earnings conference call fourth quarter fiscal 2024

November 7, 2024 9:00 a.m. ET

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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 U.S. Securities and Exchange Commission (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, operating cash flow and liquidity, as well as the economy and other future events or circumstances. These statements include but may not be limited to statements with respect to Ashland’s portfolio optimization activities; expectations regarding future growth opportunities; and management’s expectations and beliefs regarding Ashland’s fiscal-year 2025 results and outlook.

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, cyber events and legal proceedings and claims (including product recalls, environmental and asbestos matters); the ongoing Ukraine-Russia and Israel-Hamas conflicts 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. 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.

participation of our business leaders

life sciences & intermediates

Alessandra Faccin
senior vice president & general manager

personal care

Jim Minicucci
senior vice president & general manager

specialty additives

Dago Caceres
senior vice president & general manager

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agenda

- Q4 & FY 24 performance summary
- Q4 financial results
- portfolio optimization
- outlook & priorities for FY 25
- closing comments
- Q&A

Guillermo Novo, Chair & CEO
Q4 & FY 24 performance summary

Q4 highlights[1]

sales

+1 %

$522 MM

(+) stronger organic sales volume across BUs **(-)** portfolio optimization & lower pricing

adjusted EBITDA

+68 %

$124 MM

(+) sales & production volume recovery, mix **(-)** lower pricing vs. raws

adjusted EBITDA %

+950 bps

23.8 %

demand & production normalization; significant margin recovery vs. LY

adjusted EPS[2]

+207 %

$1.26

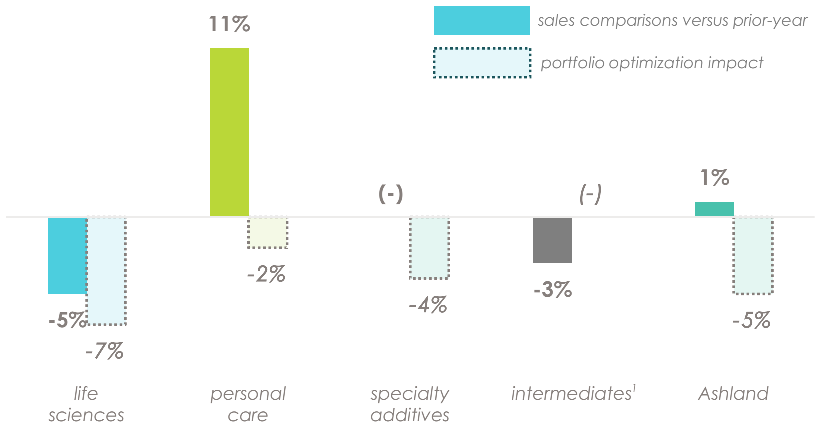
improved income from continuing operations; 1.7 million shares repurchased

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.*

organic growth & improving margins

sales growth & portfolio optimization



delivering Adj. EBITDA margin recovery vs. last year

1 Merchant sales represents ~65% of Intermediates.

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FY 24[1] "year in review"

major factors impacting results

▲	organic volume	(+) 2H demand recovery (-) 1H destocking & normalization of VP&D supply chains
▼	price/mix	price vs. volume management; tactical pricing in core; intermediates cycle
▼	optimization	CMC, MC and nutraceuticals portfolio optimization actions
▼	**sales**	**down $78MM or 4%**

▼	unit costs (mfg.)	(+) 2H producing to demand (-) 1H destocking
▼	price vs. raws	deflationary raw material environment partially offset lower pricing
▲	mix	more durable, resilient and profitable portfolio following optimization actions
▲	SARD	approximately flat; incentive reset vs. prior year
=	**adjusted EBITDA**	**in-line with prior year at $459MM**

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.

Mfg = Manufacturing costs
SARD = Selling, administrative, research and development expense. Adjusted basis.

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Q4 financial results & business unit reviews

fiscal-fourth quarter adjusted results[1]

operating results summary

Ashland			
($US in millions, except percentages)	Q4 FY24	Q4 FY23	change
sales	$522	$518	+1 %
gross profit margin	34.3 %	24.9 %	+940 bps
SG&A / R&D costs / intangible amortization	$111	$116	(4) %
operating income	$72	$14	+414 %
EBITDA	$124	$74	+68 %
EBITDA margin	23.8 %	14.3 %	+950 bps
EPS (excluding acquisition amortization)[2]	$1.26	$0.41	+207 %

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.

