



earnings conference call

fourth-quarter fiscal 2022

November 8, 2022 | 9:00 am ET



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always solving

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Ashland has identified some of these forward-looking statements with words such as “anticipates,” “believes,” “expects,” “estimates,” “is likely,” “predicts,” “projects,” “forecasts,” “objectives,” “may,” “will,” “should,” “plans” and “intends” and the negative of these words or other comparable terminology. Ashland may from time to time make forward-looking statements in its annual reports, quarterly reports and other filings with the SEC, news releases and other written and oral communications. These forward-looking statements are based on Ashland’s expectations and assumptions, as of the date such statements are made, regarding Ashland’s future operating performance, financial condition, and expected effects of the COVID-19 pandemic on Ashland’s business, as well as the economy and other future events or circumstances. These statements include, but may not be limited to, the statements under Outlook of the presentation, and Ashland’s expectations regarding its ability to drive sales and earnings growth and manage costs. Ashland’s expectations and assumptions include, without limitation, internal forecasts and analyses of current and future market conditions and trends, management plans and strategies, operating efficiencies and economic conditions (such as prices, supply and demand, cost of raw materials, and the ability to recover raw-material cost increases through price increases), and risks and uncertainties associated with the following: the impact of acquisitions and/or divestitures, Ashland has made or may make (including the possibility that Ashland may not realize the anticipated benefits from such transactions); Ashland’s substantial indebtedness (including the possibility that such indebtedness and related restrictive covenants may adversely affect Ashland’s future cash flows, results of operations, financial condition and its ability to repay debt); severe weather, natural disasters, public-health crises (including the current COVID-19 pandemic), cyber events and legal proceedings and claims (including product recalls, environmental and asbestos matters); the effects of the COVID-19 pandemic, and the ongoing Ukraine/Russia conflict, on the geographies in which we operate, the end markets we serve and on our supply chain and customers, and without limitation, risks and uncertainties affecting Ashland that are described in Ashland’s most recent Form 10-K (including Item 1A Risk Factors) filed with the SEC, which is available on Ashland’s website at <http://investor.ashland.com> or on the SEC’s website at <http://www.sec.gov>. Various risks and uncertainties may cause actual results to differ materially from those stated, projected or implied by any forward-looking statements. The extent and duration of the COVID-19 pandemic on our business and operations is uncertain. Factors that will influence the impact on our business and operations include the duration and extent of the pandemic, the extent of imposed or recommended containment and mitigation measures, and the general economic consequences of the pandemic. Ashland believes its expectations and assumptions are reasonable, but there can be no assurance that the expectations reflected herein will be achieved. Unless legally required, Ashland undertakes no obligation to update any forward-looking statements made in this presentation whether as a result of new information, future events or otherwise.

Regulation G: Adjusted Results

The information presented herein regarding certain unaudited adjusted results does not conform to generally accepted accounting principles in the United States (U.S. GAAP) and should not be construed as an alternative to the reported results determined in accordance with U.S. GAAP. Ashland has included this non-GAAP information to assist in understanding the operating performance of the company and its reportable segments. The non-GAAP information provided may not be consistent with the methodologies used by other companies. All non-GAAP information has been reconciled with reported U.S. GAAP results under Appendix B: Non-GAAP Reconciliation of this presentation.

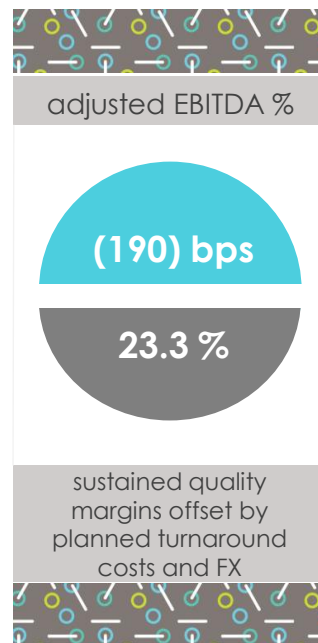
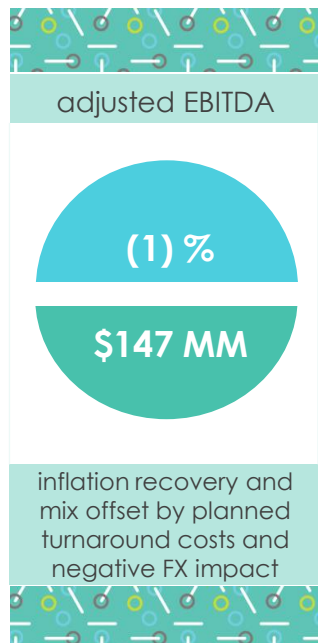
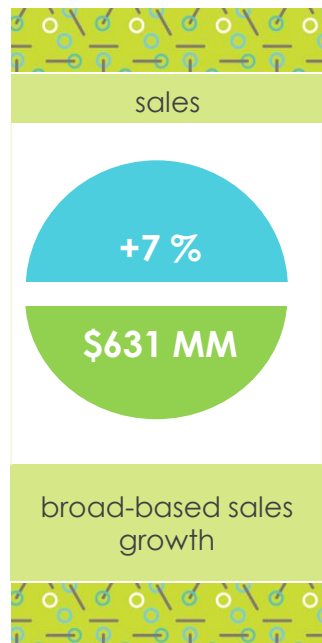


agenda

- Q4 performance summary
- Q4 financial results
- fiscal year 2022 review
- advancing our strategy
- outlook
- closing comments
- Q&A

