

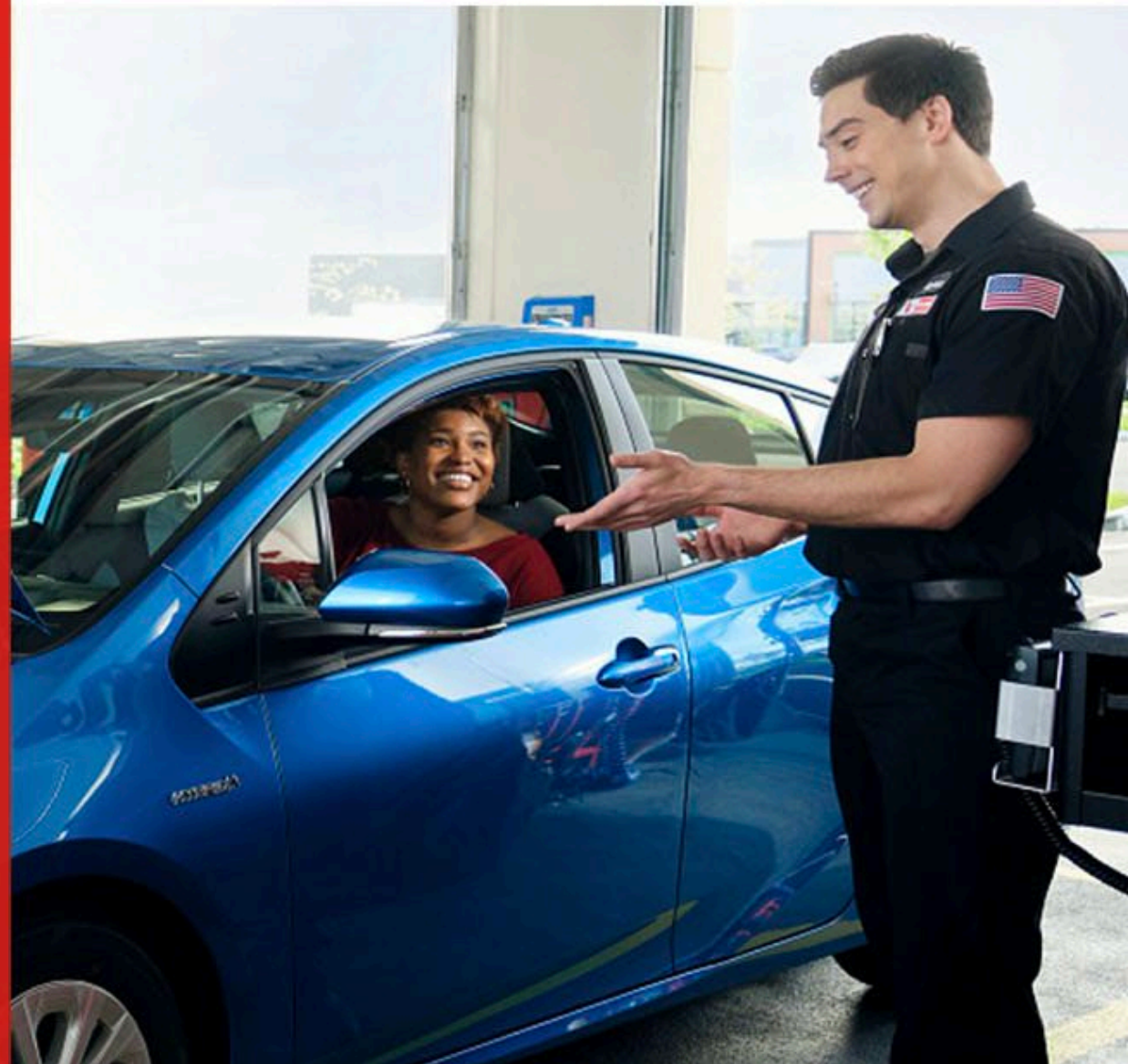


Valvoline

Third Quarter Fiscal 2023 Earnings

Sam Mitchell, CEO
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Mary Meixelsperger, CFO
Elizabeth Russell, Investor Relations