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life sciences

highlights

- resilient demand in pharma cellulosics
- moderating VP&D softness; sequential improvement
- weaker nutraceuticals prior to sale; +MSD revenue growth ex-nutraceuticals
- crop-care demand recovery
- ($15 MM) optimization sales impact
- favorable product mix & absorption
- lower pricing partially offset by deflationary raw materials

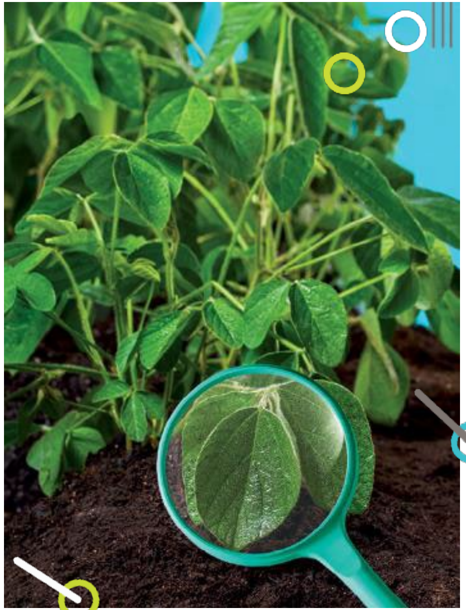
adjusted results summary[1]

($US in millions, except percentages)	Q4 FY24	Q4 FY23	change
sales	$192	$203	(5) %
gross profit	$72	$63	+14 %
gross profit margin	37.5 %	31.0 %	+650 bps
operating income	$41	$31	+32 %
EBITDA	$56	$48	+17 %
EBITDA margin	29.2 %	23.6 %	+560 bps

pharma	nutraceuticals	nutrition & other
+MSD	-DD	+LSD

Q4 FY24 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

- merchant: lower NMP pricing and higher BDO volumes
- weaker demand in electric vehicle / battery
- favorable product mix & absorption
- captive: stable BDO pricing and volumes

adjusted results summary[1]

($US in millions, except percentages)	Q4 FY24	Q4 FY23	change
sales	$36	$37	(3) %
gross profit	$9	$2	+350 %
gross profit margin	25.0 %	5.4 %	+1,960 bps
operating income	$7	-	NM
EBITDA	$10	$3	+233 %
EBITDA margin	27.8 %	8.1 %	+1,970 bps

merchant	captive
-MSD	no change

Q4 FY24 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.

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personal care

highlights

- strong sales volume across markets, skin & hair
- unfavorable oral care order timing; full-year sales +MSD
- avoca impact moderated; start of exit actions
- ($3 MM) optimization sales impact
- stable pricing & moderately deflationary raw materials
- favorable product mix

adjusted results summary[1]

($US in millions, except percentages)	Q4 FY24	Q4 FY23	change
sales	$162	$146	+11 %
gross profit	$66	$53	+25 %
gross profit margin	40.7 %	36.3 %	+440 bps
operating income	$27	$14	+93 %
EBITDA	$47	$36	+31 %
EBITDA margin	29.0 %	24.7 %	+430 bps

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

Q4 FY24 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.

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specialty additives

highlights

- sales volume recovery in coatings & performance specialties
- energy end market impact moderated on softer PY
- lower coatings pricing, largest impact in China
- ($6 MM) optimization sales impact
- significantly favorable absorption, partially offset with ($5MM) operating issues while commissioning productivity investments

adjusted results summary[1]

($US in millions, except percentages)	Q4 FY24	Q4 FY23	change
sales	$144	$144	(-) %
gross profit	$32	$11	+191 %
gross profit margin	22.2 %	7.6 %	+1,460 bps
operating income	$13	($12)	NM
EBITDA	$29	$8	+263 %
EBITDA margin	20.1 %	5.6 %	+1,450 bps

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

Q4 FY24 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.

