

STATEMENTS OF CONDENSED CONSOLIDATED INCOME (LOSS)

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

	Three months ended	
	December 31	
	2024	2023
Sales	\$ 405	\$ 473
Cost of sales	294	375
GROSS PROFIT	111	98
Selling, general and administrative expense	78	83
Research and development expense	13	12
Intangibles amortization expense	17	21
Equity and other income	1	2
Loss on acquisitions and divestitures, net	(183)	(2)
OPERATING LOSS	(179)	(18)
Net interest and other expense (income)	28	(24)
Other net periodic benefit loss	2	2
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(209)	4
Income tax benefit	(43)	(24)
INCOME (LOSS) FROM CONTINUING OPERATIONS	(166)	28
Income (loss) from discontinued operations, net of income taxes	1	(2)
NET INCOME (LOSS)	<u>\$ (165)</u>	<u>\$ 26</u>
DILUTED EARNINGS PER SHARE		
Income (loss) from continuing operations	\$ (3.51)	\$ 0.54
Income (loss) from discontinued operations	0.01	(0.03)
Net income (loss)	<u>\$ (3.50)</u>	<u>\$ 0.51</u>
AVERAGE DILUTED COMMON SHARES OUTSTANDING^(a)	47	51
SALES		
Life Sciences	134	200
Personal Care	134	129
Specialty Additives	115	122
Intermediates	33	33
Intersegment Sales	(11)	(11)
	<u>\$ 405</u>	<u>\$ 473</u>
OPERATING INCOME (LOSS)		
Life Sciences	14	32
Personal Care	11	2
Specialty Additives	(5)	(32)
Intermediates	3	7
Unallocated and other	(202)	(27)
	<u>\$ (179)</u>	<u>\$ (18)</u>

(a) As a result of the loss from continuing operations for the three months ending December 31, 2024, 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

	December 31 2024	September 30 2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 219	\$ 300
Accounts receivable, net	163	243
Inventories	528	545
Other assets	127	107
Current assets held for sale	32	-
Total current assets	<u>1,069</u>	<u>1,195</u>
Noncurrent assets		
Property, plant and equipment		
Cost	3,227	3,316
Accumulated depreciation	<u>1,993</u>	<u>2,013</u>
Net property, plant and equipment	1,234	1,303
Goodwill	1,330	1,381
Intangibles	588	751
Operating lease assets, net	99	114
Restricted investments	277	295
Asbestos insurance receivable, net	129	132
Deferred income taxes	241	210
Other assets	<u>264</u>	<u>264</u>
Total noncurrent assets	<u>4,162</u>	<u>4,450</u>
Total assets	<u>\$ 5,231</u>	<u>\$ 5,645</u>
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	\$ 184	\$ 214
Accrued expenses and other liabilities	207	256
Current operating lease obligations	20	20
Current liabilities held for sale	14	-
Total current liabilities	<u>425</u>	<u>490</u>
Noncurrent liabilities		
Long-term debt	1,313	1,349
Asbestos litigation reserve	401	414
Deferred income taxes	28	29
Employee benefit obligations	110	110
Operating lease obligations	83	99
Other liabilities	<u>279</u>	<u>286</u>
Total noncurrent liabilities	<u>2,214</u>	<u>2,287</u>
Stockholders' equity	<u>2,592</u>	<u>2,868</u>
Total liabilities and stockholders' equity	<u>\$ 5,231</u>	<u>\$ 5,645</u>

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

Table 3

	Three months ended December 31	
	2024	2023
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES FROM CONTINUING OPERATIONS		
Net income (loss)	\$ (165)	\$ 26
Loss (income) from discontinued operations, net of income taxes	(1)	2
Adjustments to reconcile income (loss) from continuing operations to cash flows from operating activities		
Depreciation and amortization	51	77
Original issue discount and debt issuance cost amortization	2	1
Deferred income taxes	(3)	(30)
Income from affiliates	(1)	-
Stock based compensation expense	4	1
Loss (income) from restricted investments	12	(35)
Impairment charges	183	-
Pension contributions	(4)	(8)
Loss on pension and other postretirement plan remeasurements	1	-
Change in operating assets and liabilities ^(a)	(109)	167
Total cash flows provided (used) by operating activities from continuing operations	(30)	201
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES FROM CONTINUING OPERATIONS		
Additions to property, plant and equipment	(23)	(36)
Company-owned life insurance payments	(1)	(1)
Funds restricted for specific transactions	-	(5)
Reimbursements from restricted investments	6	16
Proceeds from sale of securities	5	9
Purchases of securities	(5)	(9)
Total cash flows used by investing activities from continuing operations	(18)	(26)
CASH FLOWS USED BY FINANCING ACTIVITIES FROM CONTINUING OPERATIONS		
Repurchase of common stock	-	(100)
Repayment of short-term debt	-	(16)
Cash dividends paid	(19)	(20)
Stock based compensation employee withholding taxes paid in cash	(3)	(3)
Total cash flows used by financing activities from continuing operations	(22)	(139)
CASH PROVIDED (USED) BY CONTINUING OPERATIONS	(70)	36
Cash used by discontinued operations		
Operating cash flows	(10)	(14)
Effect of currency exchange rate changes on cash and cash equivalents	(1)	1
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(81)	23
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	300	417
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 219	\$ 440
DEPRECIATION AND AMORTIZATION		
Life Sciences	14	16
Personal Care	18	20
Specialty Additives	16	38
Intermediates	3	3
Unallocated and other	-	-
	\$ 51	\$ 77

