

STATEMENTS OF CONSOLIDATED INCOME (LOSS)

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

	Three months ended September 30		Year ended September 30	
	2024	2023	2024	2023
Sales	\$ 522	\$ 518	\$ 2,113	\$ 2,191
Cost of sales	348	389	1,495	1,523
GROSS PROFIT	174	129	618	668
Selling, general and administrative expense	101	109	404	365
Research and development expense	13	14	55	51
Intangibles amortization expense	17	23	76	93
Equity and other income	4	1	6	7
Income (loss) on acquisitions and divestitures, net	(15)	6	(115)	6
OPERATING INCOME (LOSS)	32	(10)	(26)	172
Net interest and other expense (income)	(9)	28	(24)	6
Other net periodic benefit loss	16	-	22	6
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	25	(38)	(24)	160
Income tax expense (benefit)	6	(30)	(223)	(8)
INCOME (LOSS) FROM CONTINUING OPERATIONS	19	(8)	199	168
Income (loss) from discontinued operations, net of income taxes	(3)	4	(30)	10
NET INCOME (LOSS)	<u>\$ 16</u>	<u>\$ (4)</u>	<u>\$ 169</u>	<u>\$ 178</u>
DILUTED EARNINGS PER SHARE				
Income (loss) from continuing operations	\$ 0.39	\$ (0.15)	\$ 3.95	\$ 3.13
Income (loss) from discontinued operations	(0.06)	0.08	(0.59)	0.18
Net income (loss)	<u>\$ 0.33</u>	<u>\$ (0.07)</u>	<u>\$ 3.36</u>	<u>\$ 3.31</u>
AVERAGE DILUTED COMMON SHARES OUTSTANDING^(a)	49	51	50	54
SALES				
Life Sciences	192	203	810	869
Personal Care	162	146	634	598
Specialty Additives	144	144	572	600
Intermediates	36	37	144	185
Intersegment Sales	(12)	(12)	(47)	(61)
	<u>\$ 522</u>	<u>\$ 518</u>	<u>\$ 2,113</u>	<u>\$ 2,191</u>
OPERATING INCOME (LOSS)				
Life Sciences	43	31	168	172
Personal Care	14	14	73	52
Specialty Additives	9	(12)	(32)	10
Intermediates	7	-	29	50
Unallocated and other	(41)	(43)	(264)	(112)
	<u>\$ 32</u>	<u>\$ (10)</u>	<u>\$ (26)</u>	<u>\$ 172</u>

(a) As a result of the loss from continuing operations for the three months ending September 30, 2023, 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

	September 30 2024	September 30 2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 300	\$ 417
Accounts receivable	243	338
Inventories	545	626
Other assets	107	125
Total current assets	<u>1,195</u>	<u>1,506</u>
Noncurrent assets		
Property, plant and equipment		
Cost	3,316	3,211
Accumulated depreciation	<u>2,013</u>	<u>1,838</u>
Net property, plant and equipment	1,303	1,373
Goodwill	1,381	1,362
Intangibles	751	886
Operating lease assets, net	114	122
Restricted investments	295	290
Asbestos insurance receivable	132	127
Deferred income taxes	210	22
Other assets	<u>264</u>	<u>251</u>
Total noncurrent assets	<u>4,450</u>	<u>4,433</u>
Total assets	<u>\$ 5,645</u>	<u>\$ 5,939</u>
LIABILITIES AND EQUITY		
Current liabilities		
Short-term debt	\$ -	\$ 16
Trade and other payables	214	210
Accrued expenses and other liabilities	256	208
Current operating lease obligations	<u>20</u>	<u>22</u>
Total current liabilities	490	456
Noncurrent liabilities		
Long-term debt	1,349	1,314
Asbestos litigation reserve	414	427
Deferred income taxes	29	148
Employee benefit obligations	110	100
Operating lease obligations	99	106
Other liabilities	<u>286</u>	<u>291</u>
Total noncurrent liabilities	<u>2,287</u>	<u>2,386</u>
Stockholders' equity	<u>2,868</u>	<u>3,097</u>
Total liabilities and stockholders' equity	<u>\$ 5,645</u>	<u>\$ 5,939</u>