08.09.2023



Forward-Looking Statements

Certain statements herein, other than statements of historical fact, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may include, without limitation, benefits and synergies of the sale of Global Products; future opportunities for the remaining stand-alone retail business; and any other statements regarding Valvoline's future operations, financial or operating results, capital allocation, debt leverage ratio, anticipated business levels, dividend policy, anticipated growth, market opportunities, strategies, competition, and other expectations and targets for future periods. Valvoline has identified some of these forward-looking statements with words such as “anticipates,” “believes,” “expects,” “estimates,” “is likely,” “predicts,” “projects,” “forecasts,” “may,” “will,” “should,” and “intends,” and the negative of these words or other comparable terminology. These forward-looking statements are based on Valvoline’s current expectations, estimates, projections, and assumptions as of the date such statements are made and are subject to risks and uncertainties that may cause results to differ materially from those expressed or implied in the forward-looking statements. Additional information regarding these risks and uncertainties are described in the Company’s filings with the Securities and Exchange Commission (the “SEC”), including in the “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Quantitative and Qualitative Disclosures about Market Risk” sections of Valvoline’s most recently filed periodic reports on Forms 10-K and 10-Q, which are available on Valvoline’s website at <http://investors.valvoline.com/sec-filings> or on the SEC’s website at <http://www.sec.gov>. Valvoline assumes no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future, unless required by law.

Regulation G: Adjusted Results

Information regarding Valvoline’s definitions, calculations and reconciliation of non-GAAP measures can be found in the Appendix.

Update on Return of Proceeds

3Q Highlights

Operational Highlights

Results / Guidance

Wrap Up / Q&A

UPDATE ON RETURN OF PROCEEDS



UPDATE ON RETURN OF PROCEEDS



YTD¹ ~\$1.4 Billion Returned to Shareholders and 37.9M shares repurchased



Tender Completed in Q3



Successfully repurchased ~\$1B of shares

\$1.6B Share Repurchase Authorization



\$340M Remaining on Current Authorization

Expect to execute on remaining authorization within 12 months²



1. YTD as of June 30th, 2023
2. Subject to market conditions

3Q HIGHLIGHTS



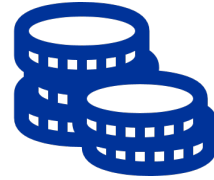
3Q23 KEY HIGHLIGHTS¹



\$719.6M

System-wide Store Sales²

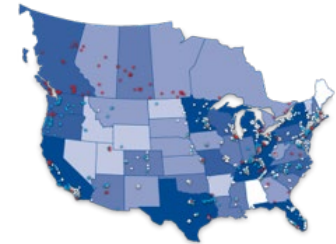
↑ 17.9%



\$376.2M

Adjusted¹ Net Revenue

↑ 19.0%



1,804

Company-operated and
Franchised locations

↑ 6.7%

↑ 12.5%

System-wide Same Store Sales² Growth

12.1% Company SSS²

12.8% Franchise SSS²

\$110.4M

Adjusted¹ EBITDA

↑ 27.8%

52%

Franchise operated

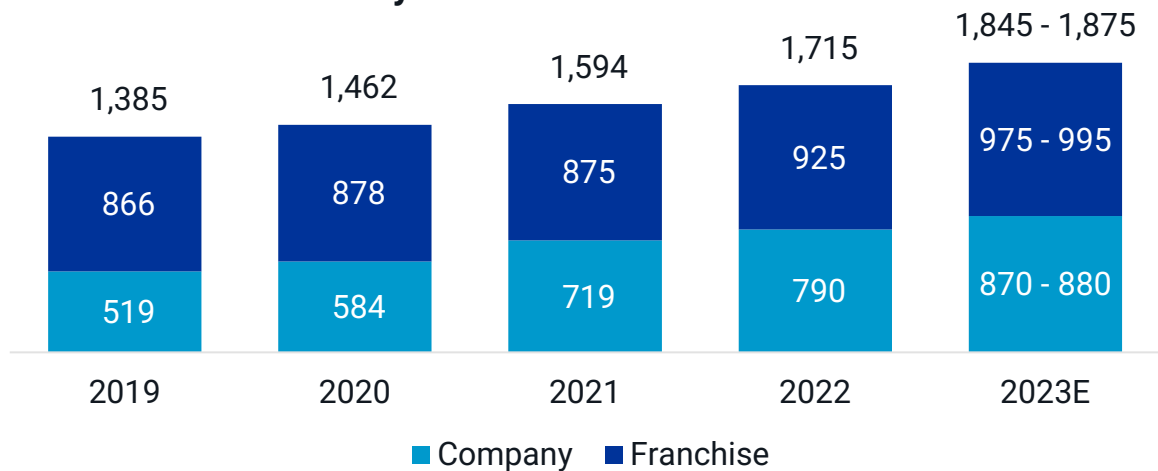
**↑ 39 Franchise
Units³ vs PY**

1. For a reconciliation of adjusted amounts to amounts reported under GAAP, please refer to the Appendix.
2. Refer to the Appendix for further information regarding management's use of key business measures.
3. Net of 7 franchise stores acquired and converted to Company operations year over year.