Q4 performance summary

strong financial results¹ in fiscal Q4

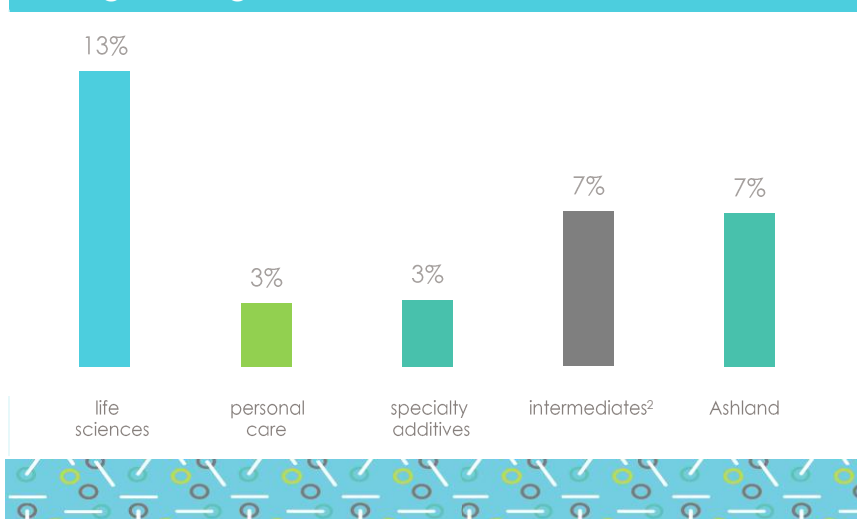


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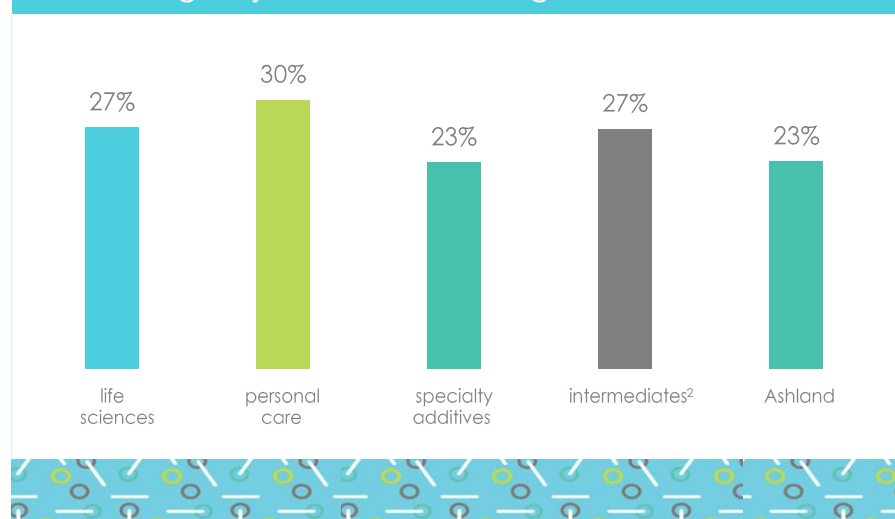
- 1 Comparisons versus prior-year quarter. All figures are presented on an adjusted basis except Sales. Appendix B reconciles adjusted amounts to amounts reported under GAAP, including reconciliations of net income to EBITDA and adjusted EBITDA, operating income to adjusted operating income, income from continuing operations to adjusted income from continuing operations, diluted earnings per share to adjusted diluted earnings per share and adjusted diluted earnings per share, excluding amortization expense.
- 2 Unless otherwise noted, earnings are reported on a diluted-share basis and exclude amortization expense.

growth across all business units

strong sales¹ growth



with strong Adjusted EBITDA margins



- ¹ Comparisons versus prior-year quarter.
- ² Merchant sales represents ~70% of Intermediates.

Q4 financial results

fiscal-fourth quarter adjusted results¹

excellent operating performance

Ashland			
(\$US in millions, except percentages)	Q4 FY22	Q4 FY21	change
sales	\$631	\$591	+7 %
gross profit margin	33.1 %	33.2 %	(10) bps
SG&A / R&D costs / intangible amortization	\$123	\$113	+9 %
operating income	\$87	\$85	+2 %
EBITDA	\$147	\$149	(1) %
EBITDA margin	23.3 %	25.2 %	(190) bps
EPS (excluding acquisition amortization) ²	\$1.46	\$1.22	+20 %

¹ All figures are presented on an adjusted basis except Sales. Appendix B reconciles adjusted amounts to amounts reported under GAAP, including reconciliations of net income to EBITDA and adjusted EBITDA, operating income to adjusted operating income, income from continuing operations to adjusted income from continuing operations, diluted earnings per share to adjusted diluted earnings per share and adjusted diluted earnings per share, excluding amortization expense.