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

Table 3

	Three months ended September 30		Year ended September 30	
	2024	2023	2024	2023
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES				
FROM CONTINUING OPERATIONS				
Net income (loss)	\$ 16	\$ (4)	\$ 169	\$ 178
Loss (income) from discontinued operations, net of income taxes	3	(4)	30	(10)
Adjustments to reconcile income from continuing operations to cash flows from operating activities				
Depreciation and amortization	53	62	274	243
Original issue discount and debt issuance cost amortization	2	1	6	6
Deferred income taxes	(165)	(44)	(302)	(32)
Gain from sales of property and equipment	-	-	-	(1)
Loss (income) on acquisitions and divestitures, net	8	(7)	107	(7)
Stock based compensation expense	5	6	15	22
Excess tax benefit on stock based compensation	-	-	-	2
Loss (income) from restricted investments	(23)	15	(74)	(43)
Asset impairments	11	-	11	4
Pension contributions	(1)	(1)	(15)	(8)
Loss (gain) on pension and other postretirement plan remeasurements	14	(2)	14	(2)
Change in operating assets and liabilities ^(a)	157	108	227	(58)
Total cash flows provided by operating activities from continuing operations	80	130	462	294
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES				
FROM CONTINUING OPERATIONS				
Additions to property, plant and equipment	(37)	(69)	(137)	(170)
Proceeds from disposal of property, plant and equipment	-	9	-	11
Proceeds from sale or restructuring of operations	26	-	26	-
Proceeds from settlement of Company-owned life insurance contracts	-	3	1	6
Company-owned life insurance payments	(4)	(4)	(5)	(5)
Other investing cash flows	-	-	(10)	-
Funds restricted for specific transactions	-	(2)	(5)	(9)
Reimbursements from restricted investments	18	12	79	58
Proceeds from sale of securities	14	11	53	47
Purchases of securities	(14)	(11)	(53)	(47)
Total cash flows provided (used) by investing activities from continuing operations	3	(51)	(51)	(109)
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES				
FROM CONTINUING OPERATIONS				
Repurchase of common stock	(150)	-	(380)	(300)
Proceeds from (repayment of) short-term debt	-	16	(16)	16
Cash dividends paid	(20)	(20)	(78)	(76)
Stock based compensation employee withholding taxes paid in cash	-	(1)	(5)	(11)
Total cash flows used by financing activities from continuing operations	(170)	(5)	(479)	(371)
CASH PROVIDED (USED) BY CONTINUING OPERATIONS				
Cash used by discontinued operations				
Operating cash flows	(12)	(8)	(51)	(51)
Effect of currency exchange rate changes on cash and cash equivalents	-	2	2	8
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(99)	68	(117)	(229)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	399	349	417	646
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 300	\$ 417	\$ 300	\$ 417
DEPRECIATION AND AMORTIZATION				
Life Sciences	13	17	61	69
Personal Care	21	22	79	85
Specialty Additives	16	20	121	76
Intermediates	3	3	13	13
Unallocated and other	-	-	-	-
	\$ 53	\$ 62	\$ 274	\$ 243

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

RECONCILIATION OF NON-GAAP DATA - ADJUSTED EBITDA

(In millions - preliminary and unaudited)

	Three months ended September 30	
	2024	2023
Adjusted EBITDA - Ashland Inc.		
Net income (loss)	\$ 16	\$ (4)
Income tax expense (benefit)	6	(30)
Net interest and other expense (income)	(9)	28
Depreciation and amortization ^(a)	54	62
EBITDA	67	56
Loss (income) from discontinued operations, net of income taxes	3	(4)
Loss (gain) on pension and other postretirement plan remeasurements	14	(2)
Operating key items (see Table 5)	40	24
Adjusted EBITDA	\$ 124	\$ 74
Adjusted EBITDA - Life Sciences		
Operating income	\$ 43	\$ 31
Add:		
Depreciation and amortization ^(a)	15	17
Operating key items (see Table 5)	(2)	-
Adjusted EBITDA	\$ 56	\$ 48
Adjusted EBITDA - Personal Care		
Operating income	\$ 14	\$ 14
Add:		
Depreciation and amortization ^(a)	20	22
Operating key items (see Table 5)	13	-
Adjusted EBITDA	\$ 47	\$ 36
Adjusted EBITDA - Specialty Additives		
Operating income (loss)	\$ 9	\$ (12)
Add:		
Depreciation and amortization	16	20
Operating key items (see Table 5)	4	-
Adjusted EBITDA	\$ 29	\$ 8
Adjusted EBITDA - Intermediates		
Operating income	\$ 7	\$ -
Add:		
Depreciation and amortization	3	3
Adjusted EBITDA	\$ 10	\$ 3

(a) Depreciation and amortization excludes accelerated depreciation expense of \$1 million for Personal Care for the three months ended September 30, 2024, which is included as a key item within this table as a component of Adjusted EBITDA. Depreciation and amortization includes \$2 million for Life Sciences associated with the Nutraceuticals business held for sale assets for the three months ended September 30, 2024, which is included as a key item within this table as a component of Adjusted EBITDA.

