

Eastman Announces Second-Quarter 2024 Financial Results

KINGSPORT, Tenn., July 25, 2024 – Eastman Chemical Company (NYSE:EMN) announced its second-quarter 2024 financial results.

- *Delivered strong year-over-year sales volume/mix growth driven by Advanced Materials.*
- *Drove a 300-basis-point sequential margin improvement through volume/mix growth and operating leverage.*
- *Demonstrated continued commercial excellence by focusing on specialty product offerings and managing price-cost across the company.*
- *Continued to ramp up sales to our customers from the Kingsport methanolysis facility, while demonstrating higher operating rates and broadening the range of hard-to-recycle feedstocks.*
- *Delivered solid 1H24 operating cash flow and repurchased \$100 million of shares in second quarter 2024.*

| <i>(In millions, except per share amounts; unaudited)</i> | 2Q24 | 2Q23 |
|---|-------------|-------------|
| Sales revenue | \$2,363 | \$2,324 |
| Earnings before interest and taxes ("EBIT") | 337 | 323 |
| Adjusted EBIT* | 353 | 336 |
| Earnings per diluted share | 1.94 | 2.27 |
| Adjusted earnings per diluted share* | 2.15 | 1.99 |
| Net cash provided by operating activities | 367 | 410 |

***For non-core and unusual items excluded from adjusted earnings and for adjusted provision for income taxes, segment adjusted EBIT margins, and net debt, reconciliations to reported company and segment earnings and total borrowings for all periods presented in this release, see Tables 3A, 3B, 4A, and 6.**

"We delivered strong second-quarter results driven by topline growth and strong sequential margin improvement," said Mark Costa, Board Chair and CEO. "We saw modest seasonal increases in our sales volume led by durables and automotive end markets. Underlying primary demand trends remained weak. Against this backdrop, the Eastman team remains focused on commercial and operational excellence. With customer inventory destocking largely complete and end-market demand stabilizing at lower levels, we will continue to focus on controllable items and leveraging our innovation-driven growth model to

deliver growth above our underlying end markets. We also continue to advance our circular platform and demonstrate our leadership position in the circular economy. We continued to successfully serve our customers, demonstrated higher operating rates, and achieved an important milestone by introducing hard-to-recycle feedstocks into the Kingsport methanolysis facility, while we also worked through start-up issues.”

Corporate Results 2Q 2024 versus 2Q 2023

Sales revenue increased 2 percent primarily due to 6 percent higher sales volume/mix partially offset by 4 percent lower selling prices.

Higher sales volume/mix was driven by the end of customer inventory destocking across most end markets. This improvement was partially offset by weakness in the building and construction end market. Lower selling prices were due to lower raw material prices across all segments.

EBIT increased primarily due to higher sales volume/mix in Advanced Materials, partially offset by lower price-cost in Chemical Intermediates.

Segment Results 2Q 2024 versus 2Q 2023

Advanced Materials – Sales revenue increased 8 percent due to 12 percent higher sales volume/mix partially offset by 4 percent lower selling prices.

Higher sales volume/mix was the result of the end of customer inventory destocking especially in the durables and packaging end markets as well as premium interlayers product growth in the automotive end market. This growth was partially offset by lower selling prices.

EBIT increased due to higher sales volume/mix, partially offset by unfavorable price-cost.

Additives & Functional Products – Sales revenue decreased 4 percent due to 4 percent lower selling prices.

Lower selling prices were primarily due to lower raw material prices, including the impact of cost-pass-through contracts in care additives and functional amines. Sales volume/mix was unchanged as growth in coatings additives and care additives was offset by a decline in specialty fluids due to lower heat transfer fluid project fulfillments.

EBIT decreased due to lower heat transfer fluid project fulfillments.

Fibers – Sales revenue increased 2 percent due to 1 percent higher sales volume/mix and 1 percent higher selling prices.

Higher selling prices were driven by acetate tow price increases. Sales volume/mix increased primarily due to growth in the textiles product line.

EBIT increased due to favorable price-cost and higher sales volume/mix.

Chemical Intermediates – Sales revenue was flat due to 6 percent higher sales volume/mix, fully offset by 6 percent lower selling prices.