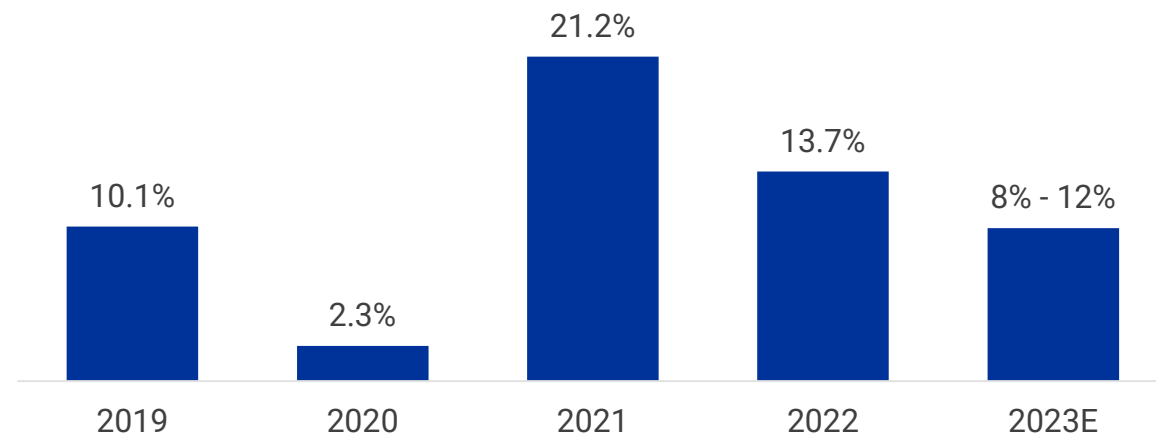
CONFIDENCE IN CONTINUED GROWTH



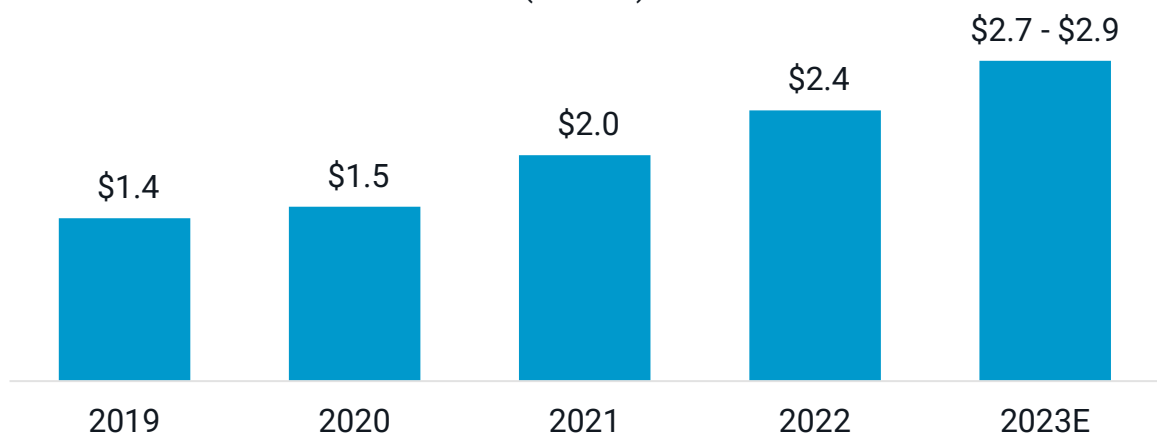
System-wide Unit Count¹



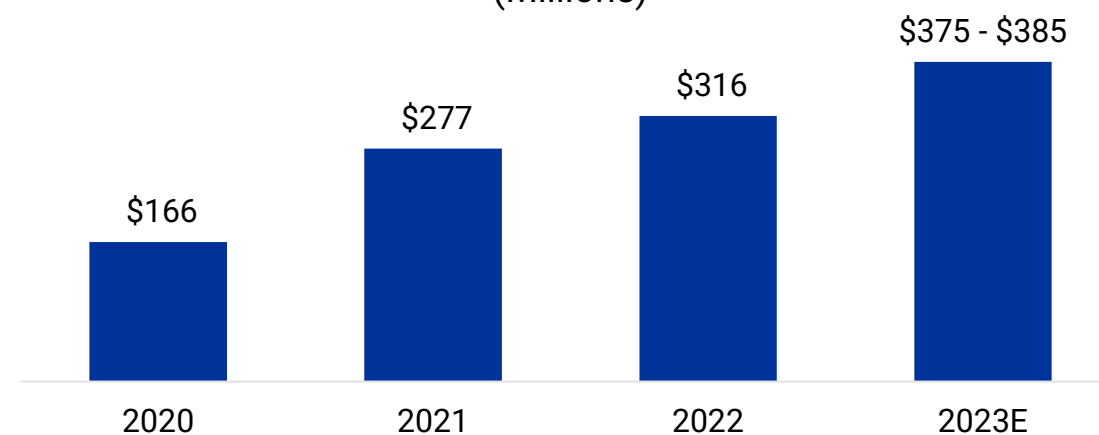
System-wide SSS¹ Growth



System-wide Store Sales¹ (Billions)



Adjusted² EBITDA (Millions)

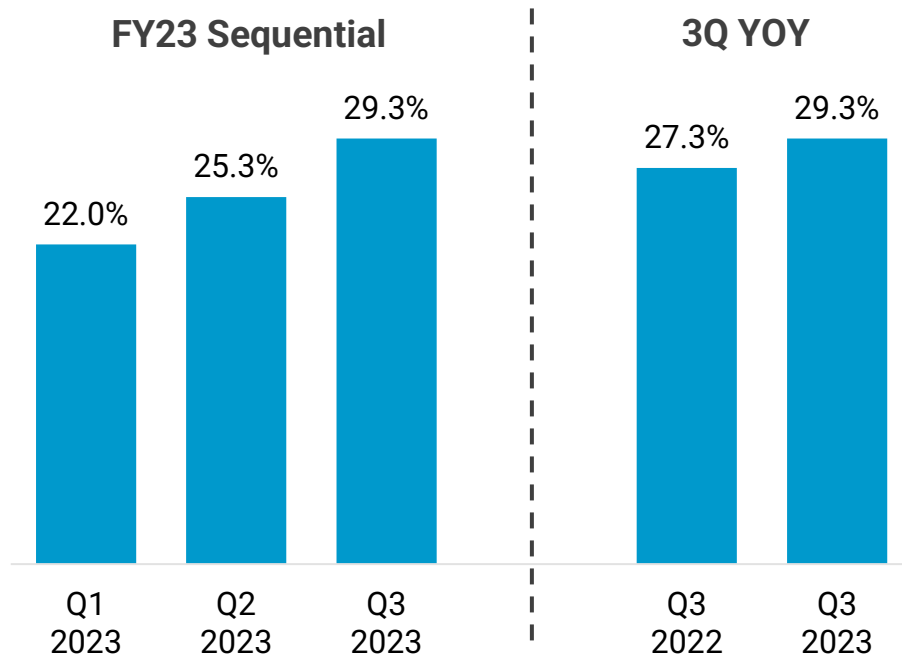


1. Refer to the Appendix for further information regarding management's use of key business measures.
 2. For a reconciliation of adjusted amounts to amounts reported under GAAP, please refer to the Appendix.