² Unless otherwise noted, earnings are reported on a diluted-share basis.

life sciences

highlights

- strong pharma demand
- favorable product mix
- disciplined cost recovery through pricing
- consistent operations
- continued margin expansion
- unfavorable FX negatively impacted sales by 6 percent and EBITDA by 15 percent

adjusted results summary ¹			
(\$US in millions, except percentages)	Q4 FY22	Q4 FY21	change
sales	\$213	\$189	+13 %
gross profit	\$72	\$61	+18 %
gross profit margin	33.8 %	32.3 %	+150 bps
operating income	\$40	\$31	+29 %
EBITDA	\$57	\$48	+19 %
EBITDA margin	26.8 %	25.4 %	+140 bps

▲ +DD	▼ -DD	▲ +HSD
pharma	nutraceuticals	nutrition & other

Q4 FY22 year-over-year sales (HSD/MSD/LSD = high, mid or low single-digit %. DD = double-digit %)

¹ All figures are presented on an adjusted basis except Sales. Appendix B reconciles adjusted amounts to amounts reported under GAAP, including reconciliations of net income to EBITDA and adjusted EBITDA, operating income to adjusted operating income.



personal care

highlights

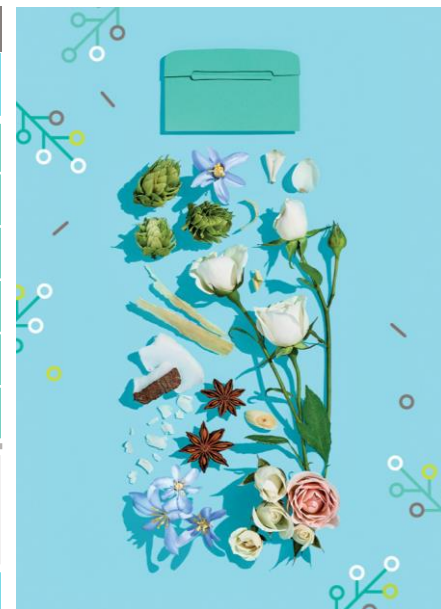
- o strong demand across all end markets
- o acquisition performing above expectations
- o disciplined cost recovery through pricing
- o consistent operations
- o unfavorable FX negatively impacted sales by 5 percent and EBITDA by 6 percent

adjusted results summary ¹			
(\$US in millions, except percentages)	Q4 FY22	Q4 FY21	change
sales	\$188	\$183	+3 %
gross profit	\$74	\$68	+9 %
gross profit margin	39.4 %	37.2 %	+220 bps
operating income	\$35	\$29	+21 %
EBITDA	\$56	\$51	+10 %
EBITDA margin	29.8 %	27.9 %	+190 bps

-MSD	+LSD	+HSD	+HSD
skin care	hair care	oral care	household

Q4 FY22 year-over-year sales (HSD/MSD/LSD = high, mid or low single-digit %. DD = double-digit %)

¹ All figures are presented on an adjusted basis except Sales. Appendix B reconciles adjusted amounts to amounts reported under GAAP, including reconciliations of net income to EBITDA and adjusted EBITDA, operating income to adjusted operating income.



specialty additives

highlights

- o strong end-market demand; capacity limited
- o disciplined cost recovery through pricing
- o mix improvement actions
- o consistent operations
- o unfavorable FX negatively impacted sales by 6 percent and EBITDA by 4 percent

adjusted results summary ¹			
(\$US in millions, except percentages)	Q4 FY22	Q4 FY21	change
sales	\$187	\$181	+3 %
gross profit	\$47	\$47	-
gross profit margin	25.1 %	26.0 %	(90) bps
operating income	\$24	\$25	(4) %
EBITDA	\$43	\$47	(9) %
EBITDA margin	23.0 %	26.0 %	(300) bps

+LSD	+MSD
coatings	construction, energy, performance spec.

Q4 FY22 year-over-year sales (HSD/MSD/LSD = high, mid or low single-digit %. DD = double-digit %)

¹ All figures are presented on an adjusted basis except Sales. Appendix B reconciles adjusted amounts to amounts reported under GAAP, including reconciliations of net income to EBITDA and adjusted EBITDA, operating income to adjusted operating income.



intermediates

highlights

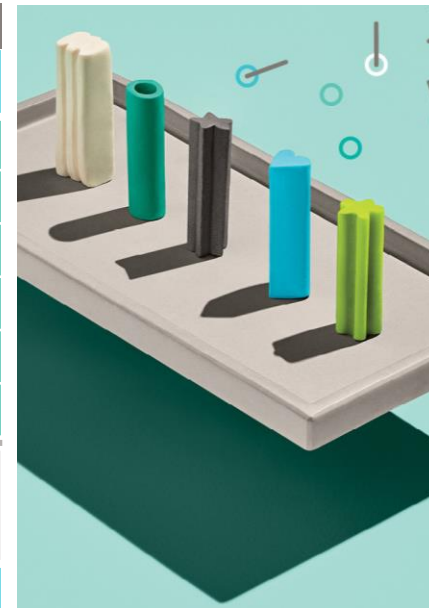
- strong pricing across all merchant product lines
- \$13 million of cost related to planned Lima turnaround
- unfavorable FX negatively impacted sales by 3 percent

adjusted results summary ¹			
(\$US in millions, except percentages)	Q4 FY22	Q4 FY21	change
sales	\$64	\$60	+7 %
gross profit	\$16	\$20	(20) %
gross profit margin	25.0 %	33.3 %	(830) bps
operating income	\$14	\$18	(22) %
EBITDA	\$17	\$21	(19) %
EBITDA margin	26.6 %	35.0 %	(840) bps

