

Ashland 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	
	2023	2022	2023	2022
Sales	\$ 546	\$ 644	\$ 1,674	\$ 1,759
Cost of sales	368	404	1,134	1,139
<b>GROSS PROFIT</b>	178	240	540	620
Selling, general and administrative expense	84	127	256	299
Research and development expense	12	14	37	40
Intangibles amortization expense	24	23	70	71
Equity and other income	4	1	5	2
Income on acquisitions and divestitures, net	-	35	-	42
<b>OPERATING INCOME</b>	62	112	182	254
Net interest and other expense (income)	3	59	(21)	108
Other net periodic benefit loss	2	1	6	-
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>	57	52	197	146
Income tax expense	15	1	21	25
<b>INCOME FROM CONTINUING OPERATIONS</b>	42	51	176	121
Income (loss) from discontinued operations (net of income taxes)	8	(15)	6	749
<b>NET INCOME</b>	<u>\$ 50</u>	<u>\$ 36</u>	<u>\$ 182</u>	<u>\$ 870</u>
<b>DILUTED EARNINGS PER SHARE</b>				
Income from continuing operations	\$ 0.79	\$ 0.93	\$ 3.24	\$ 2.12
Income (loss) from discontinued operations	0.15	(0.28)	0.11	13.16
Net income	<u>\$ 0.94</u>	<u>\$ 0.65</u>	<u>\$ 3.35</u>	<u>\$ 15.28</u>
<b>AVERAGE DILUTED COMMON SHARES OUTSTANDING</b>	53	55	54	57
<b>SALES</b>				
Life Sciences	219	228	666	602
Personal Care	146	172	452	490
Specialty Additives	152	194	456	532
Intermediates	43	73	148	192
Intersegment Sales	(14)	(23)	(48)	(57)
	<u>\$ 546</u>	<u>\$ 644</u>	<u>\$ 1,674</u>	<u>\$ 1,759</u>
<b>OPERATING INCOME (LOSS)</b>				
Life Sciences	49	51	141	115
Personal Care	14	25	38	67
Specialty Additives	5	35	22	79
Intermediates	13	30	50	72
Unallocated and other	(19)	(29)	(69)	(79)
	<u>\$ 62</u>	<u>\$ 112</u>	<u>\$ 182</u>	<u>\$ 254</u>

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

Table 2

	June 30 2023	September 30 2022
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 349	\$ 646
Accounts receivable	345	402
Inventories	712	629
Other assets	120	91
Total current assets	<u>1,526</u>	<u>1,768</u>
Noncurrent assets		
Property, plant and equipment		
Cost	3,191	3,050
Accumulated depreciation	1,837	1,712
Net property, plant and equipment	1,354	1,338
Goodwill	1,383	1,312
Intangibles	916	963
Operating lease assets, net	126	107
Restricted investments	321	313
Asbestos insurance receivable	129	138
Deferred income taxes	20	20
Other assets	254	254
Total noncurrent assets	<u>4,503</u>	<u>4,445</u>
Total assets	<u>\$ 6,029</u>	<u>\$ 6,213</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Trade and other payables	\$ 210	\$ 265
Accrued expenses and other liabilities	201	269
Current operating lease obligations	21	19
Total current liabilities	<u>432</u>	<u>553</u>
Noncurrent liabilities		
Long-term debt	1,328	1,270
Asbestos litigation reserve	437	472
Deferred income taxes	176	176
Employee benefit obligations	108	103
Operating lease obligations	109	94
Other liabilities	290	325
Total noncurrent liabilities	<u>2,448</u>	<u>2,440</u>
Stockholders' equity	<u>3,149</u>	<u>3,220</u>
Total liabilities and stockholders' equity	<u>\$ 6,029</u>	<u>\$ 6,213</u>