Higher sales volume/mix across the segment was driven by the end of customer inventory destocking. Higher sales volume/mix was offset by lower selling prices due to lower raw material and energy prices, particularly for acetyls and intermediates products.

EBIT decreased due to lower spreads more than offsetting higher sales volume/mix.

Cash Flow

In second quarter 2024, cash provided by operating activities was \$367 million. The company returned \$195 million to stockholders through share repurchases and dividends. See Table 5. Priorities for uses of available cash for 2024 include organic growth investments, payment of the quarterly dividend, bolt-on acquisitions, and share repurchases.

2024 Outlook

Commenting on the outlook for full-year 2024, Costa said, “We delivered solid results in the first half of the year despite a weak global economic environment. Through this year, we are benefiting from the end of destocking, as our volumes have reconnected to underlying demand. Consistent with our previous end-market expectations, we continue to see little evidence for end-market demand improvement in the second half of the year. In this context, we remain focused on leveraging our innovation-driven growth model to deliver growth above our end markets, especially in the circular economy. We also expect to benefit from continued pricing discipline, improved asset utilization, and disciplined cost management. We expect the benefit of earnings generated by our Kingsport methanolysis facility to be around a \$50 million incremental EBITDA contribution. Taking these factors together, we expect 2024 EPS to be between \$7.40 and \$7.85 and for 2024 cash from operations to be approximately \$1.4 billion. I remain confident in our ability to deliver earnings growth and strong cash flow going forward.”

The full-year 2024 projected adjusted diluted EPS and Earnings Before Interest, Taxes, Depreciation, and Amortization (“EBITDA”) exclude any non-core, unusual, or nonrecurring items. Our financial results forecasts do not include non-core items (such as mark-to-market pension and other postretirement benefit gain or loss, and asset impairments and restructuring charges) or any unusual or non-recurring items because we are unable to predict with reasonable certainty the financial impact of such items. These items are uncertain and

depend on various factors, and we are unable to reconcile projected adjusted diluted EPS and EBITDA excluding non-core and any unusual or non-recurring items to reported GAAP diluted EPS or net earnings without unreasonable efforts.

Forward-Looking Statements

This information and other statements by the company may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act with respect to, among other items: projections and estimates of earnings, revenues, volumes, pricing, margins, cost reductions, expenses, taxes, liquidity, capital expenditures, cash flow, dividends, share repurchases or other financial items, statements of management's plans, strategies and objectives for future operations, and statements regarding future economic, industry or market conditions or performance. Such projections and estimates are based upon certain preliminary information, internal estimates, and management assumptions, expectations, and plans. Forward-looking statements are subject to a number of risks and uncertainties, and actual performance or results could differ materially from that anticipated by any forward-looking statements. Forward-looking statements speak only as of the date they are made, and the company undertakes no obligation to update or revise any forward-looking statement. Other important assumptions and factors that could cause actual results to differ materially from those in the forward-looking statements are detailed in the company's filings with the Securities and Exchange Commission (the "SEC"), which are accessible on the SEC's website at www.sec.gov and the company's website at www.eastman.com.

Conference Call and Webcast Information

Eastman will host a conference call with industry analysts on July 26, 2024, at 8:00 a.m. ET. To listen to the live webcast of the conference call and view the accompanying slides and prepared remarks, go to investors.eastman.com, Events & Presentations. The slides and prepared remarks to be discussed during the call and webcast will be available at investors.eastman.com at approximately 4:30 p.m. ET on July 25, 2024. To listen via telephone, the dial-in number is +1 (833) 470-1428, passcode: 696395. A web replay, a replay in downloadable MP3 format, and the accompanying slides and prepared remarks will be available at investors.eastman.com, Events & Presentations. A telephone replay will be available continuously beginning at approximately 1:00 p.m. Eastern Time, July 26, 2024, through 11:59 p.m. Eastern Time, Aug. 5, 2024, Toll Free at +1 (866) 813-9403, passcode 643135.

Founded in 1920, Eastman is a global specialty materials company that produces a broad range of products found in items people use every day. With the purpose of enhancing the quality of life in a material way, Eastman works with customers to deliver innovative products and solutions while maintaining a commitment to safety and sustainability. The company's innovation-driven growth model takes advantage of world-class technology platforms, deep customer engagement, and differentiated application development to grow

its leading positions in attractive end markets such as transportation, building and construction, and consumables. As a globally inclusive and diverse company, Eastman employs approximately 14,000 people around the world and serves customers in more than 100 countries. The company had 2023 revenue of approximately \$9.2 billion and is headquartered in Kingsport, Tennessee, USA. For more information, visit www.eastman.com.