OPERATIONAL HIGHLIGHTS

Adjusted EBITDA Margin¹



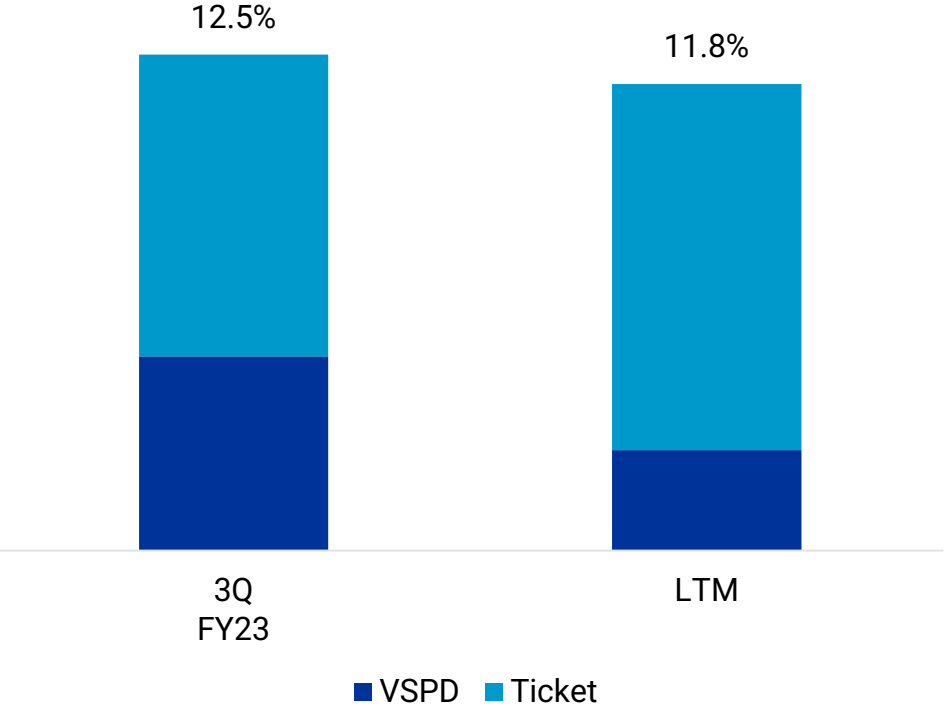
- Sequential improvement from increased efficiency in labor and store operations
 - EBITDA margins +400bps vs 2Q23
- YoY improvement largely driven by SG&A leverage
 - EBITDA margins +200bps vs PY
 - Waste oil headwinds offset by base oil declines and improved labor efficiency
- YoY leverage with 27.8% growth in EBITDA and 19.0% adjusted¹ topline growth

