

STATEMENTS OF CONDENSED CONSOLIDATED INCOME (LOSS)

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

	Three months ended June 30		Nine months ended June 30	
	2025	2024	2025	2024
Sales	\$ 463	\$ 544	\$ 1,347	\$ 1,591
Cost of sales	331	358	957	1,147
GROSS PROFIT	132	186	390	444
Selling, general and administrative expense	106	114	268	303
Research and development expense	13	15	41	42
Intangibles amortization expense	15	19	47	59
Equity and other income	-	-	1	3
Goodwill impairment	706	-	706	-
Loss on acquisitions and divestitures, net	-	99	165	100
OPERATING LOSS	(708)	(61)	(836)	(57)
Net interest and other expense (income)	(5)	7	34	(14)
Other net periodic benefit loss	1	2	4	6
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(704)	(70)	(874)	(49)
Income tax expense (benefit)	15	(101)	(19)	(229)
INCOME (LOSS) FROM CONTINUING OPERATIONS	(719)	31	(855)	180
Loss from discontinued operations, net of income taxes	(23)	(25)	(22)	(27)
NET INCOME (LOSS)	<u>\$ (742)</u>	<u>\$ 6</u>	<u>\$ (877)</u>	<u>\$ 153</u>
DILUTED EARNINGS (LOSS) PER SHARE				
Income (loss) from continuing operations	\$ (15.70)	\$ 0.60	\$ (18.39)	\$ 3.53
Loss from discontinued operations	(0.51)	(0.48)	(0.46)	(0.52)
Net income (loss)	<u>\$ (16.21)</u>	<u>\$ 0.12</u>	<u>\$ (18.85)</u>	<u>\$ 3.01</u>
AVERAGE DILUTED COMMON SHARES OUTSTANDING^(a)	46	51	47	51
SALES				
Life Sciences	162	195	468	617
Personal Care	147	175	426	473
Specialty Additives	131	150	380	429
Intermediates	33	36	104	108
Intersegment Sales	(10)	(12)	(31)	(36)
	<u>\$ 463</u>	<u>\$ 544</u>	<u>\$ 1,347</u>	<u>\$ 1,591</u>
OPERATING INCOME (LOSS)				
Life Sciences	(343)	43	(301)	125
Personal Care	25	31	64	59
Specialty Additives	(345)	10	(343)	(40)
Intermediates	4	6	6	22
Unallocated and other	(49)	(151)	(262)	(223)
	<u>\$ (708)</u>	<u>\$ (61)</u>	<u>\$ (836)</u>	<u>\$ (57)</u>

(a) As a result of the loss from continuing operations for the three and nine months ending June 30, 2025, 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 (loss) per share calculation for the period.

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

Table 2

	June 30 2025	September 30 2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 207	\$ 300
Accounts receivable, net	201	243
Inventories	567	545
Other assets	149	107
Total current assets	1,124	1,195
Noncurrent assets		
Property, plant and equipment		
Cost	3,336	3,316
Accumulated depreciation	2,135	2,013
Net property, plant and equipment	1,201	1,303
Goodwill	705	1,381
Intangibles	578	751
Operating lease assets, net	101	114
Restricted investments	283	295
Asbestos insurance receivable, net	129	132
Deferred income taxes	241	210
Other assets	259	264
Total noncurrent assets	3,497	4,450
Total assets	<u>\$ 4,621</u>	<u>\$ 5,645</u>
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	\$ 185	\$ 214
Accrued expenses and other liabilities	216	256
Current operating lease obligations	19	20
Total current liabilities	420	490
Noncurrent liabilities		
Long-term debt	1,382	1,349
Asbestos litigation reserve	404	414
Deferred income taxes	28	29
Employee benefit obligations	111	110
Operating lease obligations	84	99
Other liabilities	303	286
Total noncurrent liabilities	2,312	2,287
Stockholders' equity	1,889	2,868
Total liabilities and stockholders' equity	<u>\$ 4,621</u>	<u>\$ 5,645</u>