Ashland 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	
	2023	2022	2023	2022
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES FROM CONTINUING OPERATIONS</b>				
Net income	\$ 50	\$ 36	\$ 182	\$ 870
Loss (income) from discontinued operations (net of taxes)	(8)	15	(6)	(749)
Adjustments to reconcile income from continuing operations to cash flows from operating activities				
Depreciation and amortization	62	61	181	182
Original issue discount and debt issuance cost amortization	1	1	4	4
Deferred income taxes	(4)	(2)	11	(5)
Gain from sales of property and equipment	(1)	-	(1)	-
Stock based compensation expense	5	5	17	14
Excess tax benefit on stock based compensation	-	-	1	1
Loss (income) from restricted investments	(10)	46	(57)	59
Income on acquisitions and divestitures	-	(42)	-	(42)
Asset impairments	-	-	4	-
Pension contributions	(4)	(1)	(7)	(4)
Gain on pension and other postretirement plan remeasurements	-	-	-	(1)
Change in operating assets and liabilities (a)	46	(136)	(166)	(315)
Total cash flows provided (used) by operating activities from continuing operations	137	(17)	163	14
<b>CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES FROM CONTINUING OPERATIONS</b>				
Additions to property, plant and equipment	(44)	(29)	(101)	(67)
Proceeds from disposal of property, plant and equipment	3	39	3	51
Proceeds from settlement of Company-owned life insurance contracts	1	2	3	2
Company-owned life insurance payments	-	-	(1)	-
Funds restricted for specific transactions	(1)	(30)	(7)	(74)
Reimbursements from restricted investments	29	-	46	28
Proceeds from sale of securities	21	29	36	75
Purchases of securities	(21)	(29)	(36)	(75)
Total cash flows used by investing activities from continuing operations	(12)	(18)	(57)	(60)
<b>CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES FROM CONTINUING OPERATIONS</b>				
Repurchase of common stock	(158)	(45)	(300)	(200)
Repayment of long-term debt	-	-	-	(250)
Repayment of short-term debt	-	-	-	(365)
Cash dividends paid	(20)	(18)	(56)	(52)
Stock based compensation employee withholding taxes paid in cash	(1)	(3)	(10)	(9)
Total cash flows used by financing activities from continuing operations	(179)	(66)	(366)	(876)
<b>CASH PROVIDED (USED) BY CONTINUING OPERATIONS</b>				
Cash provided (used) by discontinued operations	(54)	(101)	(260)	(922)
Operating cash flows	3	(229)	(43)	(302)
Investing cash flows	-	-	-	1,650
Effect of currency exchange rate changes on cash and cash equivalents	1	(5)	6	(7)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(50)</b>	<b>(335)</b>	<b>(297)</b>	<b>419</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD</b>	<b>399</b>	<b>964</b>	<b>646</b>	<b>210</b>
<b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>	<b>\$ 349</b>	<b>\$ 629</b>	<b>\$ 349</b>	<b>\$ 629</b>
<b>DEPRECIATION AND AMORTIZATION</b>				
Life Sciences	18	16	51	46
Personal Care	21	21	63	63
Specialty Additives	20	21	57	62
Intermediates	3	3	10	10
Unallocated and other	-	-	-	1
	\$ 62	\$ 61	\$ 181	\$ 182

(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	
	2023	2022
<b>Adjusted EBITDA - Ashland Inc.</b>		
Net income	\$ 50	\$ 36
Income tax expense	15	1
Net interest and other expense (income)	3	59
Depreciation and amortization	62	61
EBITDA	130	157
(Income) loss from discontinued operations (net of taxes)	(8)	15
Operating key items (see Table 5)	11	2
Adjusted EBITDA	<u>\$ 133</u>	<u>\$ 174</u>
<b>EBITDA - Life Sciences</b>		
Operating income	\$ 49	\$ 51
Add:		
Depreciation and amortization	18	16
Operating key items (see Table 5)	5	-
EBITDA	<u>\$ 72</u>	<u>\$ 67</u>
<b>EBITDA - Personal Care</b>		
Operating income	\$ 14	\$ 25
Add:		
Depreciation and amortization	21	21
EBITDA	<u>\$ 35</u>	<u>\$ 46</u>
<b>EBITDA - Specialty Additives</b>		
Operating income	\$ 5	\$ 35
Add:		
Depreciation and amortization	20	21
Operating key items (see Table 5)	4	1
EBITDA	<u>\$ 29</u>	<u>\$ 57</u>
<b>EBITDA - Intermediates</b>		
Operating income	\$ 13	\$ 30
Add:		
Depreciation and amortization	3	3
EBITDA	<u>\$ 16</u>	<u>\$ 33</u>