+DD	-MSD
merchant	captive

Q4 FY22 year-over-year sales (HSD/MSD/LSD = high, mid or low single-digit %. DD = double-digit %)

¹ All figures are presented on an adjusted basis except Sales. Appendix B reconciles adjusted amounts to amounts reported under GAAP, including reconciliations of net income to EBITDA and adjusted EBITDA, operating income to adjusted operating income.



strong balance sheet

strong financial position with increased flexibility

completed share repurchase and new authorization in fiscal year 2022

- \$650 million of share repurchases (~6.75 million shares) since August 2021
- \$500 million evergreen share repurchase authorization approved May 2022

strong balance sheet¹

- cash and liquidity available of ~\$1.3 billion
- net debt² of \$624 million
- net leverage³ of 1.1x

other long-term capital allocation priorities

- \$150 – \$200 million growth capital investment over next 3 years
- increased flexibility to pursue future M&A strategy

enhanced balance sheet strength and flexibility

1 All figures as of September 30, 2022.

2 Net debt = total debt less cash.

3 Net leverage = net debt / last-twelve-month Adjusted EBITDA.

fiscal year 2022 review

fiscal year 2022 review

performance drivers

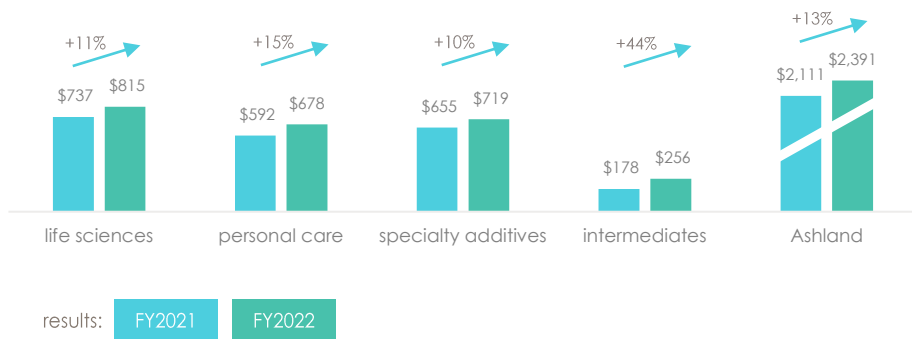
- strong end-market demand across segments
- capacity constraints drove product mix improvements
- supply-chain issues remain challenging, though improving
- strong price realization offsetting cost inflation
- robust plant loading and operating discipline
- cost impact of planned plant turnarounds
- significant headwinds from currency translation

strong balance sheet

- sale of Performance Adhesives drove meaningful share repurchases and debt reduction
- low net leverage with no floating-rate debt balances
- significant liquidity available
- substantial cost inflation resulted in increased working capital balances
- began large organic growth capital investments
- rebuilding inventory levels in strategic global locations

strong sales growth

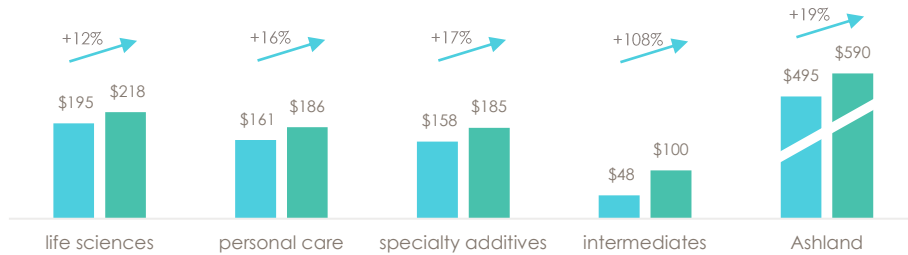
sales growth



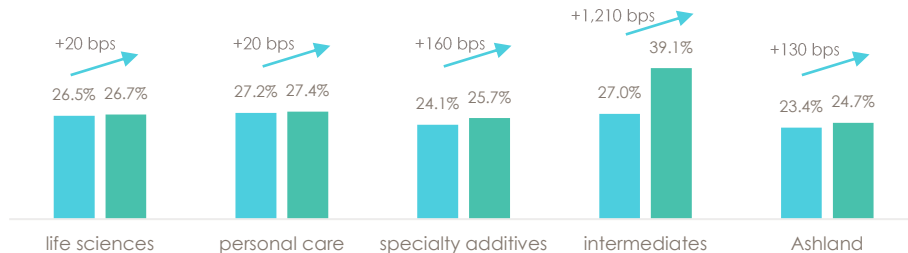
- resilient end-market demand
- capacity constrained
- cost inflation recovery
- foreign-currency headwinds

excellent operating results¹

adjusted EBITDA growth



adjusted EBITDA margin expansion



results: FY2021 FY2022

- early cost-recovery actions
- sustained quality margins
- continued mix improvement
- strong plant loading/productivity
- foreign-currency headwinds

advancing our strategy

progress



profitable growth



margin expansion



enhanced FCF



Integrated ESG commitment

operating resilience

- disciplined pricing in an inflationary environment
- improved mix management with widespread capacity constraints
- improved planning despite challenging supply-chain issues

strategic focus

- margin expansion and free cash flow conversion
- refining innovation portfolio management process
- advance M&A strategy and opportunity portfolio
- ESG priorities embedded in our long-term strategy

innovation & growth

- strong growth in new product introductions
- alignment with markets and customer drivers
- technology differentiation
- strengthening innovation portfolio management