Ashland Inc. and Consolidated Subsidiaries
RECONCILIATION OF CERTAIN NON-GAAP DATA
(In millions - preliminary and unaudited)

Table 6

	Three months ended September 30		Year ended September 30	
	2024	2023	2024	2023
Free cash flows				
Total cash flows provided by operating activities from continuing operations	\$ 80	\$ 130	\$ 462	\$ 294
Adjustments:				
Additions to property, plant and equipment	(37)	(69)	(137)	(170)
Free Cash Flows	\$ 43	\$ 61	\$ 325	\$ 124
Cash (inflows) outflows from U.S. Accounts Receivable Sales Program ^(a)	10	26	(1)	40
Cash (inflows) outflows from Foreign Accounts Receivable Sales Program ^(b)	18	-	(104)	-
Restructuring-related payments ^(c)	4	5	14	8
Environmental and related litigation payments ^(d)	13	12	36	45
Ongoing Free Cash Flow	\$ 88	\$ 104	\$ 270	\$ 217
Net income (loss)	\$ 16	\$ (4)	\$ 169	\$ 178
Adjusted EBITDA ^(e)	\$ 124	\$ 74	\$ 459	\$ 459
Operating Cash Flow Conversion ^(f)	500%	Not meaningful	273%	165%
Ongoing Free Cash Flow Conversion ^(g)	71%	141%	59%	47%

- (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 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 September 30		Year ended September 30	
	2024	2023	2024	2023
Adjusted Operating Income				
Operating income (loss) (as reported)	\$ 32	\$ (10)	\$ (26)	\$ 172
Key items, before tax:				
Nutraceuticals impairment and sale	8	-	107	-
Accelerated depreciation	1	-	57	-
Environmental reserve adjustments	4	25	45	56
Restructuring, separation and other costs	2	5	30	10
Asset impairments	11	-	11	4
Other plant optimization costs	5	-	10	-
Nutraceuticals VAT reserve	7	-	7	-
Argentina currency devaluation impact	-	-	5	-
Legal settlement	4	-	4	-
Income on acquisitions and divestitures, net	-	(6)	-	(6)
ICMS Brazil tax credit	-	-	-	(12)
Held for sale depreciation and amortization	(2)	-	(3)	-
Adjusted Operating Income (non-GAAP)	\$ 72	\$ 14	\$ 247	\$ 224

RECONCILIATION OF CERTAIN NON-GAAP DATA

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

	Three months ended September 30		Year ended September 30	
	2024	2023	2024	2023
Income (loss) from continuing operations (as reported)	\$ 19	\$ (8)	\$ 199	\$ 168
Key items, before tax:				
Nutraceuticals impairment and sale	8	-	107	-
Accelerated depreciation	1	-	57	-
Environmental reserve adjustments	4	25	45	56
Restructuring, separation and other costs	2	5	30	10
Loss (gain) on pension and other postretirement plan remeasurements	14	(2)	14	(2)
Asset impairments	11	-	11	4
Other plant optimization costs	5	-	10	-
Nutraceuticals VAT reserve	7	-	7	-
Argentina currency devaluation impact	-	-	5	-
Legal settlement	4	-	4	-
Income on acquisitions and divestitures, net	-	(6)	-	(6)
ICMS Brazil tax credit	-	-	-	(12)
Held for sale depreciation and amortization	(2)	-	(3)	-
Unrealized (gain) loss on securities	(21)	18	(60)	(29)
Key items, before tax	33	40	227	21
Tax effect of key items ^(a)	(7)	(9)	(31)	(1)
Key items, after tax	26	31	196	20
Tax specific key items:				
Uncertain tax positions	-	(9)	9	(32)
Valuation allowance	5	(5)	5	(6)
Restructuring and separation activity	-	-	(115)	-
Other and tax reform related activity	(4)	(6)	(133)	(6)
Tax specific key items ^(b)	1	(20)	(234)	(44)
Total key items	27	11	(38)	(24)
Adjusted Income from Continuing Operations (non-GAAP)	\$ 46	\$ 3	\$ 161	\$ 144
Amortization expense adjustment (net of tax) ^(c)	15	18	63	74
Adjusted Income from Continuing Operations (non-GAAP) Excluding Intangibles Amortization Expense	\$ 61	\$ 21	\$ 224	\$ 218

(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.

- Valuation allowance: Includes the impact from the release of certain foreign tax credit valuation allowances.

- Restructuring and separation activity: Includes the tax impact of the held for sale classification for the Nutraceuticals business.

- 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 2024.

(c) Amortization expense adjustment (net of tax) tax rates were 19% and 20% for the three and twelve months ended September 30, 2024, respectively, and 20% for the three and twelve months ended September 30, 2023.