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

RECONCILIATION OF NON-GAAP DATA - ADJUSTED EBITDA

(In millions - preliminary and unaudited)

	Three months ended December 31	
	2024	2023
Adjusted EBITDA - Ashland Inc.		
Net income (loss)	\$ (165)	\$ 26
Income tax benefit	(43)	(24)
Net interest and other expense (income)	28	(24)
Depreciation and amortization ^(a)	51	56
EBITDA	(129)	34
Loss (income) from discontinued operations, net of income taxes	(1)	2
Loss on pension and other postretirement plan remeasurements	1	-
Operating key items (see Table 5)	190	34
Adjusted EBITDA	<u>\$ 61</u>	<u>\$ 70</u>
Adjusted EBITDA - Life Sciences		
Operating income	\$ 14	\$ 32
Add:		
Depreciation and amortization	14	16
Adjusted EBITDA	<u>\$ 28</u>	<u>\$ 48</u>
Adjusted EBITDA - Personal Care		
Operating income	\$ 11	\$ 2
Add:		
Depreciation and amortization	18	20
Operating key items (see Table 5)	1	-
Adjusted EBITDA	<u>\$ 30</u>	<u>\$ 22</u>
Adjusted EBITDA - Specialty Additives		
Operating loss	\$ (5)	\$ (32)
Add:		
Depreciation and amortization ^(a)	16	17
Operating key items (see Table 5)	2	21
Adjusted EBITDA	<u>\$ 13</u>	<u>\$ 6</u>
Adjusted EBITDA - Intermediates		
Operating income	\$ 3	\$ 7
Add:		
Depreciation and amortization	3	3
Adjusted EBITDA	<u>\$ 6</u>	<u>\$ 10</u>

(a) Depreciation and amortization excludes accelerated depreciation expense of \$21 million for Specialty Additives for the three months ended December 31, 2023, 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 December 31, 2024					
<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:					
Avoca impairment	\$ -	\$ -	\$ -	\$ (183)	\$ (183)
Other plant optimization costs	-	(1)	(2)	-	(3)
Restructuring, separation and other costs	-	-	-	(3)	(3)
Environmental reserve adjustments	-	-	-	(1)	(1)
All other operating income (loss)	14	12	(3)	(15)	11
Operating income (loss)	14	11	(5)	(202)	(179)
NET INTEREST AND OTHER EXPENSE					
Key items					
All other net interest and other expense				17	17
				11	11
				28	28
OTHER NET PERIODIC BENEFIT LOSS					
Key items					
All other net periodic benefit losses				1	1
				1	1
				2	2
INCOME TAX EXPENSE (BENEFIT)					
Tax effect of key items ^(a)					
Tax specific key items ^(b)				(50)	(50)
All other income tax expense				8	8
				(1)	(1)
				(43)	(43)
INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>\$ 14</u>	<u>\$ 11</u>	<u>\$ (5)</u>	<u>\$ 3</u>	<u>\$ (189)</u>
					<u>\$ (166)</u>
Three Months Ended December 31, 2023					
<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	\$ -	\$ -	\$ -	\$ (4)	\$ (4)
Restructuring, separation and other costs	-	-	-	(4)	(4)
Accelerated depreciation	-	-	(21)	-	(21)
Argentina currency devaluation impact	-	-	-	(5)	(5)
All other operating income (loss)	32	2	(11)	(14)	16
Operating income (loss)	32	2	(32)	(27)	(18)
NET INTEREST AND OTHER EXPENSE (INCOME)					
Key items					
All other net interest and other expense				(31)	(31)
				7	7
				(24)	(24)
OTHER NET PERIODIC BENEFIT LOSS					
				2	2
INCOME TAX EXPENSE (BENEFIT)					
Tax effect of key items ^(a)					
Tax specific key items ^(b)				(1)	(1)
All other income tax expense				(24)	(24)
				1	1
				(24)	(24)
INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>\$ 32</u>	<u>\$ 2</u>	<u>\$ (32)</u>	<u>\$ 7</u>	<u>\$ 19</u>
					<u>\$ 28</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 December 31	
	2024	2023
Free cash flows		
Total cash flows provided (used) by operating activities from continuing operations	\$ (30)	\$ 201
Adjustments:		
Additions to property, plant and equipment	(23)	(36)
Free Cash Flows	<u>\$ (53)</u>	<u>\$ 165</u>
Cash (inflows) outflows from U.S. Accounts Receivable Sales Program ^(a)	7	(8)
Cash (inflows) outflows from Foreign Accounts Receivable Sales Program ^(b)	13	(102)
Restructuring-related payments ^(c)	3	3
Environmental and related litigation payments ^(d)	4	8
Ongoing Free Cash Flow	<u>\$ (26)</u>	<u>\$ 66</u>
Net income (loss)	\$ (165)	\$ 26
Adjusted EBITDA ^(e)	\$ 61	\$ 70
Operating Cash Flow Conversion ^(f)	18%	773%
Ongoing Free Cash Flow Conversion ^(g)	-43%	94%