STATEMENTS OF CONDENSED CONSOLIDATED CASH FLOWS

(In millions - preliminary and unaudited)

	Three months ended June 30		Nine months ended June 30	
	2025	2024	2025	2024
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES FROM CONTINUING OPERATIONS				
Net income (loss)	\$ (742)	\$ 6	\$ (877)	\$ 153
Loss from discontinued operations, net of income taxes	23	25	22	27
Adjustments to reconcile income (loss) from continuing operations to cash flows from operating activities				
Depreciation and amortization	76	61	187	221
Original issue discount and debt issuance cost amortization	2	1	5	4
Deferred income taxes	4	(1)	5	(137)
Gain from sales of property and equipment	-	-	(11)	-
Equity income from affiliates	-	-	(1)	-
Stock based compensation expense	3	3	11	10
Income from restricted investments	(22)	(4)	(15)	(51)
Loss (income) on divestitures, net	-	99	176	99
Goodwill impairment	706	-	706	-
Pension contributions	(2)	(3)	(9)	(14)
Loss on pension and other postretirement plan remeasurements	-	-	1	-
Change in operating assets and liabilities ^(a)	66	(59)	(106)	70
Total cash flows provided by operating activities from continuing operations	114	128	94	382
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES FROM CONTINUING OPERATIONS				
Additions to property, plant and equipment	(20)	(29)	(64)	(99)
Proceeds from disposal of property, plant and equipment	-	-	11	-
Proceeds from sale of operations	-	-	16	-
Proceeds from settlement of Company-owned life insurance contracts	4	1	5	1
Company-owned life insurance payments	-	-	(1)	(1)
Other investing cash flows	-	-	-	(10)
Funds restricted for specific transactions	-	-	(8)	(5)
Reimbursements from restricted investments	17	23	41	60
Proceeds from sale of securities	11	18	36	39
Purchases of securities	(11)	(18)	(36)	(39)
Total cash flows provided (used) by investing activities from continuing operations	1	(5)	-	(54)
CASH FLOWS USED BY FINANCING ACTIVITIES FROM CONTINUING OPERATIONS				
Repurchase of common stock	-	(130)	(100)	(230)
Repayment of short-term debt	(50)	-	-	(16)
Cash dividends paid	(19)	(20)	(57)	(59)
Stock based compensation employee withholding taxes paid in cash	-	(1)	(4)	(5)
Total cash flows used by financing activities from continuing operations	(69)	(151)	(161)	(310)
CASH PROVIDED (USED) BY CONTINUING OPERATIONS				
Cash used by discontinued operations	46	(28)	(67)	18
Operating cash flows	(9)	(12)	(27)	(38)
Effect of currency exchange rate changes on cash and cash equivalents	2	-	1	2
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	39	(40)	(93)	(18)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	168	439	300	417
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 207	\$ 399	\$ 207	\$ 399
DEPRECIATION AND AMORTIZATION				
Life Sciences	22	15	61	47
Personal Care	15	20	49	59
Specialty Additives	36	23	67	105
Intermediates	3	3	10	10
	<u>\$ 76</u>	<u>\$ 61</u>	<u>\$ 187</u>	<u>\$ 221</u>

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

RECONCILIATION OF NON-GAAP DATA - ADJUSTED EBITDA

(In millions - preliminary and unaudited)