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FINANCIAL INFORMATION**July 25, 2024**

For Eastman Chemical Company Second Quarter 2024 Financial Results Release

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Table 1 – Statements of Earnings

| | Second Quarter | | First Six Months | |
|--|----------------|----------------|------------------|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| (Dollars in millions, except per share amounts; unaudited) | | | | |
| Sales | \$ 2,363 | \$ 2,324 | \$ 4,673 | \$ 4,736 |
| Cost of sales ⁽¹⁾⁽²⁾ | 1,764 | 1,740 | 3,542 | 3,623 |
| Gross profit | 599 | 584 | 1,131 | 1,113 |
| Selling, general and administrative expenses | 180 | 185 | 371 | 376 |
| Research and development expenses | 60 | 60 | 119 | 122 |
| Asset impairments and restructuring charges, net | — | — | 11 | 22 |
| Other components of post-employment (benefit) cost, net | (4) | (3) | (9) | (6) |
| Other (income) charges, net | 26 | 19 | 39 | 30 |
| Earnings before interest and taxes | 337 | 323 | 600 | 569 |
| Net interest expense | 50 | 54 | 99 | 106 |
| Earnings before income taxes | 287 | 269 | 501 | 463 |
| Provision for (benefit from) income taxes | 56 | (3) | 105 | 57 |
| Net earnings | 231 | 272 | 396 | 406 |
| Less: Net earnings attributable to noncontrolling interest | 1 | — | 1 | — |
| Net earnings attributable to Eastman | <u>\$ 230</u> | <u>\$ 272</u> | <u>\$ 395</u> | <u>\$ 406</u> |
| Basic earnings per share attributable to Eastman | <u>\$ 1.96</u> | <u>\$ 2.28</u> | <u>\$ 3.37</u> | <u>\$ 3.41</u> |
| Diluted earnings per share attributable to Eastman | <u>\$ 1.94</u> | <u>\$ 2.27</u> | <u>\$ 3.33</u> | <u>\$ 3.39</u> |
| Shares (in millions) outstanding at end of period | 116.9 | 118.6 | 116.9 | 118.6 |
| Shares (in millions) used for earnings per share calculation | | | | |
| Basic | 117.3 | 118.8 | 117.4 | 118.9 |
| Diluted | 118.6 | 119.6 | 118.5 | 119.6 |

⁽¹⁾ First six months 2023 includes \$8 million insurance proceeds, net of costs, from the previously reported operational incident at the Kingsport site as a result of a steam line failure (the "steam line incident").

⁽²⁾ First six months 2023 includes \$23 million accelerated depreciation related to the closure of an acetate yarn manufacturing facility in Europe.

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Table 2A – Segment Sales Information

| (Dollars in millions, unaudited) | Second Quarter | | First Six Months | |
|----------------------------------|-----------------|-----------------|------------------|-----------------|
| | 2024 | 2023 | 2024 | 2023 |
| Sales by Segment | | | | |
| Advanced Materials | \$ 795 | \$ 739 | \$ 1,543 | \$ 1,481 |
| Additives & Functional Products | 718 | 747 | 1,422 | 1,524 |
| Chemical Intermediates | 515 | 514 | 1,038 | 1,103 |
| Fibers | 330 | 323 | 661 | 626 |
| Total Sales by Segment | 2,358 | 2,323 | 4,664 | 4,734 |
| Other | 5 | 1 | 9 | 2 |
| Total Eastman Chemical Company | <u>\$ 2,363</u> | <u>\$ 2,324</u> | <u>\$ 4,673</u> | <u>\$ 4,736</u> |

| (Dollars in millions, unaudited) | First Quarter |
|----------------------------------|-----------------|
| | 2024 |
| Sales by Segment | |
| Advanced Materials | \$ 748 |
| Additives & Functional Products | 704 |
| Chemical Intermediates | 523 |
| Fibers | 331 |
| Total Sales by Segment | 2,306 |
| Other | 4 |
| Total Eastman Chemical Company | <u>\$ 2,310</u> |