**SEGMENT COMPONENTS OF KEY ITEMS FOR APPLICABLE INCOME  
STATEMENT CAPTIONS**

(In millions - preliminary and unaudited)

	Three Months Ended June 30, 2023					
	Life Sciences	Personal Care	Specialty Additives	Intermediates	Unallocated & Other	Total
<b>OPERATING INCOME (LOSS)</b>						
Operating key items:						
Environmental reserve adjustments	\$ (2)	\$ -	\$ (4)	\$ -	\$ (13)	\$ (19)
Restructuring, separation and other costs	(3)	-	-	-	(1)	(4)
ICMS Brazil tax credit	-	-	-	-	12	12
All other operating income (loss)	54	14	9	13	(17)	73
Operating income (loss)	49	14	5	13	(19)	62
<b>NET INTEREST AND OTHER EXPENSE (INCOME)</b>						
Key items					(6)	(6)
All other net interest and other expense					9	9
					3	3
<b>OTHER NET PERIODIC BENEFIT LOSS</b>					(2)	(2)
<b>INCOME TAX EXPENSE (BENEFIT)</b>						
Tax effect of key items (a)					3	3
Tax specific key items (b)					(4)	(4)
All other income tax expense					16	16
					15	15
<b>INCOME (LOSS) FROM CONTINUING OPERATIONS</b>	<u>\$ 49</u>	<u>\$ 14</u>	<u>\$ 5</u>	<u>\$ 13</u>	<u>\$ (39)</u>	<u>\$ 42</u>

	Three Months Ended June 30, 2022					
	Life Sciences	Personal Care	Specialty Additives	Intermediates	Unallocated & Other	Total
<b>OPERATING INCOME (LOSS)</b>						
Operating key items:						
Environmental reserve adjustments	\$ -	\$ -	\$ (1)	\$ -	\$ (35)	\$ (36)
Restructuring, separation and other costs	-	-	-	-	(1)	(1)
Income on acquisitions and divestitures, net	-	-	-	-	35	35
All other operating income (loss)	51	25	36	30	(28)	114
Operating income (loss)	51	25	35	30	(29)	112
<b>NET INTEREST AND OTHER EXPENSE (INCOME)</b>						
Key items					48	48
All other net interest and other expense					11	11
					59	59
<b>OTHER NET PERIODIC BENEFIT LOSS</b>					(1)	(1)
<b>INCOME TAX EXPENSE (BENEFIT)</b>						
Tax effect of key items (a)					(16)	(16)
Tax specific key items (b)					-	-
All other income tax expense (benefit)					17	17
					1	1
<b>INCOME (LOSS) FROM CONTINUING OPERATIONS</b>	<u>\$ 51</u>	<u>\$ 25</u>	<u>\$ 35</u>	<u>\$ 30</u>	<u>\$ (90)</u>	<u>\$ 51</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	
	2023	2022	2023	2022
<b>Free cash flows</b>				
Total cash flows provided (used) by operating activities from continuing operations	\$ 137	\$ (17)	\$ 163	\$ 14
Adjustments:				
Additions to property, plant and equipment	(44)	(29)	(101)	(67)
Free cash flows	\$ 93	\$ (46)	\$ 62	\$ (53)
Cash outflows from U.S. Accounts Receivable Sales Program (a)	(8)	47	14	42
Restructuring-related payments (b)	2	4	3	9
Environmental and related litigation payments (c)	10	8	34	36
Ongoing free cash flow	\$ 97	\$ 13	\$ 113	\$ 34
Net Income	50	36	182	870
Adjusted EBITDA (d)	\$ 133	\$ 174	\$ 386	\$ 443
Operating cash flow conversion (e)	274%	-47%	90%	2%
Ongoing free cash flow conversion (f)	73%	7%	29%	8%

- (a) Represents activity associated with the U.S. Accounts Receivable Sales Program impacting each period presented.  
(b) Restructuring payments incurred during each period presented.  
(c) Represents cash outflows associated with environmental and related litigation payments which will be reimbursed by the Environmental trust.  
(d) See Adjusted EBITDA reconciliation.  
(e) Operating cash flow conversion is defined as Cash flows provided by operating activities from continuing operations divided by Net Income.  
(f) Ongoing free cash flow conversion is defined as Ongoing cash flow divided by Adjusted EBITDA.