1. For a reconciliation of adjusted amounts to amounts reported under GAAP, please refer to the Appendix.

SAME STORE SALES DRIVERS



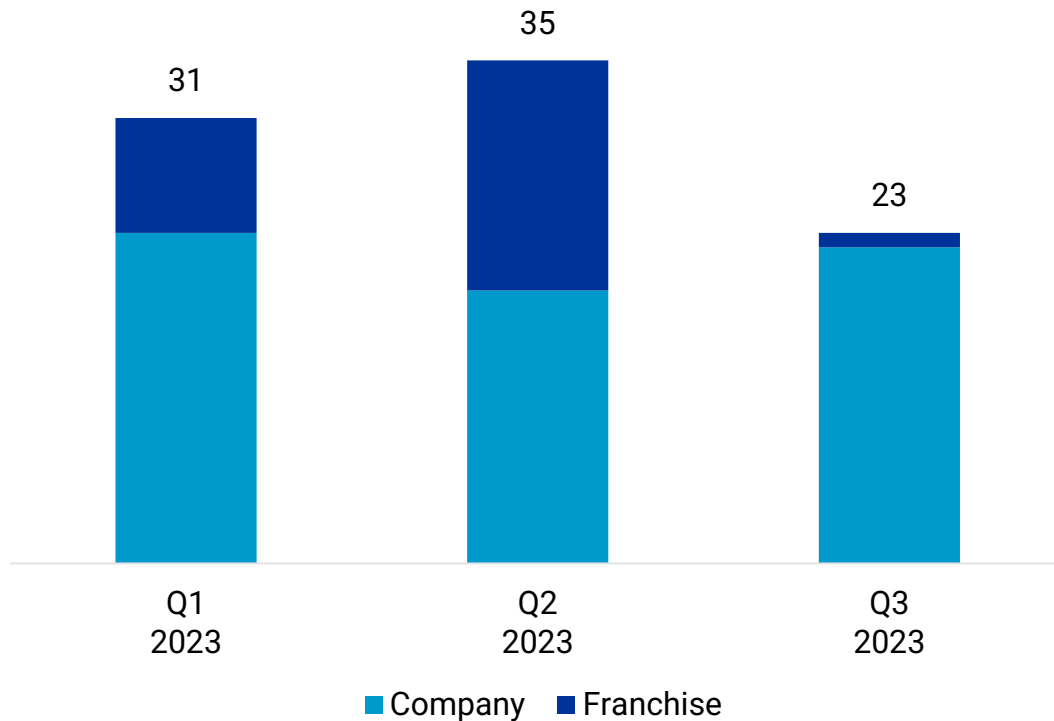
System SSS¹ Growth



- Strong same store sales continues
- Healthy demand and balance across ticket drivers
- Beginning to lap material pricing actions

1. Refer to the Appendix for further information regarding management’s use of key business measures

Net¹ New Unit Additions



- On track to meet guidance for system unit additions for the year
- Franchise new units slipped from 3Q due to permitting and construction delays
- Anticipating a strong Q4 from both Company and Franchise to close out the full year