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Table 2B – Sales Revenue Change

| Second Quarter 2024 Compared to Second Quarter 2023 | | | | |
|--|---------------------------------------|------------------------------------|---------------------|-----------------------------|
| (Unaudited) | Change in Sales Revenue Due To | | | |
| | Revenue % Change | Volume / Product Mix Effect | Price Effect | Exchange Rate Effect |
| | Advanced Materials | 8 % | 12 % | (4) % |
| Additives & Functional Products | (4) % | — % | (4) % | — % |
| Chemical Intermediates | — % | 6 % | (6) % | — % |
| Fibers | 2 % | 1 % | 1 % | — % |
| Total Eastman Chemical Company | 2 % | 6 % | (4) % | — % |

| First Six Months 2024 Compared to First Six Months 2023 | | | | |
|--|---------------------------------------|------------------------------------|---------------------|-----------------------------|
| (Unaudited) | Change in Sales Revenue Due To | | | |
| | Revenue % Change | Volume / Product Mix Effect | Price Effect | Exchange Rate Effect |
| | Advanced Materials | 4 % | 9 % | (4) % |
| Additives & Functional Products | (7) % | 1 % | (8) % | — % |
| Chemical Intermediates | (6) % | 4 % | (10) % | — % |
| Fibers | 6 % | 3 % | 3 % | — % |
| Total Eastman Chemical Company | (1) % | 5 % | (6) % | — % |

| Second Quarter 2024 Compared to First Quarter 2024 | | | | |
|---|---------------------------------------|------------------------------------|---------------------|-----------------------------|
| (Unaudited) | Change in Sales Revenue Due To | | | |
| | Revenue % Change | Volume / Product Mix Effect | Price Effect | Exchange Rate Effect |
| | Advanced Materials | 6 % | 7 % | (1) % |
| Additives & Functional Products | 2 % | 2 % | — % | — % |
| Chemical Intermediates | (2) % | (5) % | 3 % | — % |
| Fibers | — % | — % | — % | — % |
| Total Eastman Chemical Company | 2 % | 2 % | — % | — % |

Table 2C – Sales by Customer Location

| (Dollars in millions, unaudited) | Second Quarter | | First Six Months | |
|---------------------------------------|-----------------------|-----------------|-------------------------|-----------------|
| | 2024 | 2023 | 2024 | 2023 |
| Sales by Customer Location | | | | |
| United States and Canada | \$ 994 | \$ 1,000 | \$ 1,963 | \$ 2,065 |
| Europe, Middle East, and Africa | 650 | 635 | 1,309 | 1,344 |
| Asia Pacific | 590 | 557 | 1,154 | 1,078 |
| Latin America | 129 | 132 | 247 | 249 |
| Total Eastman Chemical Company | \$ 2,363 | \$ 2,324 | \$ 4,673 | \$ 4,736 |

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**Table 3A - Segment, Other, and Company
Non-GAAP Earnings (Loss) Before Interest and Taxes Reconciliations ⁽¹⁾**

| (Dollars in millions, unaudited) | Second Quarter | | First Six Months | |
|--|----------------|--------|------------------|--------|
| | 2024 | 2023 | 2024 | 2023 |
| Advanced Materials | | | | |
| Earnings before interest and taxes | \$ 131 | \$ 99 | \$ 235 | \$ 185 |
| Additives & Functional Products | | | | |
| Earnings before interest and taxes | 123 | 140 | 232 | 264 |
| Chemical Intermediates | | | | |
| Earnings before interest and taxes | 22 | 39 | 38 | 81 |
| Fibers | | | | |
| Earnings before interest and taxes | 122 | 106 | 239 | 171 |
| Asset impairments and restructuring charges, net | — | — | — | 6 |
| Accelerated depreciation | — | — | — | 23 |
| Excluding non-core items | 122 | 106 | 239 | 200 |
| Other | | | | |
| Loss before interest and taxes | (61) | (61) | (144) | (132) |
| Asset impairments and restructuring charges, net ⁽²⁾ | — | — | 11 | 16 |
| Steam line incident (insurance proceeds) costs, net | — | — | — | (8) |
| Environmental and other costs ⁽³⁾ | 16 | 13 | 16 | 13 |
| Excluding non-core and unusual items | (45) | (48) | (117) | (111) |
| Total Eastman Chemical Company | | | | |
| Earnings before interest and taxes | 337 | 323 | 600 | 569 |
| Asset impairments and restructuring charges, net | — | — | 11 | 22 |
| Steam line incident (insurance proceeds) costs, net | — | — | — | (8) |
| Environmental and other costs | 16 | 13 | 16 | 13 |
| Accelerated depreciation | — | — | — | 23 |
| Total earnings before interest and taxes excluding non-core and unusual items | \$ 353 | \$ 336 | \$ 627 | \$ 619 |
| Company Non-GAAP Earnings Before Interest and Taxes Reconciliations by Line Items | | | | |
| Earnings before interest and taxes | \$ 337 | \$ 323 | \$ 600 | \$ 569 |
| Cost of sales | — | — | — | 15 |
| Asset impairments and restructuring charges, net | — | — | 11 | 22 |
| Other (income) charges, net | 16 | 13 | 16 | 13 |
| Total earnings before interest and taxes excluding non-core and unusual items | \$ 353 | \$ 336 | \$ 627 | \$ 619 |

