's future cash flows, results of operations, financial condition and its ability to repay debt); severe weather, natural disasters, public health crises, cyber events and legal proceedings and claims (including product recalls, environmental and asbestos matters); the effects of the ongoing Ukraine and Russia conflict, on the geographies in which we operate, the end markets we serve and on our supply chain and customers, and without limitation, risks and uncertainties affecting Ashland that are described in Ashland's most recent Form 10-K (including Item 1A Risk Factors) filed with the SEC, which is available on Ashland's website at http://investor.ashland.com or on the SEC's website at http://www.sec.gov. Various risks and uncertainties may cause actual results to differ materially from those stated, projected or implied by any forward-looking statements. Ashland believes its expectations and assumptions are reasonable, but there can be no assurance that the expectations reflected herein will be achieved. Unless legally required, Ashland undertakes no obligation to update any forward-looking statements made in this news release whether as a result of new information, future events or otherwise.

[1] *Financial results are preliminary until Ashland's Form 10-Q is filed with the U.S. Securities and Exchange Commission.*

[2] *The ongoing free cash flow metric excludes the impact of inflows and outflows from U.S. Accounts Receivable Sales Program and payments related to restructuring and environmental and litigation-related matters in both the current-year and prior-year periods.*

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