	Three months ended June 30	
	2025	2024
Adjusted EBITDA - Ashland Inc.		
Net income (loss)	\$ (742)	\$ 6
Income tax expense (benefit)	15	(101)
Net interest and other expense (income)	(5)	7
Depreciation and amortization ^(a)	49	54
EBITDA	(683)	(34)
Loss from discontinued operations, net of income taxes	23	25
Operating key items (see Table 5)	773	148
Adjusted EBITDA	<u>\$ 113</u>	<u>\$ 139</u>
Adjusted EBITDA - Life Sciences		
Operating income (loss)	\$ (343)	\$ 43
Add:		
Depreciation and amortization ^(a)	14	16
Operating key items (see Table 5)	383	-
Adjusted EBITDA	<u>\$ 54</u>	<u>\$ 59</u>
Adjusted EBITDA - Personal Care		
Operating income	\$ 25	\$ 31
Add:		
Depreciation and amortization ^(a)	15	19
Operating key items (see Table 5)	1	1
Adjusted EBITDA	<u>\$ 41</u>	<u>\$ 51</u>
Adjusted EBITDA - Specialty Additives		
Operating income (loss)	\$ (345)	\$ 10
Add:		
Depreciation and amortization ^(a)	17	16
Operating key items (see Table 5)	354	12
Adjusted EBITDA	<u>\$ 26</u>	<u>\$ 38</u>
Adjusted EBITDA - Intermediates		
Operating income	\$ 4	\$ 6
Add:		
Depreciation and amortization	3	3
Adjusted EBITDA	<u>\$ 7</u>	<u>\$ 9</u>

(a) Depreciation and amortization excludes accelerated depreciation expense of \$8 million for Life Sciences for the three months ended June 30, 2025, which is included as a key item within this table as a component of Adjusted EBITDA. Depreciation and amortization includes \$1 million for Life Sciences associated with the Nutraceuticals business assets for the three months ended June 30, 2024, which is included as a key item within this table as a component of Adjusted EBITDA. Depreciation and amortization excludes accelerated depreciation expense of \$1 million for Personal Care for the three months ended June 30, 2024, which is included as a key item within this table as a component of Adjusted EBITDA. Depreciation and amortization excludes accelerated depreciation expense of \$19 million and \$7 million for Specialty Additives for the three months ended June 30, 2025 and 2024, respectively, 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 June 30, 2025						
	Life Sciences	Personal Care	Specialty Additives	Intermediates	Unallocated & Other	Total
OPERATING INCOME (LOSS)						
Operating key items:						
Goodwill impairment	\$ (375)	\$ -	\$ (331)	\$ -	\$ -	\$ (706)
Environmental reserve adjustments	-	-	(2)	-	(28)	(30)
Accelerated depreciation	(8)	-	(19)	-	-	(27)
Restructuring, separation and other costs	-	-	-	-	(7)	(7)
Other plant optimization costs	-	(1)	(2)	-	-	(3)
All other operating income (loss)	40	26	9	4	(14)	65