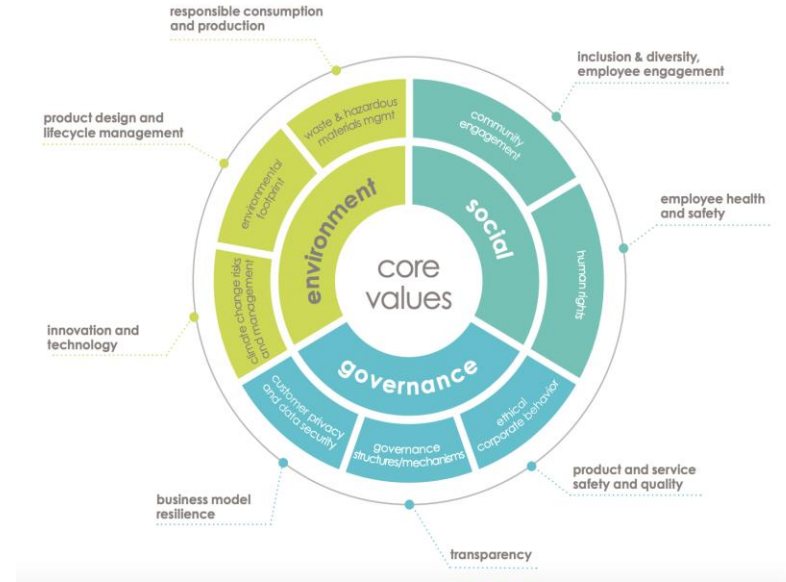
capital allocation

- expanding cellulosic capacity
- production capabilities beyond North America and Europe
- robust 3-year growth capital plan underway

ESG update



materiality matrix



outlook

operating environment and Ashland

external environment

- global recessionary trends
- continued inflation (energy, labor, specific raw materials, etc.)
- supply-chain reliability improving
- European supply challenges
- pricing arbitrage
- higher cost of capital
- currency headwinds
- deceleration in M&A activity

risks & uncertainty

global recession
war in Ukraine
regional weather
energy availability and cost
COVID
government lockdowns
currency volatility

Ashland

- business portfolio focused on resilient markets
- disciplined teams
- capacity constrained
- solid operational performance
- disciplined teams driving innovation
- pricing momentum
- reduced petrochemical exposure
- strong balance sheet
- organic growth investments

outlook

full-year guidance (excluding major risks and uncertainties)

forward looking insights

- core markets remain resilient in recessionary environment
- limited volume growth in capacity constrained product lines until 2024
- continued pricing and mix carryover
- no changes to underlying operating performance
- raw-material availability improving with specific challenges in Europe
- continuing to invest to support long-term profitable growth

risks (+/-)

- global recession impact on customer demand
- customer destocking in specific segments or regions
- Inflationary cost trends persist / accelerate
- increase geographic supply and pricing arbitrages given regional cost differentials and improved supply-chain reliability
- foreign-currency translation

sales

\$2.5 – \$2.7 billion

adjusted EBITDA

\$600 – \$650 million

agile, disciplined,
focused on what
we can control

closing comments

Ashland

focused additives and specialty ingredients company

- o flexible, agile



leadership positions in high-quality markets and with exciting profitable growth opportunities

- o consistent execution



strong technology, commercial and operations capabilities

- o solid growth



global infrastructure

- o high margins



compelling growth platforms with scale and sustainable competitive advantage

- o strong free cash flow



strong financial performance and cash flow generation



experienced management team with proven track record and execution discipline



ESG is embedded in our strategy and operating plans

thank you and Q&A

appendix A: adjusted results
summary and balance sheet

adjusted results summary¹

(US\$ in millions, except percentages and per share data)	Q4 FY22	Q4 FY21	change
sales	\$631	\$591	+7 %
gross profit	\$209	\$196	+7 %
gross profit margin	33.1 %	33.2 %	(10) bps
SG&A / R&D costs / intangible amort.	\$123	\$113	+9 %
operating income	\$87	\$85	+2 %
depreciation & amortization	\$60	\$64	(6) %
EBITDA	\$147	\$149	(1) %
EBITDA margin	23.3 %	25.2 %	(190) bps
net interest and other expense	\$11	\$16	(31) %
effective tax rate	18 %	22 %	(400) bps
income from continuing operations	\$62	\$54	+15 %
income from continuing operations (excluding intangible amortization)	\$80	\$73	+10 %
diluted share count (million shares)	55	61	(10) %
EPS (excluding intangible amortization)	\$1.46	\$1.22	+20 %

¹ All figures are presented on an adjusted basis except Sales and Diluted share count (million shares). Appendix B reconciles adjusted amounts to amounts reported under GAAP, including reconciliations of net income to EBITDA and adjusted EBITDA, operating income to adjusted operating income, income from continuing operations to adjusted income from continuing operations, diluted earnings per share to adjusted diluted earnings per share and adjusted diluted earnings per share, excluding amortization expense.

