

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		Nine months ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Sales	\$ 574	\$ 641	\$ 1,717	\$ 1,884
Cost of sales	378	434	1,171	1,327
GROSS PROFIT	196	207	546	557
Selling, general and administrative expense	113	128	315	364
Research and development expense	14	17	48	51
Intangibles amortization expense	21	22	63	65
Equity and other income (loss)	-	3	7	3
Goodwill impairment	-	-	530	-
OPERATING INCOME (LOSS)	48	43	(403)	80
Net interest and other expense (income)	(14)	21	113	73
Other net periodic benefit income (loss)	-	-	1	17
Net income (loss) on divestitures	-	-	3	(3)
INCOME (LOSS) FROM CONTINUING OPERATIONS				
BEFORE INCOME TAXES	62	22	(512)	21
Income tax expense (benefit)	12	(1)	(21)	24
INCOME (LOSS) FROM CONTINUING OPERATIONS	50	23	(491)	(3)
Income (loss) from discontinued operations (net of income taxes)	(13)	43	(22)	97
NET INCOME (LOSS)	<u>\$ 37</u>	<u>\$ 66</u>	<u>\$ (513)</u>	<u>\$ 94</u>
DILUTED EARNINGS PER SHARE				
Income (loss) from continuing operations	\$ 0.81	\$ 0.37	\$ (8.11)	\$ (0.05)
Income (loss) from discontinued operations	(0.20)	0.68	(0.36)	1.55
Net income (loss)	<u>\$ 0.61</u>	<u>\$ 1.05</u>	<u>\$ (8.47)</u>	<u>\$ 1.50</u>
AVERAGE DILUTED COMMON SHARES OUTSTANDING (a)	61	62	61	63
SALES				
Life Sciences	189	190	528	556
Personal Care and Household	155	158	451	495
Consumer Specialties	344	348	979	1,051
Specialty Additives	135	177	429	494
Performance Adhesives	70	88	229	258
Industrial Specialties	205	265	658	752
Intermediates & Solvents	37	41	102	118
Intersegment Sales	(12)	(13)	(22)	(37)
	<u>\$ 574</u>	<u>\$ 641</u>	<u>\$ 1,717</u>	<u>\$ 1,884</u>
OPERATING INCOME (LOSS)				
Life Sciences	40	32	97	88
Personal Care and Household	16	17	(309)	60
Consumer Specialties	56	49	(212)	148
Specialty Additives	15	19	(137)	(5)
Performance Adhesives	13	16	40	42
Industrial Specialties	28	35	(97)	37
Intermediates & Solvents	7	8	(7)	20
Unallocated and other	(43)	(49)	(87)	(125)
	<u>\$ 48</u>	<u>\$ 43</u>	<u>\$ (403)</u>	<u>\$ 80</u>

(a) As a result of the loss from continuing operations for the nine months ending June 30, 2020 and June 30, 2019, 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 applicable periods.

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

Table 2

	June 30 2020	September 30 2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 416	\$ 232
Accounts receivable	455	481
Inventories	617	597
Other assets	121	64
Held for sale	61	59
Total current assets	<u>1,670</u>	<u>1,433</u>
Noncurrent assets		
Property, plant and equipment		
Cost	3,203	3,165
Accumulated depreciation	1,649	1,588
Net property, plant and equipment	<u>1,554</u>	<u>1,577</u>
Goodwill	1,734	2,253
Intangibles	1,026	1,088
Operating lease assets, net	140	-
Restricted investments	297	310
Asbestos insurance receivable	138	157
Deferred income taxes	24	23
Other assets	403	410
Total noncurrent assets	<u>5,316</u>	<u>5,818</u>
Total assets	<u>\$ 6,986</u>	<u>\$ 7,251</u>
LIABILITIES AND EQUITY		
Current liabilities		
Short-term debt	\$ 446	\$ 166
Trade and other payables	225	313
Accrued expenses and other liabilities	238	271
Current operating lease obligations	23	-
Held for sale	5	7
Total current liabilities	<u>937</u>	<u>757</u>
Noncurrent liabilities		
Long-term debt	1,547	1,501
Asbestos litigation reserve	525	555
Deferred income taxes	248	264
Employee benefit obligations	152	150
Operating lease obligations	126	-
Other liabilities	438	453
Total noncurrent liabilities	<u>3,036</u>	<u>2,923</u>
Stockholders' equity	<u>3,013</u>	<u>3,571</u>
Total liabilities and stockholders' equity	<u>\$ 6,986</u>	<u>\$ 7,251</u>