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strong balance sheet

strong balance sheet[1]

- cash and liquidity available of ~$0.9 billion
- net debt[2] of $1,049 million; net leverage[3] of 2.3x
- no long-term debt maturities for the next two years

share repurchases under $1 billion authorization

- $620 million remains under the current authorization
- repurchased $150 million / ~1.7 million during the fourth quarter
- repurchased $1.3 billion / ~14.1 million shares during last four fiscal years

other long-term capital allocation priorities

- growth capital investment over the coming years
- increased flexibility to pursue future M&A strategy

robust financial position, enhanced flexibility and compelling capital returns to shareholders

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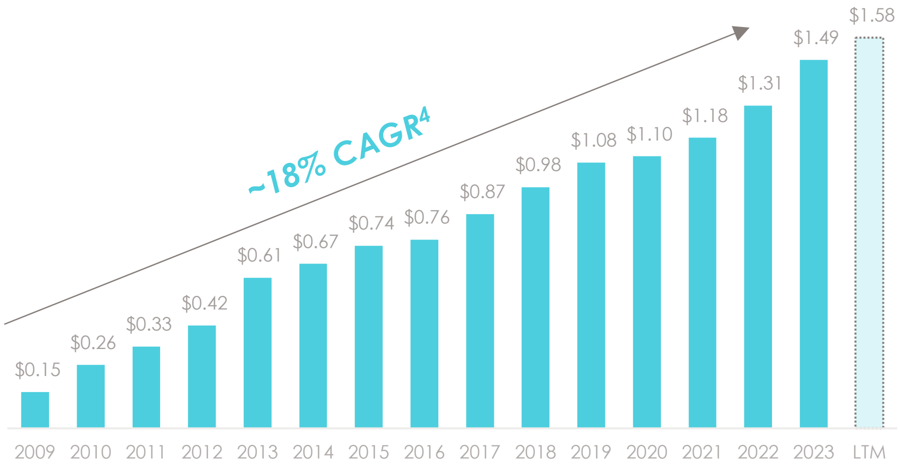
1 All figures as of September 30, 2024.
2 Net debt = total debt less cash.
3 Net leverage = net debt / last-twelve-month Adjusted EBITDA.

growing ongoing free cash flow & dividend

ongoing free cash flow[1] generation

- producing to demand / inventory stable
- Q4 ongoing free cash flow[1] of $88 million
- FY24 $270 million ongoing free cash flow[1], up 24%
- Q4 71% ongoing free cash flow conversion[2]
- FY24 59% ongoing free cash flow conversion[2]

annual dividend[3] increase every year since 2009



strong cash generation supporting a consistent and progressive dividend

1 Ongoing free cash flow defined as total cash flow provided by operating activities, less adjustments to property, plant and equipment and excluding any inflows or outflows related to U.S. and Foreign Accounts Receivable Sales Program, restructuring-related payments and environmental and related litigation payments.
2 Ongoing free cash flow as a percentage of Adjusted EBITDA.
3 Calendar year dividend payments. Dividends prior to June 15, 2017 are adjusted for the Valvoline separation. LTM = last twelve months as of September 30, 2024.
4 CAGR = Compound annual growth rate from December 31 2009 – December 31 2023

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FY 24 portfolio reset

adjusting FY 24 for the impact of portfolio optimization

(US$ in million)	sales
FY 2024 reported	$2,113
portfolio optimization actions	($164)
FY 2024 portfolio reset	$1,949

next steps: additional portfolio optimization

- Avoca exit in FY 2025
  - sell or exit sclareolide business

(US$ in million)	adj. EBITDA
FY 2024 reported	$459
portfolio optimization actions	($30)
FY 2024 portfolio reset	$429

next steps: offset gross profit / stranded cost

- **EPS impact neutralized** with buyback
- **eliminated costs** of ~$50 million to-date
- initiation of **$30 million restructuring actions**

EPS neutralized; advancing initiatives to offset impact from lost gross profit & stranded cost

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FY 25 “execute” levers to strengthen core