Q4 business unit consolidation¹

(\$US in millions, except percentages)	life sciences	personal care	specialty additives	Intermediates	intercompany eliminations ²	unallocated and other ³	Ashland
sales	\$213	\$188	\$187	\$64	(\$21)	-	\$631
gross profit	\$72	\$74	\$47	\$16	-	-	\$209
gross profit margin	33.8 %	39.4 %	25.1 %	25.0 %	-	-	33.1 %
EBITDA	\$57	\$56	\$43	\$17	-	(\$26)	\$147
EBITDA margin	26.8 %	29.8 %	23.0 %	26.6 %	-	-	23.3 %

1 All figures are presented on an adjusted basis except Sales. Appendix B reconciles adjusted amounts to amounts reported under GAAP, including reconciliations of net income to EBITDA and adjusted EBITDA, operating income to adjusted operating income, income from continuing operations to adjusted income from continuing operations and diluted earnings per share to adjusted diluted earnings per share.

2 Intercompany sales from intermediates to all other segments recorded at market pricing and are eliminated in consolidation.

3 Unallocated and other includes legacy costs plus corporate governance (finance, legal, executive, etc.).

liquidity and net debt

(\$US in millions)	expiration	interest rate	Moody's rating	S&P rating	9/30/22 balance
cash					\$646
revolver and A/R facilities availability					680
cash, A/R and revolver availability¹					\$1,326
US A/R sales program¹					-
debt					
2.00% notes (EUR)	Jan. 2028	2.000%	Ba1	BB+	\$489
3.375% notes	Sept. 2031	3.375%	Ba1	BB+	450
6.875% notes	May 2043	6.875%	Ba1	BB+	282
European A/R securitization	July 2023	CP+70	-	-	-
revolving credit facility ²	July 2027	Term SOFR+125	-	-	-
6.50% junior subordinated notes	Jun. 2029	6.500%	B1	BB+	60
other ³		-	-	-	(11)
total debt			Ba1/stable	BB+/stable	\$1,270
cash					(646)
net debt					\$624

1 Total liquidity of \$1,326 million from all sources.

2 Term SOFR benchmark rate to include 10 bps credit adjustment spread on USD 1-, 3-, and 6-month borrowings.

3 Includes \$14 million of debt issuance cost discounts as of September 30, 2022.

appendix B: non-GAAP reconciliation¹

¹ Although Ashland provides forward looking guidance for adjusted EBITDA in this presentation, Ashland is not reaffirming or providing forward-looking guidance for U.S. GAAP reported financial measures or a reconciliation of forward-looking non-GAAP financial measures to the most directly comparable U.S. GAAP measure because it is unable to predict with reasonable certainty the ultimate outcome of certain significant items without unreasonable effort.

Ashland Inc. and Consolidated Subsidiaries

Reconciliation of Non-GAAP Data

for 12 Months Ended September 30, 2022

(\$ millions, except percentages)

Sales¹	Q4 22	Q3 22	Q2 22	Q1 22	Total		Q4 21
Life Sciences	\$ 213	\$ 228	\$ 204	\$ 170	\$ 815		\$ 189
Personal Care	188	172	172	147	679		183
Specialty Additives	187	194	182	156	719		181
Intermediates	64	73	66	53	256		60
Less: Intercompany Eliminations	(21)	(23)	(20)	(14)	(78)		(22)
Total	\$ 631	\$ 644	\$ 604	\$ 512	\$ 2,391		\$ 591

Adjusted EBITDA¹	Q4 22	Q3 22	Q2 22	Q1 22	Total	Adjusted EBITDA Margin	Q4 21
Life Sciences	\$ 57	\$ 67	\$ 58	\$ 36	\$ 218	26.7%	\$ 48
Personal Care	56	45	49	36	186	27.4%	51
Specialty Additives	43	56	48	38	185	25.7%	47
Intermediates	17	34	30	19	100	39.1%	21
<i>Unallocated</i>	(26)	(28)	(22)	(23)	(99)		(18)
Total	\$ 147	\$ 174	\$ 163	\$ 106	\$ 590	24.7%	\$ 149

Ashland Inc. and Consolidated Subsidiaries

Segment Components of Key Items for Applicable Income Statement Captions

for 3 Months Ended September 30, 2022

(\$ millions)

	Three Months Ended September 30, 2022					
	Life Sciences	Personal Care	Specialty Additives	Intermediates	Unallocated & Other	Total
OPERATING INCOME (LOSS)						
Operating key items:						
Environmental reserve adjustments	\$ -	\$ -	\$ -	\$ -	\$ (6)	\$ (6)
Restructuring, separation and other costs	-	-	-	-	(2)	(2)
All other operating income (loss)	40	35	24	14	(26)	87
Operating income (loss)	40	35	24	14	(34)	79
NET INTEREST AND OTHER EXPENSE						
Key items					29	29
All other net interest and other expense					11	11
					40	40
OTHER NET PERIODIC BENEFIT INCOME (LOSS)						
Key items					22	22
INCOME TAX EXPENSE (BENEFIT)						
Tax effect of key items (1)					2	2
Tax specific key items (2)					(15)	(15)
All other income tax expense					14	14
					1	1
INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>\$ 40</u>	<u>\$ 35</u>	<u>\$ 24</u>	<u>\$ 14</u>	<u>\$ (53)</u>	<u>\$ 60</u>

33

(1) Represents the tax effect of the key items that are previously identified above.