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 September 30		Year ended September 30	
	2024	2023	2024	2023
Diluted EPS from continuing operations (as reported)	\$ 0.39	\$ (0.15)	\$ 3.95	\$ 3.13
Key items, before tax:				
Nutraceuticals impairment and sale	0.16	-	2.14	-
Accelerated depreciation	0.02	-	1.14	-
Environmental reserve adjustments	0.08	0.49	0.90	1.04
Restructuring, separation and other costs	0.04	0.09	0.60	0.19
Loss (gain) on pension and other postretirement plan remeasurements	0.29	(0.04)	0.29	(0.04)
Asset impairments	0.22	-	0.22	0.08
Other plant optimization costs	0.10	-	0.20	-
Nutraceuticals VAT reserve	0.14	-	0.14	-
Argentina currency devaluation impact	-	-	0.10	-
Legal settlement	0.08	-	0.08	-
Income on acquisitions and divestitures, net	-	(0.12)	-	(0.11)
ICMS Brazil tax credit	-	-	-	(0.22)
Held for sale depreciation and amortization	(0.04)	-	(0.06)	-
Unrealized (gain) loss on securities	(0.42)	0.35	(1.20)	(0.54)
Key items, before tax	0.67	0.77	4.55	0.40
Tax effect of key items ^(a)	(0.13)	(0.18)	(0.62)	(0.02)
Key items, after tax	0.54	0.59	3.93	0.38
Tax specific key items:				
Uncertain tax positions	-	(0.17)	0.18	(0.60)
Valuation allowance	0.10	(0.11)	0.10	(0.12)
Restructuring and separation activity	-	-	(2.30)	-
Other and tax reform related activity	(0.08)	(0.11)	(2.66)	(0.11)
Tax specific key items ^(b)	0.02	(0.39)	(4.68)	(0.83)
Total key items	0.56	0.20	(0.75)	(0.45)
Adjusted Diluted EPS from Continuing Operations (non-GAAP)	\$ 0.95	\$ 0.05	\$ 3.20	\$ 2.68
Amortization expense adjustment (net of tax) ^(c)	0.31	0.36	1.25	1.39
Adjusted Diluted EPS from Continuing Operations (non-GAAP) Excluding Intangibles Amortization Expense	\$ 1.26	\$ 0.41	\$ 4.45	\$ 4.07

(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.
- Valuation allowance: Includes the impact from the release of certain foreign tax credit valuation allowances.
- Restructuring and separation activity: Includes the tax impact of the held for sale classification for the Nutraceuticals business.
- 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 2024.

(c) Amortization expense adjustment (net of tax) tax rates were 19% and 20% for the three and twelve months ended September 30, 2024, respectively, and 20% for the three and twelve months ended September 30, 2023.

Ashland Inc. and Consolidated Subsidiaries
RECONCILIATION OF CERTAIN NON-GAAP DATA
(In millions - preliminary and unaudited)

Table 8

Adjusted EBITDA - Ashland Inc.	Year ended September 30	
	2024	2023
Net income	\$ 169	\$ 178
Income tax benefit	(223)	(8)
Net interest and other expense (income)	(24)	6
Depreciation and amortization ^(a)	220	243
EBITDA	142	419
Income (loss) from discontinued operations, net of income taxes	30	(10)
Key items included in EBITDA:		
Nutraceuticals impairment and sale	107	-
Accelerated depreciation	57	-
Environmental reserve adjustments	45	56
Restructuring, separation and other costs	30	10
Loss (gain) on pension and other postretirement plan remeasurements	14	(2)
Asset impairments	11	4
Other plant optimization costs	10	-
Nutraceuticals VAT reserve	7	-
Argentina currency devaluation impact	5	-
Legal settlement	4	-
Income on acquisitions and divestitures, net	-	(6)
ICMS Brazil tax credit	-	(12)
Held for sale depreciation and amortization	(3)	-
Adjusted EBITDA ^(b)	\$ 459	\$ 459

- (a) Depreciation and amortization excludes accelerated depreciation expense of \$2 million and \$55 million for Personal Care and Specialty Additives, respectively, for the twelve months ended September 30, 2024, which is included as a key item within this table as a component of Adjusted EBITDA. Depreciation and amortization includes \$3 million for Life Sciences associated with the Nutraceuticals business held for sale assets for the twelve months ended September 30, 2024, which is included as a key item within this table as a component of adjusted EBITDA.
- (b) Includes \$12 million during both 2024 and 2023 of net periodic pension and other postretirement costs recognized ratably through the fiscal year. These costs are comprised of service cost, interest cost, expected return on plan assets, and amortization of prior service credit.