	Three months ended June 30		Nine months ended June 30	
	2023	2022	2023	2022
<b>Adjusted operating income</b>				
<b>Operating income (as reported)</b>	\$ 62	\$ 112	\$ 182	\$ 254
Key items, before tax:				
Restructuring, separation and other costs	4	1	5	3
Environmental reserve adjustments	19	36	31	46
ICMS Brazil tax credit	(12)	-	(12)	-
Income on acquisitions and divestitures, net	-	(35)	-	(42)
Asset impairments	-	-	4	-
<b>Adjusted operating income (non-GAAP)</b>	<u>\$ 73</u>	<u>\$ 114</u>	<u>\$ 210</u>	<u>\$ 261</u>

**RECONCILIATION OF CERTAIN NON-GAAP DATA**

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

	Three months ended		Nine months ended	
	June 30		June 30	
	2023	2022	2023	2022
<b>Income from continuing operations (as reported)</b>	\$ 42	\$ 51	\$ 176	\$ 121
Key items, before tax:				
Restructuring, separation and other costs	4	1	5	3
Unrealized (gains) losses on securities	(6)	48	(47)	72
Environmental reserve adjustments	19	36	31	46
ICMS Brazil tax credit	(12)	-	(12)	-
Income on acquisitions and divestitures, net	-	(35)	-	(42)
Asset impairments	-	-	4	-
Key items, before tax	5	50	(19)	79
Tax effect of key items (a)	3	(16)	8	(22)
Key items, after tax	8	34	(11)	57
Tax specific key items:				
Restructuring and separation activity	-	-	-	10
Valuation allowance	(1)	-	(1)	(4)
Uncertain tax positions	(3)	-	(23)	-
Tax specific key items (b)	(4)	-	(24)	6
Total key items	4	34	(35)	63
<b>Adjusted income from continuing operations (non-GAAP)</b>	\$ 46	\$ 85	\$ 141	\$ 184
Amortization expense adjustment (net of tax) (c)	19	19	56	57
<b>Adjusted income from continuing operations (non-GAAP) excluding intangibles amortization expense</b>	\$ 65	\$ 104	\$ 197	\$ 241

(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:

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

(c) Amortization expense adjustment (net of tax) tax rates were 20% for the three and nine months ended June 30, 2023 and 2022.

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		Nine months ended	
	June 30		June 30	
	2023	2022	2023	2022
<b>Diluted EPS from continuing operations (as reported)</b>	\$ 0.79	\$ 0.93	\$ 3.24	\$ 2.12
Key items, before tax:				
Restructuring, separation and other costs	0.09	0.02	0.09	0.06
Unrealized (gains) losses on securities	(0.12)	0.87	(0.87)	1.26
Environmental reserve adjustments	0.36	0.65	0.58	0.81
ICMS Brazil tax credit	(0.23)	-	(0.22)	-
Income on acquisitions and divestitures, net	-	(0.63)	-	(0.73)
Asset impairments	-	-	0.07	-
Key items, before tax	0.10	0.91	(0.35)	1.40
Tax effect of key items (a)	0.06	(0.29)	0.15	(0.39)
Key items, after tax	0.16	0.62	(0.20)	1.01
Tax specific key items:				
Restructuring and separation activity	-	-	-	0.18
Valuation allowance	(0.02)	-	(0.02)	(0.07)
Uncertain tax positions	(0.06)	-	(0.42)	-
Tax specific key items (b)	(0.08)	-	(0.44)	0.11
Total key items	0.08	0.62	(0.64)	1.12
<b>Adjusted diluted EPS from continuing operations (non-GAAP)</b>	<u>\$ 0.87</u>	<u>\$ 1.55</u>	<u>\$ 2.60</u>	<u>\$ 3.24</u>
Amortization expense adjustment (net of tax) (c)	0.36	0.34	1.03	1.00
<b>Adjusted diluted EPS from continuing operations (non-GAAP) excluding intangibles amortization expense</b>	<u>\$ 1.23</u>	<u>\$ 1.89</u>	<u>\$ 3.63</u>	<u>\$ 4.24</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:
- 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.
  - Uncertain tax positions: Includes the impact from settlement of certain tax positions with various tax authorities.
- (c) Amortization expense adjustment (net of tax) tax rates were 20% for the three and nine months ended June 30, 2023 and 2022.