(2) 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 Slides 40 and 41 for additional information.



Ashland Inc. and Consolidated Subsidiaries

Segment Components of Key Items for Applicable

Income Statement Captions

for 3 Months Ended September 30, 2021

(\$ millions)

	Three Months Ended September 30, 2021					Total
	Life Sciences	Personal Care	Specialty Additives	Intermediates	Unallocated & Other	
OPERATING INCOME (LOSS)						
Operating key items:						
Inventory adjustments	\$ -	\$ (2)	\$ -	\$ -	\$ -	\$ (2)
Environmental reserve adjustments	(1)	-	-	-	(9)	(10)
Asset impairments	-	(3)	-	-	-	(3)
All other operating income (loss)	31	29	25	18	(18)	85
Operating income (loss)	30	24	25	18	(27)	70
NET INTEREST AND OTHER EXPENSE						
Key items					22	22
All other net interest and other expense					16	16
					38	38
OTHER NET PERIODIC BENEFIT INCOME (LOSS)						
Key items					(1)	(1)
INCOME TAX EXPENSE (BENEFIT)						
Tax effect of key items (1)					(9)	(9)
Tax specific key items (2)					(8)	(8)
All other income tax expense (benefit)					15	15
					(2)	(2)
INCOME (LOSS) FROM CONTINUING OPERATIONS	\$ 30	\$ 24	\$ 25	\$ 18	\$ (64)	\$ 33

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(1) Represents the tax effect of the key items that are previously identified above.

(2) 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 Slides 40 and 41 for additional information.



Ashland Inc. and Consolidated Subsidiaries

Reconciliation of Non-GAAP Data – Free Cash Flow and Adjusted Operating Income

for the 3 and 12 Months Ended September 30, 2022 and 2021

(\$ millions)

	Three months ended September 30		Year ended September 30	
	2022	2021	2022	2021
Free cash flows				
Total cash flows provided by operating activities from continuing operations	\$ 179	\$ 151	\$ 193	\$ 466
Adjustments:				
Additions to property, plant and equipment	(46)	(31)	(113)	(105)
Free cash flows	\$ 133	\$ 120	\$ 80	\$ 361
Cash (inflows) outflows from U.S. Accounts Receivable Sales Program (a)	(59)	(16)	(17)	(92)
Restructuring-related payments (b)	1	9	10	44
Environmental and related litigation payments (c)	18	9	54	38
Ongoing free cash flow	\$ 93	\$ 122	\$ 127	\$ 351
Adjusted EBITDA (d)	\$ 147	\$ 149	\$ 590	\$ 495
Ongoing free cash flow conversion (e)	63%	82%	22%	71%

Represents activity associated with the U.S. Accounts Receivable Sales Program impacting each period presented.

Restructuring payments incurred during each period presented.

Represents cash outflows associated with environmental and related litigation payments which will be reimbursed by the Environmental See Adjusted EBITDA reconciliation.

Ongoing free cash flow divided by Adjusted EBITDA

	Three months ended September 30		Year ended September 30	
	2022	2021	2022	2021
Adjusted operating income				
Operating income (as reported)	\$ 79	\$ 70	\$ 333	\$ 192
Key items, before tax:				
Restructuring, separation and other costs	2	-	5	10
Environmental reserve adjustments	6	10	53	43
Inventory adjustments	-	2	-	4
Asset impairments	-	3	-	13
Income on acquisitions and divestitures, net	-	-	(42)	(11)
Adjusted operating income (non-GAAP)	\$ 87	\$ 85	\$ 349	\$ 251

Reconciliation of Non-GAAP Data – Adjusted EBITDA

for 12 Months Ended September 30, 2022 and 2021

(\$ millions)	Year ended September 30	
	2022	2021
Adjusted EBITDA - Ashland Inc.		
Net income	\$ 927	\$ 220
Income tax expense (benefit)	25	(38)
Net interest and other expense	149	56
Depreciation and amortization	241	244
EBITDA	1,342	482
Income from discontinued operations (net of taxes)	(746)	(47)
Key items included in EBITDA:		
Restructuring, separation and other costs	5	10
Environmental reserve adjustments	53	43
Inventory adjustments	-	4
Asset impairments	-	13
Net loss (gain) on acquisitions and divestitures	(42)	(11)
Loss (gain) on pension and other postretirement plan remeasurements	(22)	1
Adjusted EBITDA (1)	\$ 590	\$ 495

(1) Includes \$7 million and \$6 million during 2022 and 2021, respectively, 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.