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

Table 3

	Three months ended		Nine months ended	
	June 30		June 30	
	2020	2019	2020	2019
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES FROM CONTINUING OPERATIONS				
Net income (loss)	\$ 37	\$ 66	\$ (513)	\$ 94
Income (loss) from discontinued operations (net of taxes)	13	(43)	22	(97)
Adjustments to reconcile income from continuing operations to cash flows from operating activities				
Depreciation and amortization	62	62	183	225
Original issue discount and debt issuance cost amortization	1	2	14	6
Deferred income taxes	(2)	(1)	(30)	1
Distributions to equity affiliates	(1)	-	(1)	-
Stock based compensation expense	3	4	11	17
Excess tax benefit on stock based compensation	-	1	1	3
Loss on early retirement of debt	-	-	59	-
(Income) loss from restricted investments	(33)	(8)	(17)	(10)
Impairments	-	-	530	8
Pension contributions	(2)	(1)	(5)	(4)
Loss (gain) on pension and other postretirement plan remeasurements	-	-	-	(18)
Change in operating assets and liabilities (a)	62	5	(101)	(132)
Total cash flows provided by operating activities from continuing operations	140	87	153	93
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES FROM CONTINUING OPERATIONS				
Additions to property, plant and equipment	(28)	(33)	(94)	(103)
Proceeds from disposal of property, plant and equipment	-	-	1	4
Purchase of operations - net of cash acquired	-	(1)	-	(2)
Proceeds from settlement of Company-owned life insurance contracts	7	1	7	1
Company-owned life insurance payments	(2)	(1)	(2)	(1)
Net purchase of funds restricted for specific transactions	-	-	(3)	(2)
Reimbursements from restricted investments	7	5	26	25
Proceeds from sale of securities	6	-	16	156
Purchases of securities	(6)	-	(16)	(156)
Proceeds from the settlement of derivative instruments	-	2	-	4
Payments for the settlement of derivative instruments	-	-	-	(2)
Total cash flows used by investing activities from continuing operations	(16)	(27)	(65)	(76)
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES FROM CONTINUING OPERATIONS				
Proceeds from issuance of long-term debt	-	-	804	-
Repayment of long-term debt	-	(2)	(767)	(10)
Proceeds from (repayment of) short-term debt	(25)	72	281	83
Premium on long-term debt repayment	-	-	(59)	-
Repurchase of common stock	-	(200)	-	(200)
Debt issuance costs	-	-	(11)	-
Cash dividends paid	(17)	(17)	(50)	(48)
Stock based compensation employee withholding taxes paid in cash	-	-	(6)	(8)
Total cash flows provided (used) by financing activities from continuing operations	(42)	(147)	192	(183)
CASH PROVIDED (USED) BY CONTINUING OPERATIONS	82	(87)	280	(166)
Cash provided (used) by discontinued operations				
Operating cash flows	(19)	41	(98)	-
Investing cash flows	-	14	1	6
Effect of currency exchange rate changes on cash and cash equivalents	-	-	1	(2)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	63	(32)	184	(162)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	353	164	232	294
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u>\$ 416</u>	<u>\$ 132</u>	<u>\$ 416</u>	<u>\$ 132</u>
DEPRECIATION AND AMORTIZATION				
Life Sciences	15	15	45	45
Personal Care and Household	19	20	57	58
Consumer Specialties	34	35	102	103
Specialty Additives	20	20	60	98
Performance Adhesives	4	4	11	12
Industrial Specialties	24	24	71	110
Intermediates & Solvents	4	3	10	9
Unallocated and other	-	-	-	3
	<u>\$ 62</u>	<u>\$ 62</u>	<u>\$ 183</u>	<u>\$ 225</u>