Operating income (loss)	(343)	25	(345)	4	(49)	(708)
NET INTEREST AND OTHER EXPENSE (INCOME)						
Key items					(19)	(19)
All other net interest and other expense					14	14
					(5)	(5)
OTHER NET PERIODIC BENEFIT LOSS						
					1	1
INCOME TAX EXPENSE (BENEFIT)						
Tax effect of key items ^(a)					(12)	(12)
Tax specific key items ^(b)					13	13
All other income tax expense					14	14
					15	15
INCOME (LOSS) FROM CONTINUING OPERATIONS	<u><u>\$ (343)</u></u>	<u><u>\$ 25</u></u>	<u><u>\$ (345)</u></u>	<u><u>\$ 4</u></u>	<u><u>\$ (60)</u></u>	<u><u>\$ (719)</u></u>
Three Months Ended June 30, 2024						
	Life Sciences	Personal Care	Specialty Additives	Intermediates	Unallocated & Other	Total
OPERATING INCOME (LOSS)						
Operating key items:						
Nutraceuticals impairment and sale	\$ -	\$ -	\$ -	\$ -	\$ (99)	\$ (99)
Environmental reserve adjustments	(1)	-	(1)	-	(33)	(35)
Accelerated depreciation	-	(1)	(7)	-	-	(8)
Other plant optimization costs	-	-	(4)	-	-	(4)
Restructuring, separation and other costs	-	-	-	-	(3)	(3)
Held for sale depreciation and amortization	1	-	-	-	-	1
All other operating income (loss)	43	32	22	6	(16)	87
Operating income (loss)	43	31	10	6	(151)	(61)
NET INTEREST AND OTHER EXPENSE (INCOME)						
Key items					(1)	(1)
All other net interest and other expense					8	8
					7	7
OTHER NET PERIODIC BENEFIT LOSS						
					2	2
INCOME TAX EXPENSE (BENEFIT)						
Tax effect of key items ^(a)					(12)	(12)
Tax specific key items ^(b)					(106)	(106)
All other income tax expense					17	17
					(101)	(101)
INCOME (LOSS) FROM CONTINUING OPERATIONS	<u><u>\$ 43</u></u>	<u><u>\$ 31</u></u>	<u><u>\$ 10</u></u>	<u><u>\$ 6</u></u>	<u><u>\$ (59)</u></u>	<u><u>\$ 31</u></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 June 30		Nine months ended June 30	
	2025	2024	2025	2024
Free cash flows				
Total cash flows provided by operating activities from continuing operations	\$ 114	\$ 128	\$ 94	\$ 382
Adjustments:				
Additions to property, plant and equipment	(20)	(29)	(64)	(99)
Free Cash Flows	\$ 94	\$ 99	\$ 30	\$ 283
Cash (inflows) outflows from U.S. Accounts Receivable Sales Program ^(a)	1	3	11	(11)
Cash inflows from Foreign Accounts Receivable Sales Program ^(b)	(4)	(1)	(13)	(123)
Restructuring-related payments ^(c)	6	3	23	10
Environmental and related litigation payments ^(d)	11	8	24	23
Ongoing Free Cash Flow	\$ 108	\$ 112	\$ 75	\$ 182
Net income (loss)	\$ (742)	\$ 6	\$ (877)	\$ 153
Adjusted EBITDA ^(e)	\$ 113	\$ 139	\$ 282	\$ 336
Operating Cash Flow Conversion ^(f)	Not meaningful	2133%	Not meaningful	250%
Ongoing Free Cash Flow Conversion ^(g)	96%	81%	27%	54%