⁽¹⁾ See "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the [Quarterly Report on Form 10-Q](#) for second quarter 2023 for description of second quarter and first six months 2023 non-core and unusual items.

⁽²⁾ Severance charges as part of fourth quarter 2023 cost reduction initiatives.

⁽³⁾ Environmental and other costs from previously divested or non-operational sites and product lines.

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**Table 3A - Segment, Other, and Company
Non-GAAP Earnings (Loss) Before Interest and Taxes Reconciliations (continued) ⁽¹⁾**

| | First Quarter 2024 |
|--|-----------------------------------|
| <i>(Dollars in millions, unaudited)</i> | |
| Advanced Materials | |
| Earnings before interest and taxes | \$ 104 |
| Additives & Functional Products | |
| Earnings before interest and taxes | 109 |
| Chemical Intermediates | |
| Earnings before interest and taxes | 16 |
| Fibers | |
| Earnings before interest and taxes | 117 |
| Other | |
| Loss before interest and taxes | (83) |
| Asset impairments and restructuring charges, net | 11 |
| Excluding non-core and unusual items | (72) |
| | |
| Total Eastman Chemical Company | |
| Earnings before interest and taxes | 263 |
| Asset impairments and restructuring charges, net | 11 |
| Total earnings before interest and taxes excluding non-core and unusual items | \$ 274 |
| | |
| Company Non-GAAP Earnings Before Interest and Taxes Reconciliations by Line Items | |
| Earnings before interest and taxes | 263 |
| Asset impairments and restructuring charges, net | 11 |
| Total earnings before interest and taxes excluding non-core and unusual items | \$ 274 |

⁽¹⁾ See "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the [Quarterly Report on Form 10-Q](#) for first quarter 2024 for description of first quarter 2024 non-core and unusual items.

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Table 3B - Segment Non-GAAP Earnings (Loss) Before Interest and Taxes Margins⁽¹⁾⁽²⁾

| (Dollars in millions, unaudited) | Second Quarter | | | | First Six Months | | | |
|---|----------------|----------------------|---------------|----------------------|------------------|----------------------|---------------|----------------------|
| | 2024 | | 2023 | | 2024 | | 2023 | |
| | Adjusted EBIT | Adjusted EBIT Margin | Adjusted EBIT | Adjusted EBIT Margin | Adjusted EBIT | Adjusted EBIT Margin | Adjusted EBIT | Adjusted EBIT Margin |
| Advanced Materials | \$ 131 | 16.5 % | \$ 99 | 13.4 % | \$ 235 | 15.2 % | \$ 185 | 12.5 % |
| Additives & Functional Products | 123 | 17.1 % | 140 | 18.7 % | 232 | 16.3 % | 264 | 17.3 % |
| Chemical Intermediates | 22 | 4.3 % | 39 | 7.6 % | 38 | 3.7 % | 81 | 7.3 % |
| Fibers | 122 | 37.0 % | 106 | 32.8 % | 239 | 36.2 % | 200 | 31.9 % |
| Total segment EBIT excluding non-core and unusual items | 398 | 16.9 % | 384 | 16.5 % | 744 | 16.0 % | 730 | 15.4 % |
| Other | (45) | | (48) | | (117) | | (111) | |
| Total EBIT excluding non-core and unusual items | \$ 353 | 14.9 % | \$ 336 | 14.5 % | \$ 627 | 13.4 % | \$ 619 | 13.1 % |