1. $30 million restructuring plan
    - reduce costs & offset stranded costs from optimization actions
    - no impact to growth strategies, innovate & globalize
    - ~$15 million FY25
2. $60 million manufacturing productivity and network optimization
    - strengthen our competitive position and enable share gains
    - improve cost position
    - ~$5 million in FY25
3. strategic alternatives for Avoca business line

multi-year cost savings plan with $90 million target, including $20 million in FY 2025

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Guillermo Novo, Chair & CEO priorities & outlook

operating environment and Ashland

materials external environment	Ashland
elevated but moderating inflation & stimulus	resilient end markets
subdued US & Europe economic recovery	increased competitive intensity
prolonged slowdown in China	high impact self-help actions
geopolitical uncertainty	augmenting our team & capabilities
trade barrier escalation	advancing globalize and innovate priorities
European structural challenges	strong balance sheet
growth ~, visibility ↓, volatility ↑	execution-focus & stay on strategy

maximizing results with muted demand & increased competitive intensity

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full-year 2025 outlook

forward looking insights

- recovering demand and improved production volumes; + MSD
- mixed regional dynamics with high-level of uncertainty
- longer China slowdown; heightened competitive intensity
- stable raw material environment
- globalize & innovate momentum is maintained

key bridging items

- +$45 MM 1H absorption recovery vs. LY
- +$20 MM restructuring & productivity realization
- ($20) MM negative carry-over pricing
- Avoca business erosion, ($15) MM impact; sell or exit
- ($10) MM variable incentive reset

fiscal full-year outlook	
sales	$1.90 – $2.05 billion
Adj. EBITDA	$430 - $470 million

agile, disciplined, focused on what we can control

major outlook headwinds
China derived volume / price risk

1 Volumes adjusted for portfolio optimization actions.

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CEO FY 2025 priorities

clarity vs. certainty

- stay on strategy & maintain disciplined capital allocation
- share / price management
- deliver on restructuring and manufacturing improvements
- maintain momentum of globalize & innovate agenda
- upgrade planning process & systems

sustainably shaping and growing the portfolio

improve near-term performance of core and drive long-term growth catalysts

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Guillermo Novo, Chair & CEO
closing comments

upcoming strategy update event

increased focus on near-term performance

- *recognition of challenging market; focused on 2025 commitment*
- *ashland today; financial & operational reset*
- *execution focus*
- *business-unit panel with GMs*
- *moderated Q&A sessions*
- *live break-outs with business line leaders & scientists on key initiatives*

live / webcast event on Tuesday, December 10, 2024, in NYC at 9am ET

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thank you

Q&A

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appendix A: adjusted results summary and balance sheet

Q4 adjusted results summary[1]

($US in millions, except percentages and per share data)	Q4 FY24	Q4 FY23	change
sales	$522	$518	+1 %
gross profit	$179	$129	+39 %
gross profit margin	34.3 %	24.9 %	+940 bps
SG&A / R&D costs / intangible amort.	$111	$116	(4) %
operating income	$72	$14	+414 %
depreciation & amortization	$54	$62	(13) %
EBITDA	$124	$74	+68 %
EBITDA margin	23.8 %	14.3 %	+950 bps
net interest and other expense	$12	$10	+20 %
effective tax rate	19 %	NM	NM
income from continuing operations	$46	$3	+1,433 %
income from continuing operations (excluding intangible amortization)	$61	$21	+190%
diluted share count (million shares)	49	51	(4) %
EPS (excluding intangible amortization)	$1.26	$0.41	+207 %

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 consolidation[1]

($US in millions, except percentages)	life sciences	personal care	specialty additives	Intermediates	intercompany eliminations[2]	unallocated and other[3]	Ashland
sales	$192	$162	$144	$36	($12)	-	$522
gross profit	$72	$66	$32	$9	-	-	$179
gross profit margin	37.5 %	40.7 %	22.2 %	25.0 %	-	-	34.3 %
EBITDA	$56	$47	$29	$10	-	($18)	$124
EBITDA margin	29.2 %	29.0 %	20.1 %	27.8 %	-	-	23.8 %

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.).