Reconciliation of Non-GAAP Data – Adjusted EBITDA

for 3 Months Ended September 30, 2022 and 2021

(\$ millions)

	Three months ended September 30	
	2022	2021
Adjusted EBITDA - Life Sciences		
Operating income	\$ 40	\$ 30
Add:		
Depreciation and amortization	17	17
Operating key items (see Tables 33 and 34)	-	1
Adjusted EBITDA	<u>\$ 57</u>	<u>\$ 48</u>
Adjusted EBITDA - Personal Care		
Operating income	\$ 35	\$ 24
Add:		
Depreciation and amortization	21	22
Operating key items (see Tables 33 and 34)	-	5
Adjusted EBITDA	<u>\$ 56</u>	<u>\$ 51</u>

Specialties Additives and Intermediates

Reconciliation of Non-GAAP Data – Adjusted EBITDA

for 3 Months Ended September 30, 2022 and 2021

(\$ millions)

	Three months ended September 30	
	<u>2022</u>	<u>2021</u>
<u>Adjusted EBITDA - Specialty Additives</u>		
Operating income	\$ 24	\$ 25
Add:		
Depreciation and amortization	19	22
Operating key items (see Tables 33 and 34)	-	-
Adjusted EBITDA	<u>\$ 43</u>	<u>\$ 47</u>
<u>Adjusted EBITDA - Intermediates</u>		
Operating income	\$ 14	\$ 18
Add:		
Depreciation and amortization	3	3
Operating key items (see Tables 33 and 34)	-	-
Adjusted EBITDA	<u>\$ 17</u>	<u>\$ 21</u>

Reconciliation of Non-GAAP Data – Adjusted Income from Continuing Operations

for the 3 and 12 Months Ended September 30, 2022 and 2021

(\$ millions)	Three months ended September 30		Year ended September 30	
	2022	2021	2022	2021
Income from continuing operations (as reported)	\$ 60	\$ 33	\$ 181	\$ 173
Key items, before tax:				
Restructuring, separation and other costs	2	-	5	10
Unrealized (gain) loss on securities	29	5	102	(21)
Inventory adjustments	-	2	-	4
Environmental reserve adjustments	6	10	53	43
Accelerated amortization of debt issuance costs	-	1	-	1
Loss on early retirement of debt	-	16	-	16
(Gain) loss on pension and other postretirement plan remeasurements	(22)	1	(22)	1
Gain on acquisitions and divestitures	-	-	(42)	(11)
Impairments	-	3	-	13
Key items, before tax	15	38	96	56
Tax effect of key items (1)	2	(9)	(21)	(11)
Key items, after tax	17	29	75	45
Tax specific key items:				
Restructuring and separation activity	(7)	-	3	(13)
Valuation allowance	-	-	(4)	-
Uncertain tax positions	(8)	(14)	(8)	(53)
Other tax reform related activity	-	6	-	6
Tax specific key items (2)	(15)	(8)	(9)	(60)
Total key items	2	21	66	(15)
Adjusted income from continuing operations (non-GAAP)	<u>\$ 62</u>	<u>\$ 54</u>	<u>\$ 247</u>	<u>\$ 158</u>
Amortization expense adjustment (net of tax) (3)	18	19	75	72
Adjusted income from continuing operations (non-GAAP) excluding intangibles amortization expense	<u>\$ 80</u>	<u>\$ 73</u>	<u>\$ 322</u>	<u>\$ 230</u>

(1) Represents the tax effect of the key items that are previously identified above.

(2) 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.

(3) Amortization expense adjustment (net of tax) tax rates were 20% for the three and twelve ended September 30, 2022 and 2021.



Reconciliation of Non-GAAP Data – Adjusted Diluted EPS from Continuing Operations

for the 3 and 12 Months Ended September 30, 2022 and 2021

	Three months ended September 30		Year ended September 30	
	2022	2021	2022	2021
Diluted EPS from continuing operations (as reported)	\$ 1.09	\$ 0.55	\$ 3.20	\$ 2.82
Key items, before tax:				
Restructuring, separation and other costs	0.04	-	0.09	0.16
Unrealized (gain) loss on securities	0.53	0.08	1.82	(0.34)
Inventory adjustments	-	0.03	-	0.07
Environmental reserve adjustments	0.11	0.16	0.95	0.70
Accelerated amortization of debt issuance costs	-	0.02	-	0.02
Loss on early retirement of debt	-	0.26	-	0.26
(Gain) loss on pension and other postretirement plan remeasurements	(0.40)	0.02	(0.40)	0.02
Gain on acquisitions and divestitures	-	-	(0.75)	(0.18)
Impairments	-	0.05	-	0.21
Key items, before tax	0.28	0.62	1.71	0.92
Tax effect of key items (1)	0.04	(0.14)	(0.38)	(0.18)
Key items, after tax	0.32	0.48	1.33	0.74
Tax specific key items:				
Restructuring and separation activity	(0.13)	-	0.06	(0.21)
Valuation allowance	-	-	(0.07)	-
Uncertain tax positions	(0.15)	(0.23)	(0.15)	(0.87)
Other tax reform related activity	-	0.10	-	0.10
Tax specific key items (2)	(0.28)	(0.13)	(0.16)	(0.98)
Total key items	0.04	0.35	1.17	(0.24)
Adjusted diluted EPS from continuing operations (non-GAAP)	<u>\$ 1.13</u>	<u>\$ 0.90</u>	<u>\$ 4.37</u>	<u>\$ 2.58</u>
Amortization expense adjustment (net of tax) (3)	0.33	0.32	1.33	1.17
Adjusted diluted EPS from continuing operations (non-GAAP) excluding intangibles amortization expense	<u>\$ 1.46</u>	<u>\$ 1.22</u>	<u>\$ 5.70</u>	<u>\$ 3.75</u>

(1) Represents the tax effect of the key items that are previously identified above.

(2) 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.

(3) Amortization expense adjustment (net of tax) tax rates were 20% for the three and twelve months ended September 30, 2022 and 2021.





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