(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 June 30	
	2020	2019
Adjusted EBITDA - Ashland Global Holdings Inc.		
Net income (loss)	\$ 37	\$ 66
Income tax expense (benefit)	12	(1)
Net interest and other expense	(14)	21
Depreciation and amortization	62	62
EBITDA	97	148
(Income) loss from discontinued operations (net of taxes)	13	(43)
Operating key items (see Table 5)	33	35
Adjusted EBITDA	<u>\$ 143</u>	<u>\$ 140</u>
Life Sciences		
Operating income	\$ 40	\$ 32
Add:		
Depreciation and amortization	15	15
Adjusted EBITDA	<u>\$ 55</u>	<u>\$ 47</u>
Personal Care and Household		
Operating income	\$ 16	\$ 17
Add:		
Depreciation and amortization	19	20
Adjusted EBITDA	<u>\$ 35</u>	<u>\$ 37</u>
Adjusted EBITDA - Consumer Specialties Total		
Operating income	\$ 56	\$ 49
Add:		
Depreciation and amortization	34	35
Adjusted EBITDA	<u>\$ 90</u>	<u>\$ 84</u>

Ashland Global Holdings Inc. and Consolidated Subsidiaries
RECONCILIATION OF NON-GAAP DATA - ADJUSTED EBITDA
(In millions - preliminary and unaudited)

Table 4 (Continued)

	Three months ended June 30	
	2020	2019
Specialty Additives		
Operating income	\$ 15	\$ 19
Add:		
Depreciation and amortization	20	20
Operating key items (see Table 5)	2	3
Adjusted EBITDA	<u>\$ 37</u>	<u>\$ 42</u>
Performance Adhesives		
Operating income	\$ 13	\$ 16
Add:		
Depreciation and amortization	4	4
Adjusted EBITDA	<u>\$ 17</u>	<u>\$ 20</u>
Adjusted EBITDA - Industrial Specialties Total		
Operating income	\$ 28	\$ 35
Add:		
Depreciation and amortization	24	24
Operating key items (see Table 5)	2	3
Adjusted EBITDA	<u>\$ 54</u>	<u>\$ 62</u>
Adjusted EBITDA - Intermediates and Solvents		
Operating income	\$ 7	\$ 8
Add:		
Depreciation and amortization	4	3
Adjusted EBITDA	<u>\$ 11</u>	<u>\$ 11</u>

SEGMENT COMPONENTS OF KEY ITEMS FOR APPLICABLE INCOME STATEMENT CAPTIONS

(In millions - preliminary and unaudited)