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liquidity and net debt

($US in millions)	expiration	interest rate	Moody's rating	S&P rating	9/30/24 balance
cash					$300
revolver availability					596
cash and revolver availability[1]					$896
US and foreign A/R sales program[1]					-
debt					
2.00% notes (EUR)	Jan. 2028	2.000%	Ba1	BB+	$558
3.375% notes	Sept. 2031	3.375%	Ba1	BB+	450
6.875% notes	May 2043	6.875%	Ba1	BB+	282
revolving credit facility[2]	July 2027	Term SOFR+137.5	-	-	-
6.50% junior subordinated notes	Jun. 2029	6.500%	B1	BB+	67
other[3]		-	-	-	(8)
total debt			Ba1/stable	BB+/stable	$1,349
cash					(300)
net debt					$1,049

1 Total liquidity of $896 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 $12 million of debt issuance cost discounts as of September 30, 2024.

appendix B: non-GAAP reconciliation[1]

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.

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Ashland Inc. and Consolidated Subsidiaries

Reconciliation of Non-GAAP Data

for the 12 Months Ended September 30, 2024

($ millions, except pecentages)

Sales[1]	Q4 24	Q3 24	Q2 24	Q1 24	Total	Q4 23
Life Sciences	192	195	222	200	810	$ 203
Personal Care	162	175	169	129	634	146
Specialty Additives	144	150	157	122	572	144
Intermediates	36	36	40	33	144	37
Less: Intercompany Eliminations	(12)	(12)	(13)	(11)	(47)	(12)
Total	$ 522	$ 544	$ 575	$ 473	$ 2,113	$ 518

Adjusted EBITDA[1]	Q4 24	Q3 24	Q2 24	Q1 24	Total	Adjusted EBITDA Margin	Q4 23
Life Sciences	$ 56	$ 59	$ 66	$ 48	$ 230	28.4%	$ 48
Personal Care	47	51	45	22	164	25.9%	$ 36
Specialty Additives	29	38	27	6	99	17.3%	$ 8
Intermediates	10	9	12	10	42	29.2%	$ 3
Unallocated	(18)	(18)	(24)	(16)	(76)		$ (21)
Total	$ 124	$ 139	$ 126	$ 70	$ 459	21.7%	$ 74

[1] Quarterly totals may not add to annual amounts due to rounding. Calculation of adjusted EBITDA for each period presented have been reconciled within certain financial filings with the SEC and posted on Ashland's website for each reportable segment.

Ashland Inc. and Consolidated Subsidiaries

Segment Components of Key Items for Applicable Income Statement Captions – for the 3 months ended September 30, 2024

In millions - preliminary and unaudited

($ millions)

	Three Months Ended September 30, 2024					
	Life Sciences	Personal Care	Specialty Additives	Intermediates	Unallocated & Other	Total
OPERATING INCOME (LOSS)						
Operating key items:						
Asset impairments	$ -	$ (11)	$ -	$ -	$ -	$ (11)
Nutraceutical sale	-	-	-	-	(8)	(8)
Nutraceutical VAT reserve	-	-	-	-	(7)	(7)
Other plant optimization costs	-	(1)	(4)	-	-	(5)
Legal settlement	-	-	-	-	(4)	(4)
Environmental reserve adjustments	-	-	-	-	(4)	(4)
Restructuring, separation and other costs	-	-	-	-	(2)	(2)
Accelerated depreciation	-	(1)	-	-	-	(1)
Held for sale depreciation and amortization	2	-	-	-	-	2
All other operating income (loss)	41	27	13	7	(16)	72
Operating income (loss)	43	14	9	7	(41)	32
NET INTEREST AND OTHER EXPENSE (INCOME)						
Key items					(21)	(21)
All other net interest and other expense					12	12
					(9)	(9)
OTHER NET PERIODIC BENEFIT LOSS						
Key items					14	14
All other net periodic benefit losses					2	2
					16	16
INCOME TAX EXPENSE (BENEFIT)						
Tax effect of key items[(a)]					(7)	(7)
Tax specific key items[(b)]					1	1
All other income tax expense					12	12
					6	6
INCOME (LOSS) FROM CONTINUING OPERATIONS	$ 43	$ 14	$ 9	$ 7	$ (54)	$ 19

(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 slides 38 & 39 for additional information.