- (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 June 30		Nine months ended June 30	
	2025	2024	2025	2024
Adjusted Operating Income				
Operating loss (as reported)	\$ (708)	\$ (61)	\$ (836)	\$ (57)
Key items, before tax:				
Goodwill impairment	706	-	706	-
Avoca business impairment and sale	-	-	175	-
Accelerated depreciation	27	8	40	56
Environmental reserve adjustments	30	35	33	41
Restructuring, separation and other costs	7	3	18	28
Other plant optimization costs	3	4	12	5
Argentina currency devaluation impact	-	-	-	5
Nutraceuticals impairment and sale	-	99	-	99
Held for sale depreciation and amortization	-	(1)	(2)	(1)
Income on divestitures, net	-	-	(10)	-
Adjusted Operating Income (non-GAAP)	<u>\$ 65</u>	<u>\$ 87</u>	<u>\$ 136</u>	<u>\$ 176</u>

RECONCILIATION OF CERTAIN NON-GAAP DATA

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

	Three months ended June 30		Nine months ended June 30	
	2025	2024	2025	2024
Income (loss) from continuing operations (as reported)	\$ (719)	\$ 31	\$ (855)	\$ 180
Key items, before tax:				
Goodwill impairment	706	-	706	-
Avoca business impairment and sale	-	-	175	-
Accelerated depreciation	27	8	40	56
Environmental reserve adjustments	30	35	33	41
Restructuring, separation and other costs	7	3	18	28
Other plant optimization costs	3	4	12	5
Loss on pension plan remeasurements	-	-	1	-
Nutraceuticals impairment and sale	-	99	-	99
Argentina currency devaluation impact	-	-	-	5
Held for sale depreciation and amortization	-	(1)	(2)	(1)
Unrealized gains on securities	(19)	(1)	(5)	(39)
Income on divestitures, net	-	-	(10)	-
Key items, before tax	754	147	968	194
Tax effect of key items ^(a)	(12)	(12)	(64)	(24)
Key items, after tax	742	135	904	170
Tax specific key items:				
Uncertain tax positions	5	9	1	9
Restructuring and separation activity	-	(115)	-	(115)
Other and tax reform related activity	8	-	19	(129)
Tax specific key items ^(b)	13	(106)	20	(235)
Total key items	755	29	924	(65)
Adjusted Income from Continuing Operations (non-GAAP)	<u>\$ 36</u>	<u>\$ 60</u>	<u>\$ 69</u>	<u>\$ 115</u>
Amortization expense adjustment (net of tax) ^(c)	12	15	39	48
Adjusted Income from Continuing Operations (non-GAAP) Excluding Intangibles Amortization Expense	<u>\$ 48</u>	<u>\$ 75</u>	<u>\$ 108</u>	<u>\$ 163</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:

- Uncertain tax positions: Includes the impact from the settlement of uncertain tax positions with various tax authorities.

- 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 fiscal 2025 and 2024.

(c) Amortization expense adjustment (net of tax) tax rates were 20% and 21% for the three and nine months ended June 30, 2025, respectively, and 20% for the three and nine months ended June 30, 2024.

RECONCILIATION OF CERTAIN NON-GAAP DATA

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

	Three months ended June 30		Nine months ended June 30	
	2025	2024	2025	2024
Diluted EPS from continuing operations (as reported)	\$ (15.70)	\$ 0.60	\$ (18.39)	\$ 3.53
Key items, before tax:				
Goodwill impairment	15.41	-	15.19	-
Avoca business impairment and sale	-	-	3.73	-
Accelerated depreciation	0.59	0.16	0.85	1.10
Environmental reserve adjustments	0.65	0.69	0.71	0.80
Restructuring, separation and other costs	0.15	0.06	0.38	0.55
Other plant optimization costs	0.07	0.08	0.26	0.10
Loss on pension plan remeasurements	-	-	0.02	-
Nutraceuticals impairment and sale	-	1.94	-	1.94
Argentina currency devaluation impact	-	-	-	0.10
Held for sale depreciation and amortization	-	(0.02)	(0.04)	(0.02)
Unrealized gains on securities	(0.41)	(0.02)	(0.10)	(0.76)
Income on divestitures, net	-	-	(0.21)	-
Key items, before tax	16.46	2.89	20.79	3.81
Tax effect of key items ^(a)	(0.26)	(0.24)	(1.36)	(0.48)
Key items, after tax	16.20	2.65	19.43	3.33
Tax specific key items:				
Uncertain tax positions	0.11	0.18	0.03	0.18
Restructuring and separation activity	-	(2.25)	-	(2.25)
Other and tax reform related activity	0.17	-	0.40	(2.54)
Tax specific key items ^(b)	0.28	(2.07)	0.43	(4.61)
Total key items	16.48	0.58	19.86	(1.28)
Adjusted Diluted EPS from Continuing Operations (non-GAAP)	<u>\$ 0.78</u>	<u>\$ 1.18</u>	<u>\$ 1.47</u>	<u>\$ 2.25</u>
Amortization expense adjustment (net of tax) ^(c)	0.26	0.31	0.83	0.94
Adjusted Diluted EPS from Continuing Operations (non-GAAP) Excluding Intangibles Amortization Expense	<u>\$ 1.04</u>	<u>\$ 1.49</u>	<u>\$ 2.30</u>	<u>\$ 3.19</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:

- Uncertain tax positions: Includes the impact from the settlement of uncertain tax positions with various tax authorities.

- 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 fiscal 2025 and 2024.

(c) Amortization expense adjustment (net of tax) tax rates were 20% and 21% for the three and nine months ended June 30, 2025, respectively, and 20% for the three and nine months ended June 30, 2024.