Three Months Ended June 30, 2020									
	Life Sciences	Personal Care and Household	Consumer Specialties	Specialty Additives	Performance Adhesives	Industrial Specialties	Intermediates and Solvents	Unallocated & Other	Total
OPERATING INCOME (LOSS)									
Operating key items:									
Restructuring, separation and other costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (14)	\$ (14)
Environmental reserve adjustments	-	-	-	(2)	-	(2)	-	(17)	(19)
All other operating income (loss)	40	16	56	17	13	30	7	(12)	81
Operating income (loss)	40	16	56	15	13	28	7	(43)	48
NET INTEREST AND OTHER EXPENSE (INCOME)									
Key items									
All other net interest and other expense (income)								(31)	(31)
								17	17
								(14)	(14)
INCOME TAX EXPENSE (BENEFIT)									
Tax effect of key items (a)									
All other income tax expense (benefit)								(1)	(1)
								13	13
								12	12
INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>\$ 40</u>	<u>\$ 16</u>	<u>\$ 56</u>	<u>\$ 15</u>	<u>\$ 13</u>	<u>\$ 28</u>	<u>\$ 7</u>	<u>\$ (41)</u>	<u>\$ 50</u>
Three Months Ended June 30, 2019									
	Life Sciences	Personal Care and Household	Consumer Specialties	Specialty Additives	Performance Adhesives	Industrial Specialties	Intermediates and Solvents	Unallocated & Other	Total
OPERATING INCOME (LOSS)									
Operating key items:									
Restructuring, separation and other costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (12)	\$ (12)
Tax indemnity expense	-	-	-	-	-	-	-	(6)	(6)
Environmental reserve adjustments	-	-	-	(1)	-	(1)	-	(14)	(15)
Unplanned plant shutdowns	-	-	-	(2)	-	(2)	-	-	(2)
All other operating income (loss)	32	17	49	22	16	38	8	(17)	78
Operating income (loss)	32	17	49	19	16	35	8	(49)	43
NET INTEREST AND OTHER EXPENSE (INCOME)									
Key items									
All other net interest and other expense (income)								(6)	(6)
								27	27
								21	21
INCOME TAX EXPENSE (BENEFIT)									
Tax effect of key items (a)									
Tax specific key items (b)								(5)	(5)
All other income tax expense (benefit)								1	1
								3	3
								(1)	(1)
INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>\$ 32</u>	<u>\$ 17</u>	<u>\$ 49</u>	<u>\$ 19</u>	<u>\$ 16</u>	<u>\$ 35</u>	<u>\$ 8</u>	<u>\$ (69)</u>	<u>\$ 23</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 June 30		Nine months ended June 30	
	2020	2019	2020	2019
Free cash flows (a)				
Total cash flows used by operating activities from continuing operations	\$ 140	\$ 87	\$ 153	\$ 93
Adjustments:				
Additions to property, plant and equipment	(28)	(33)	(94)	(103)
Free cash flows (a)	<u>\$ 112</u>	<u>\$ 54</u>	<u>\$ 59</u>	<u>\$ (10)</u>

(a) Free cash flow is defined as cash flows provided (used) by operating activities less additions to property, plant and equipment and other items Ashland has deemed non-operational (if applicable).

	Three months ended June 30		Nine months ended June 30	
	2020	2019	2020	2019
Adjusted operating income (loss)				
Operating income (loss) (as reported)	\$ 48	\$ 43	\$ (403)	\$ 80
Key items, before tax:				
Restructuring, separation and other costs	14	12	36	89
Proxy costs	-	-	-	5
Goodwill impairment	-	-	530	-
Tax indemnity expense	-	6	-	6
Environmental reserve adjustments	19	15	19	15
Unplanned plant shutdowns	-	2	-	2
Inventory adjustment	-	-	4	-
Adjusted operating income (non-GAAP)	<u>\$ 81</u>	<u>\$ 78</u>	<u>\$ 186</u>	<u>\$ 197</u>

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 June 30		Nine months ended June 30	
	2020	2019	2020	2019
Income (loss) from continuing operations (as reported)	\$ 50	\$ 23	\$ (491)	\$ (3)
Key items, before tax:				
Restructuring, separation and other costs	14	12	36	89
Proxy costs	-	-	-	5
Tax indemnity expense	-	6	-	6
Gain on pension and other postretirement plan remeasurements	-	-	-	(18)
Environmental reserve adjustments	19	15	19	15
Unplanned plant shutdowns	-	2	-	2
Unrealized (gain) loss on securities	(31)	(6)	(9)	(3)
Goodwill impairment	-	-	530	-
Inventory adjustment	-	-	4	-
Accelerated amortization of debt issuance costs	-	-	8	-
Loss on early retirement of debt	-	-	59	-
Net loss on acquisitions and divestitures	-	-	-	3
Key items, before tax	2	29	647	99
Tax effect of key items (a)	(1)	(5)	(20)	(10)
Key items, after tax	1	24	627	89
Tax specific key items:				
Deferred tax rate changes	-	-	-	2
One-time transition tax	-	6	-	28
Uncertain tax positions	-	(8)	-	(8)
Restructuring and separation activity	-	-	-	(1)
Other tax reform related activity	-	-	(25)	-
Other	-	3	-	3
Tax specific key items (b)	-	1	(25)	24
Total key items	1	25	602	113
Adjusted income from continuing operations (non-GAAP)	<u>\$ 51</u>	<u>\$ 48</u>	<u>\$ 111</u>	<u>\$ 110</u>
Amortization expense adjustment (net of tax) (c)	17	16	51	50
Adjusted income from continuing operations (non-GAAP) excluding intangibles amortization expense	<u>\$ 68</u>	<u>\$ 64</u>	<u>\$ 162</u>	<u>\$ 160</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:

- Deferred tax rate changes: Includes the impact from the remeasurement of Ashland's domestic deferred tax balances resulting from the enactment of the Tax Cuts and Jobs Act (Tax Act) as well as the impact from rate changes for other jurisdictions.
- One-time transition tax: Includes the one-time transition tax expense resulting from the enactment of the Tax Act.
- Uncertain tax positions: Includes the impact from the settlement of uncertain tax positions with various tax authorities.
- 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.
- Other tax reform: Includes the impact of other items related to the Tax Act and other tax law changes enacted during 2019 and 2020.

(c) Amortization expense adjustment (net of tax) tax rates were 20% for the three and nine months ended June 30, 2020 and 21% and 23% for the three and nine months ended June 30, 2019, 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		Nine months ended	
	June 30		June 30	
	2020	2019	2020	2019
Diluted EPS from continuing operations (as reported)	\$ 0.81	\$ 0.37	\$ (8.11)	\$ (0.05)
Key items, before tax:				
Restructuring, separation and other costs	0.23	0.19	0.58	1.40
Proxy costs	-	-	-	0.08
Tax indemnity expense	-	0.10	-	0.10
Gain on pension and other postretirement plan remeasurements	-	-	-	(0.29)
Environmental reserve adjustments	0.32	0.24	0.32	0.24
Unplanned plant shutdowns	-	0.03	-	0.03
Unrealized (gain) loss on securities	(0.51)	(0.10)	(0.15)	(0.05)
Goodwill impairment	-	-	8.75	-
Inventory adjustment	-	-	0.06	-
Accelerated amortization of debt issuance costs	-	-	0.13	-
Debt refinancing costs	-	-	0.97	-
Net loss on acquisitions and divestitures	-	-	-	0.05
Key items, before tax	0.04	0.46	10.66	1.56
Tax effect of key items (a)	(0.01)	(0.08)	(0.33)	(0.16)
Key items, after tax	0.03	0.38	10.33	1.40
Tax specific key items:				
Deferred tax rate changes	-	-	-	0.03
One-time transition tax	-	0.10	-	0.44
Uncertain tax positions	-	(0.13)	-	(0.12)
Restructuring and separation activity	-	-	-	(0.02)
Other tax reform related activity	-	-	(0.41)	-
Other	-	0.05	-	0.05
Tax specific key items (b)	-	0.02	(0.41)	0.38
Total key items	0.03	0.40	9.92	1.78
Adjusted diluted EPS from continuing operations (non-GAAP)	\$ 0.84	\$ 0.77	\$ 1.81	\$ 1.73
Amortization expense adjustment (net of tax) (c)	0.28	0.27	0.83	0.79
Adjusted diluted EPS from continuing operations (non-GAAP) excluding intangibles amortization expense	\$ 1.12	\$ 1.04	\$ 2.64	\$ 2.52

(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:

- Deferred tax rate changes: Includes the impact from the remeasurement of Ashland's domestic deferred tax balances resulting from the enactment of the Tax Cuts and Jobs Act (Tax Act) as well as the impact from rate changes for other jurisdictions.
- One-time transition tax: Includes the one-time transition tax expense resulting from the enactment of the Tax Act.
- Uncertain tax positions: Includes the impact from the settlement of uncertain tax positions with various tax authorities.
- 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.
- Other tax reform: Includes the impact of other items related to the Tax Act and other tax law changes enacted during 2019 and 2020.

(c) Amortization expense adjustment (net of tax) tax rates were 20% for the three and nine months ended June 30, 2020 and 21% and 23% for the three and nine months ended June 30, 2019, respectively.