| (Dollars in millions, unaudited) | First Quarter | |
|---|---------------|----------------------|
| | 2024 | |
| | Adjusted EBIT | Adjusted EBIT Margin |
| Advanced Materials | \$ 104 | 13.9 % |
| Additives & Functional Products | 109 | 15.5 % |
| Chemical Intermediates | 16 | 3.1 % |
| Fibers | 117 | 35.3 % |
| Total segment EBIT excluding non-core and unusual items | 346 | 15.0 % |
| Other | (72) | |
| Total EBIT excluding non-core and unusual items | \$ 274 | 11.9 % |

⁽¹⁾ For identification of excluded non-core and unusual items and reconciliations to GAAP EBIT, see [Table 3A](#).

⁽²⁾ Adjusted EBIT margin is non-GAAP EBIT divided by GAAP sales. See [Table 2A](#) for sales.

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**Table 4A – Non-GAAP Earnings Before Interest and Taxes, Net Earnings,
and Earnings Per Share Reconciliations**

| Second Quarter 2024 | | | | | | |
|--|---|---------------------------------------|--|---------------------------------|---|----------------------|
| (Dollars in millions, except per share amounts, unaudited) | Earnings Before Interest and Taxes | Earnings Before Income Taxes | Provision for Income Taxes | Effective Income Tax Rate | Net Earnings Attributable to Eastman | |
| | | | | | After Tax | Per Diluted Share |
| As reported (GAAP) | \$ 337 | \$ 287 | \$ 56 | 20 % | \$ 230 | \$ 1.94 |
| Non-Core and Unusual Items: ⁽¹⁾ | | | | | | |
| Environmental and other costs | 16 | 16 | 3 | | 13 | 0.10 |
| Interim adjustment to tax provision ⁽²⁾ | — | — | (13) | | 13 | 0.11 |
| Non-GAAP (Excluding non-core and unusual items and with adjusted provision for income taxes) | \$ 353 | \$ 303 | \$ 46 | 16 % | \$ 256 | \$ 2.15 |
| Second Quarter 2023 | | | | | | |
| (Dollars in millions, except per share amounts, unaudited) | Earnings Before Interest and Taxes | Earnings Before Income Taxes | Provision for (Benefit from) Income Taxes | Effective Income Tax Rate | Net Earnings Attributable to Eastman | |
| | | | | | After Tax | Per Diluted Share |
| As reported (GAAP) | \$ 323 | \$ 269 | \$ (3) | (1)% | \$ 272 | \$ 2.27 |
| Non-Core and Unusual Items: ⁽¹⁾ | | | | | | |
| Environmental and other costs | 13 | 13 | 4 | | 9 | 0.08 |
| Adjustments from tax law changes ⁽³⁾ | — | — | 23 | | (23) | (0.19) |
| Interim adjustment to tax provision ⁽²⁾ | — | — | 20 | | (20) | (0.17) |
| Non-GAAP (Excluding non-core and unusual items and with adjusted provision for income taxes) | \$ 336 | \$ 282 | \$ 44 | 16 % | \$ 238 | \$ 1.99 |

⁽¹⁾ See [Table 3A](#) for description of second quarter 2024 and 2023 non-core and unusual items excluded from non-GAAP EBIT. Provision for income taxes for non-core and unusual items is calculated using the tax rate for the jurisdiction where the gains are taxable and the expenses are deductible.

⁽²⁾ The adjusted provision for income taxes for second quarter 2024 and 2023 is calculated applying the forecasted full year effective tax rate as shown in [Table 4B](#).

⁽³⁾ Second quarter and first six months 2023 included a decrease to the provision due to state tax law changes that were enacted in second quarter 2023 that extend the carryforward period to utilize existing state credits. Additionally, an increase in first six months 2023 was recognized as a result of state guidance issued in first quarter 2023 related to the 2017 Tax Cuts and Jobs Act (the "Tax Reform Act").