1. Net of 4 Franchise stores acquired and converted to Company operations

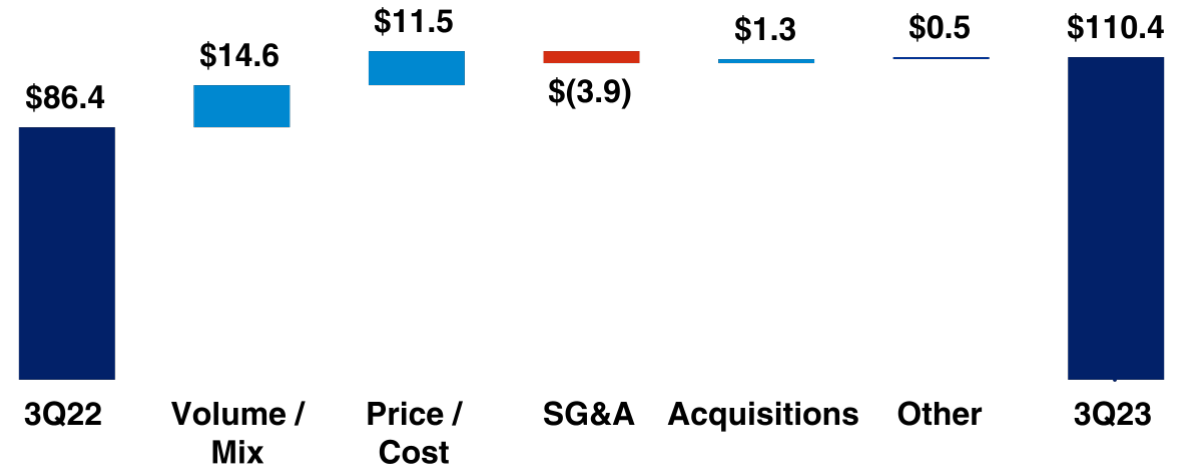
A man with a beard, wearing a dark polo shirt with "Volvo" written on the sleeve and a name tag that says "Alex", is pointing at a screen in the back of a car. A woman is sitting in the front passenger seat, looking towards him. The car's interior features tan leather seats and a black dashboard. The car is red. A blue arrow-shaped graphic is at the bottom left.

3Q RESULTS

THIRD QUARTER RESULTS - ADJUSTED¹

(Millions)	3Q23	YoY
Net revenues	\$376.2	19.0%
Operating income	\$88.8	29.1%
Operating margin	23.6%	180 bps
Income from continuing operations	\$69.1	80.9%
EBITDA	\$110.4	27.8%
EBITDA margin	29.3%	200 bps
EPS	\$0.43	105%

YoY Changes in Adjusted¹ EBITDA (Millions)



1. For reconciliation of adjusted amounts for the continuing operations to amounts reported under GAAP, please refer to the Appendix.

3Q23 REPORTING HIGHLIGHTS

Balance Sheet Highlights

(Millions)	3Q23
Cash & Cash Equivalents	\$526.7
Short Term Investments	\$424.1
Total Debt	\$1,591.5

- Continue to target net leverage ratio¹ of 2.5x – 3.5x; timing impacted by anticipated share repurchases, tax payments and debt repayment
- Expect to make an offer to repurchase all of the 2030 Senior Notes during 2QFY24, subject to market conditions

Cash Flow Highlights

(Millions)	3Q YTD
Cash Flows from Operating Activities	\$249.9
Free Cash Flow ²	\$124.0

- Cash flows from operating activities increased \$123M over prior year
- Interest Income of \$24.9M earned during the quarter on invested net proceeds from the sale of Global Products

1. Based on rating agency adjusted amounts.

2. For reconciliation of adjusted amounts for the continuing operations to amounts reported under GAAP, please refer to the Appendix

UPDATING FY2023 CONTINUING OPERATIONS GUIDANCE



	Previous	Updated
Adjusted ¹ EBITDA	\$370M – \$390M	\$375M – \$385M
Adjusted ¹ Net Income	\$160M – \$180M	\$185M - \$200M

- Narrowing range for adjusted EBITDA for full year
- Increasing guidance for adjusted Net Income, largely driven by interest income earned on proceeds from the sale of Global Products

1. Denotes a forward-looking non-GAAP financial measure that Valvoline is unable to reconcile without unreasonable efforts, as the Company is currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact GAAP results but would not impact non-GAAP adjusted results.

3Q TAKEAWAYS



\$340.4M remaining on share repurchase authorization expected to be substantially complete within 12 months, subject to market conditions.



Strong 3Q results with 27.8% EBITDA growth and margin improvement as expected.



Continue to focus on long-term growth algorithm.