- (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 December 31	
	2024	2023
Adjusted Operating Income		
Operating loss (as reported)	\$ (179)	\$ (18)
Key items, before tax:		
Avoca impairment	183	-
Restructuring, separation and other costs	3	4
Other plant optimization costs	3	-
Environmental reserve adjustments	1	4
Accelerated depreciation	-	21
Argentina currency devaluation impact	-	5
Adjusted Operating Income (non-GAAP)	<u>\$ 11</u>	<u>\$ 16</u>

RECONCILIATION OF CERTAIN NON-GAAP DATA

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

	Three months ended December 31	
	2024	2023
Income (loss) from continuing operations (as reported)	\$ (166)	\$ 28
Key items, before tax:		
Avoca impairment	183	-
Unrealized (gain) loss on securities	17	(31)
Restructuring, separation and other costs	3	4
Other plant optimization costs	3	-
Environmental reserve adjustments	1	4
Loss on pension and other postretirement plan remeasurements	1	-
Accelerated depreciation	-	21
Argentina currency devaluation impact	-	5
Key items, before tax	208	3
Tax effect of key items ^(a)	(50)	(1)
Key items, after tax	158	2
Tax specific key items:		
Uncertain tax positions	1	-
Other and tax reform related activity	7	(24)
Tax specific key items ^(b)	8	(24)
Total key items	166	(22)
Adjusted Income from Continuing Operations (non-GAAP)	\$ -	\$ 6
Amortization expense adjustment (net of tax) ^(c)	14	17
Adjusted Income from Continuing Operations (non-GAAP) Excluding Intangibles Amortization Expense	\$ 14	\$ 23

(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% and 20% for the three months ended December 31, 2024 and 2023, respectively.

Ashland 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	
	2024	2023
Diluted EPS from continuing operations (as reported)	\$ (3.51)	\$ 0.54
Key items, before tax:		
Avoca impairment	3.89	-
Unrealized (gain) loss on securities	0.35	(0.60)
Restructuring, separation and other costs	0.06	0.08
Other plant optimization costs	0.06	-
Environmental reserve adjustments	0.02	0.08
Loss on pension and other postretirement plan remeasurements	0.02	-
Accelerated depreciation	-	0.41
Argentina currency devaluation impact	-	0.10
Key items, before tax	4.40	0.07
Tax effect of key items ^(a)	(1.07)	(0.02)
Key items, after tax	3.33	0.05
Tax specific key items:		
Uncertain tax positions	0.02	-
Other and tax reform related activity	0.15	(0.47)
Tax specific key items ^(b)	0.17	(0.47)
Total key items	3.50	(0.42)
Adjusted Diluted EPS from Continuing Operations (non-GAAP)	\$ (0.01)	\$ 0.12
Amortization expense adjustment (net of tax) ^(c)	0.29	0.33
Adjusted Diluted EPS from Continuing Operations (non-GAAP) Excluding Intangibles Amortization Expense	\$ 0.28	\$ 0.45

(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% and 20% for the three months ended December 31, 2024 and 2023, respectively.