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**Table 4A – Non-GAAP Earnings Before Interest and Taxes, Net Earnings,
and Earnings Per Share Reconciliations (continued)**

| | First Six Months 2024 | | | | | |
|--|---|---------------------------------------|-------------------------------------|---------------------------------|---|----------------------|
| | Earnings Before Interest and Taxes | Earnings Before Income Taxes | Provision for Income Taxes | Effective Income Tax Rate | Net Earnings Attributable to Eastman | |
| | | | | | After Tax | Per Diluted Share |
| (Dollars in millions, except per share amounts, unaudited) | | | | | | |
| As reported (GAAP) | \$ 600 | \$ 501 | \$ 105 | 21 % | \$ 395 | \$ 3.33 |
| Non-Core or Unusual Items: ⁽¹⁾ | | | | | | |
| Asset impairments and restructuring charges, net | 11 | 11 | 3 | | 8 | 0.07 |
| Environmental and other costs | 16 | 16 | 3 | | 13 | 0.10 |
| Interim adjustment to tax provision ⁽²⁾ | — | — | (30) | | 30 | 0.26 |
| Non-GAAP (Excluding non-core and unusual items) | <u>\$ 627</u> | <u>\$ 528</u> | <u>\$ 81</u> | 16 % | <u>\$ 446</u> | <u>\$ 3.76</u> |

| | First Six Months 2023 | | | | | |
|--|---|---------------------------------------|-------------------------------------|---------------------------------|---|----------------------|
| | Earnings Before Interest and Taxes | Earnings Before Income Taxes | Provision for Income Taxes | Effective Income Tax Rate | Net Earnings Attributable to Eastman | |
| | | | | | After Tax | Per Diluted Share |
| (Dollars in millions, except per share amounts, unaudited) | | | | | | |
| As reported (GAAP) | \$ 569 | \$ 463 | \$ 57 | 12 % | \$ 406 | \$ 3.39 |
| Non-Core or Unusual Items: ⁽¹⁾ | | | | | | |
| Asset impairments and restructuring charges, net | 22 | 22 | 4 | | 18 | 0.14 |
| Accelerated depreciation | 23 | 23 | 3 | | 20 | 0.17 |
| Steam line incident costs (insurance proceeds), net | (8) | (8) | (2) | | (6) | (0.05) |
| Environmental and other costs | 13 | 13 | 4 | | 9 | 0.08 |
| Interim adjustment to tax provision ⁽²⁾ | — | — | 14 | | (14) | (0.11) |
| Non-GAAP (Excluding non-core and unusual items) | <u>\$ 619</u> | <u>\$ 513</u> | <u>\$ 80</u> | 16 % | <u>\$ 433</u> | <u>\$ 3.62</u> |

⁽¹⁾ See [Table 3A](#) for description of first six month 2024 and 2023 non-core and unusual items excluded from non-GAAP EBIT. Provision for income taxes for non-core and unusual items is calculated using the tax rate for the jurisdiction where the gains are taxable and the expenses are deductible.

⁽²⁾ The adjusted provision for income taxes for first six months 2024 and 2023 is calculated applying the forecasted full year effective tax rate as shown in [Table 4B](#).

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First Quarter 2024

| (Dollars in millions, except per share amounts, unaudited) | Earnings Before Interest and Taxes | Earnings Before Income Taxes | Provision for Income Taxes | Effective Income Tax Rate | Net Earnings Attributable to Eastman | |
|---|------------------------------------|------------------------------|----------------------------|---------------------------|--------------------------------------|-------------------|
| | | | | | After Tax | Per Diluted Share |
| As reported (GAAP) | \$ 263 | \$ 214 | \$ 49 | 23 % | \$ 165 | \$ 1.39 |
| Non-Core and Unusual Items: ⁽¹⁾ | | | | | | |
| Asset impairments and restructuring charges, net | 11 | 11 | 3 | | 8 | 0.07 |
| Interim adjustment to tax provision ⁽²⁾ | — | — | (17) | | 17 | 0.15 |
| Non-GAAP (Excluding non-core and unusual items and with adjusted provision for income taxes) | <u>\$ 274</u> | <u>\$ 225</u> | <u>\$ 35</u> | 16 % | <u>\$ 190</u> | <u>\$ 1.61</u> |

⁽¹⁾ See [Table 3A](#) for description of first quarter 2024 non-core and unusual items excluded from non-GAAP EBIT. Provision for income taxes for non-core and unusual items is calculated using the tax rate for the jurisdiction where the gains are taxable and the expenses are deductible.