APPENDIX

RETAIL SERVICES – Q3 SYSTEM RESULTS



	Three months ended June 30		Nine months ended June 30		
	2023	2022	2023	2022	
Sales information					
System-wide store sales - in millions (a)	\$ 719.6	\$ 610.4	\$ 2,023.5	\$ 1,718.3	
<i>Year-over-year growth (a)</i>	17.9 %	16.0 %	17.8 %	21.4 %	
Same-store sales growth (b)					
Company-operated	12.1 %	7.1 %	13.0 %	12.5 %	
Franchised (a)	12.8 %	12.1 %	12.3 %	17.6 %	
System-wide (a)	12.5 %	9.9 %	12.6 %	15.4 %	
Number of stores at end of period					
	Third Quarter 2023	Second Quarter 2023	First Quarter 2023	Fourth Quarter 2022	Third Quarter 2022
Company-operated	854	832	813	790	772
Franchised (a)	950	949	933	925	918
System-wide store count (a)					
			June 30		
			2023	2022	
System-wide store count (a)			1,804	1,690	
<i>Year-over-year growth (a)</i>			6.7 %	7.7 %	

(a) Measures include Valvoline franchisees, which are independent legal entities. Valvoline does not consolidate the results of operations of its franchisees.

(b) Valvoline determines SSS growth as sales by U.S. stores, with new stores, including franchised conversions, excluded from the metric until the completion of their first full fiscal year in operation.

RETAIL SERVICES – STORE INFORMATION



	Company-operated				
	Third Quarter 2023	Second Quarter 2023	First Quarter 2023	Fourth Quarter 2022	Third Quarter 2022
Beginning of period	832	813	790	772	757
Opened	12	13	17	12	5
Acquired	8	6	5	3	9
Net conversions between company-operated and franchised	2	—	2	3	1
Closed	—	—	(1)	—	—
End of period	854	832	813	790	772
	Franchised ^(a)				
	Third Quarter 2023	Second Quarter 2023	First Quarter 2023	Fourth Quarter 2022	Third Quarter 2022
Beginning of period	949	933	925	918	904
Opened	3	16	11	10	16
Acquired	—	—	—	—	—
Net conversions between company-operated and franchised	(2)	—	(2)	(3)	(1)
Closed	—	—	(1)	—	(1)
End of period	950	949	933	925	918
Total system-wide stores (a)	1,804	1,781	1,746	1,715	1,690

(a) Measures include Valvoline franchisees, which are independent legal entities. Valvoline does not consolidate the results of operations of its franchisees.

RECONCILIATION OF NON-GAAP DATA – INCOME FROM CONTINUING OPERATIONS & DILUTED EARNINGS PER SHARE



	Three months ended June 30		Nine months ended June 30	
	2023	2022	2023	2022
Reported income from continuing operations	\$ 64.5	\$ 39.8	\$ 124.4	\$ 97.0
<i>Adjustments:</i>				
Net pension and other postretirement plan expense (income)	3.7	(9.2)	11.0	(27.7)
Net legacy and separation-related expenses	1.6	9.9	30.8	18.9
Information technology transition costs	1.1	—	1.8	2.6
Suspended operations	(0.4)	(2.2)	(0.5)	1.5
Investment and divestiture-related costs	—	—	1.0	—
Debt extinguishment and modification costs	0.1	—	1.0	—
Total adjustments, pre-tax	6.1	(1.5)	45.1	(4.7)
Income tax (benefit) expense of adjustments	(1.5)	(0.1)	(31.8)	1.8
Total adjustments, after tax	4.6	(1.6)	13.3	(2.9)
Adjusted income from continuing operations (a) (b)	\$ 69.1	\$ 38.2	\$ 137.7	\$ 94.1
Reported diluted earnings per share from continuing operations	\$ 0.40	\$ 0.22	\$ 0.73	\$ 0.53
Adjusted diluted earnings per share from continuing operations (b) (c)	\$ 0.43	\$ 0.21	\$ 0.81	\$ 0.52
Weighted average diluted common shares outstanding	162.5	179.8	170.6	180.9

(a) Adjusted income from continuing operations is defined as income from continuing operations adjusted for the effects of key items.

(b) Represents a non-GAAP measure. Refer to “Use of Non-GAAP Measures” and the Appendix for additional details.

(c) Adjusted diluted earnings per share from continuing operations is defined as diluted earnings per share calculated using adjusted income from continuing operations.