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Ashland Inc. and Consolidated Subsidiaries

Segment Components of Key Items for Applicable Income Statement Captions – for the 3 months ended September 30, 2023

In millions - preliminary and unaudited

($ millions)	Three Months Ended September 30, 2023					
	Life Sciences	Personal Care	Specialty Additives	Intermediates	Unallocated & Other	Total
OPERATING INCOME (LOSS)						
Operating key items:						
Environmental reserve adjustments	$ -	$ -	$ -	$ -	$ (25)	$ (25)
Restructuring, separation and other costs	-	-	-	-	(5)	(5)
Income on acquisitions and divestitures, net	-	-	-	-	6	6
All other operating income (loss)	31	14	(12)	-	(19)	14
Operating income (loss)	31	14	(12)	-	(43)	(10)
NET INTEREST AND OTHER EXPENSE (INCOME)						
Key items					18	18
All other net interest and other expense					10	10
					28	28
OTHER NET PERIODIC BENEFIT LOSS (INCOME)						
Key items					(2)	(2)
All other net periodic benefit costs					2	2
					-	-
INCOME TAX EXPENSE (BENEFIT)						
Tax effect of key items[a]					(9)	(9)
Tax specific key items[b]					(20)	(20)
All other income tax expense					(1)	(1)
					(30)	(30)
INCOME (LOSS) FROM CONTINUING OPERATIONS	$ 31	$ 14	$ (12)	$ -	$ (41)	$ (8)

[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 slides 38 & 39 for additional information.

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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, 2024 and 2023

($ millions)

Free cash flows	Three months ended September 30 2024	Three months ended September 30 2023	Year ended September 30 2024	Year ended September 30 2023
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

Adjusted operating income	Three months ended September 30 2024	Three months ended September 30 2023	Year ended September 30 2024	Year ended September 30 2023
Operating income (loss) (as reported)	$ 32	$ (10)	$ (26)	$ 172
Key items, before tax:				
Nutraceutical 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	-
Nutraceutical 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

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Reconciliation of Non-GAAP Data – Adjusted EBITDA

for the 3 Months Ended September 30, 2024 and 2023

($ millions)

Adjusted EBITDA - Ashland Inc.	Three months ended September 30 2024		Three months ended September 30 2023	
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 slides 38 & 39)		40		24
Adjusted EBITDA	$	124	$	74

(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.*

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Life Sciences and Personal Care

Reconciliation of Non-GAAP Data – Adjusted EBITDA

for the 3 Months Ended September 30, 2024 and 2023

($ millions)	Three months ended September 30 2024		Three months ended September 30 2023	
Adjusted EBITDA - Life Sciences				
Operating income	*$*	*43*	*$*	*31*
Add:				
Depreciation and amortization[a]		*15*		*17*
Operating key items (see slides 38 & 39)		*(2)*		*-*
Adjusted EBITDA	*$*	*56*	*$*	*48*
Adjusted EBITDA - Personal Care				
Operating income	*$*	*14*	*$*	*14*
Add:				
Depreciation and amortization[a]		*20*		*22*
Operating key items (see slides 38 & 39)		*13*		*-*
Adjusted EBITDA	*$*	*47*	*$*	*36*

(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.

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Specialties Additives and Intermediates

Reconciliation of Non-GAAP Data – Adjusted EBITDA

for the 3 Months Ended September 30, 2024 and 2023

($ millions)

	Three months ended September 30	
	2024	2023
Adjusted EBITDA - Specialty Additives		
Operating income (loss)	$ 9	$ (12)
Add:		
Depreciation and amortization	16	20
Operating key items (see slides 38 & 39)	4	-
Adjusted EBITDA	$ 29	$ 8
Adjusted EBITDA - Intermediates		
Operating income	$ 7	$ -
Add:		
Depreciation and amortization	3	3
Adjusted EBITDA	$ 10	$ 3

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

for the 3 and 12 Months Ended September 30, 2024 and 2023

($ millions)

	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:				
Nutraceutical 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	-
Nutraceutical 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.

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Ashland Inc. and Consolidated Subsidiaries

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

for the 3 and 12 Months Ended September 30, 2024 and 2023

	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:				
Nutraceutical 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	-
Nutraceutical 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.

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