⁽²⁾ The adjusted provision for income taxes for first quarter 2024 was calculated applying the then forecasted full year effective tax rate.

Table 4B - Adjusted Effective Tax Rate Calculation

| | First Six Months ⁽¹⁾ | |
|--|---------------------------------|-------------|
| | 2024 | 2023 |
| Effective tax rate | 21 % | 12 % |
| Tax impact of current year non-core and unusual items ⁽²⁾ | 1 % | 2 % |
| Changes in tax contingencies and valuation allowances | (1)% | 2 % |
| Forecasted full year impact of expected tax events | (5)% | — % |
| Forecasted full year adjusted effective tax rate | <u>16 %</u> | <u>16 %</u> |

⁽¹⁾ Effective tax rate percentages are rounded to the nearest whole percent. The forecasted full year effective tax rates are 15.5 percent in both first six months 2024 and 2023.

⁽²⁾ Provision for income taxes for non-core and unusual items is calculated using the tax rate for the jurisdiction where the gains are taxable and the expenses are deductible.

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Table 5 – Statements of Cash Flows

| (Dollars in millions, unaudited) | Second Quarter | | First Six Months | |
|--|----------------|---------------|------------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| Operating activities | | | | |
| Net earnings | \$ 231 | \$ 272 | \$ 396 | \$ 406 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 126 | 119 | 253 | 260 |
| Benefit from deferred income taxes | (20) | (86) | (37) | (93) |
| Changes in operating assets and liabilities, net of effect of acquisitions and divestitures: | | | | |
| (Increase) decrease in trade receivables | (33) | 124 | (138) | 33 |
| (Increase) decrease in inventories | (138) | (29) | (238) | (73) |
| Increase (decrease) in trade payables | 40 | (158) | 89 | (290) |
| Pension and other postretirement contributions (in excess of) less than expenses | (10) | (10) | (29) | (29) |
| Variable compensation payments (in excess of) less than expenses | 58 | 65 | (20) | 49 |
| Other items, net | 113 | 113 | 75 | 145 |
| Net cash provided by operating activities | 367 | 410 | 351 | 408 |
| Investing activities | | | | |
| Additions to properties and equipment | (115) | (239) | (300) | (413) |
| Proceeds from sale of businesses | — | — | — | 16 |
| Acquisition, net of cash acquired | — | (3) | — | (76) |
| Additions to capitalized software | (2) | (2) | (3) | (4) |
| Other items, net | (4) | (2) | 3 | (21) |
| Net cash used in investing activities | (121) | (246) | (300) | (498) |
| Financing activities | | | | |
| Net increase in commercial paper and other borrowings | — | 603 | — | 277 |
| Proceeds from borrowings | — | — | 742 | 796 |
| Repayment of borrowings | (43) | (808) | (541) | (808) |
| Dividends paid to stockholders | (95) | (94) | (190) | (188) |
| Treasury stock purchases | (100) | (50) | (100) | (50) |
| Other items, net | 11 | (4) | 10 | (23) |
| Net cash (used in) provided by financing activities | (227) | (353) | (79) | 4 |
| Effect of exchange rate changes on cash and cash equivalents | (4) | — | (6) | 3 |
| Net change in cash and cash equivalents | 15 | (189) | (34) | (83) |
| Cash and cash equivalents at beginning of period | 499 | 599 | 548 | 493 |
| Cash and cash equivalents at end of period | \$ 514 | \$ 410 | \$ 514 | \$ 410 |

Table 6 – Total Borrowings to Net Debt Reconciliations

| (Dollars in millions, unaudited) | June 30, | December 31, |
|----------------------------------|-----------------|-----------------|
| | 2024 | 2023 |
| Total borrowings | \$ 5,033 | \$ 4,846 |
| Less: Cash and cash equivalents | 514 | 548 |
| Net debt ⁽¹⁾ | \$ 4,519 | \$ 4,298 |

⁽¹⁾ Includes non-cash decrease of \$17 million in 2024 and non-cash increase of \$20 million in 2023 resulting from foreign currency exchange rates.