RECONCILIATION OF NON-GAAP DATA – Q3 ADJUSTED EBITDA



	Three months ended June 30		Nine months ended June 30	
	2023	2022	2023	2022
Reported net revenues	\$ 376.2	\$ 317.4	\$ 1,053.5	\$ 900.7
<i>Adjustments:</i>				
Suspended operations	—	(1.2)	(0.2)	(11.4)
Adjusted net revenues (a) (b)	\$ 376.2	\$ 316.2	\$ 1,053.3	\$ 889.3
Income from continuing operations	\$ 64.5	\$ 39.8	\$ 124.4	\$ 97.0
<i>Add:</i>				
Income tax expense	22.9	13.2	14.2	32.6
Net interest and other financing (income) expense	(4.6)	17.3	27.4	51.2
Depreciation and amortization	21.6	17.6	60.7	52.1
EBITDA from continuing operations ^{(b) (c)}	104.4	87.9	226.7	232.9
<i>Key items:</i>				
Net pension and other postretirement plan expense (income)	3.7	(9.2)	11.0	(27.7)
Net legacy and separation-related expenses	1.6	9.9	30.8	18.9
Information technology transition costs	1.1	—	1.8	2.6
Suspended operations	(0.4)	(2.2)	(0.5)	1.5
Investment and divestiture-related costs	—	—	1.0	—
Key items - subtotal	6.0	(1.5)	44.1	(4.7)
Adjusted EBITDA from continuing operations ^{(b) (c)}	\$ 110.4	\$ 86.4	\$ 270.8	\$ 228.2
Net profit margin ^(d)	17.1 %	12.5 %	11.8 %	10.8 %
Adjusted EBITDA margin ^{(b) (e)}	29.3 %	27.3 %	25.7 %	25.7 %

(a) Adjusted net revenues are reported net revenues adjusted for key items.

(b) Represents a non-GAAP measure. Refer to “Use of Non-GAAP Measures” and the Appendix for additional details.

(c) EBITDA from continuing operations is defined as income from continuing operations, plus income tax expense, net interest and other financing (income) expense, and depreciation and amortization attributable to continuing operations. Adjusted EBITDA from continuing operations is EBITDA adjusted for key items attributable to continuing operations.

(d) Net profit margin is defined as reported income from continuing operations divided by reported net revenues.

(e) Adjusted EBITDA margin is defined as Adjusted EBITDA from continuing operations divided by adjusted net revenues.

RECONCILIATION OF NON-GAAP DATA – ADJUSTED NET REVENUES & OPERATING INCOME



(In millions - preliminary and unaudited)	Three months ended June 30			
	Net revenues		Operating income	
	2023	2022	2023	2022
Reported net revenues	\$ 376.2	\$ 317.4	\$ 86.5	\$ 61.1
<i>Adjustments:</i>				
Net legacy and separation-related expenses	—	—	1.6	9.9
Information technology transition costs	—	—	1.1	—
Suspended operations	—	(1.2)	(0.4)	(2.2)
Investment and divestiture-related costs	—	—	—	—
As adjusted ^(a)	<u>\$ 376.2</u>	<u>\$ 316.2</u>	<u>\$ 88.8</u>	<u>\$ 68.8</u>
			23.0 %	19.3 %
			23.6 %	21.8 %

(In millions - preliminary and unaudited)	Nine months ended June 30			
	Net revenues		Operating income	
	2023	2022	2023	2022
As reported	\$ 1,053.5	\$ 900.7	\$ 177.0	\$ 153.1
<i>Adjustments:</i>				
Net legacy and separation-related expenses	—	—	30.8	18.9
Information technology transition costs	—	—	1.8	2.6
Suspended operations	(0.2)	(11.4)	(0.5)	1.5
Investment and divestiture-related costs	—	—	1.0	—
As adjusted ^(a)	<u>\$ 1,053.3</u>	<u>\$ 889.3</u>	<u>\$ 210.1</u>	<u>\$ 176.1</u>
			16.8 %	17.0 %
			19.9 %	19.8 %

(a) Adjusted net revenues, operating income and adjusted operating margin represent non-GAAP measures. Refer to “Use of Non-GAAP Measures” and the Appendix for additional details.

(b) Operating margin is defined as operating income divided by net revenues. Adjusted operating margin is defined as operating income adjusted for key items divided by net revenues adjusted for key items.

RECONCILIATION OF NON-GAAP DATA – FREE CASH FLOWS



Free cash flow ^(a)	Nine months ended June 30	
	2023	2022
Total cash flows provided by operating activities from continuing operations	\$ 249.9	\$ 126.9
<i>Adjustments:</i>		
Additions to property, plant and equipment from continuing operations	(125.9)	(89.5)
Free cash flow from continuing operations ^(b)	<u>\$ 124.0</u>	<u>\$ 37.4</u>

Discretionary free cash flow ^(c)	Nine months ended June 30	
	2023	2022
Total cash flows provided by operating activities from continuing operations	\$ 249.9	\$ 126.9
<i>Adjustments:</i>		
Maintenance additions to property, plant and equipment from continuing operations	(18.0)	(13.0)
Discretionary free cash flow from continuing operations ^(b)	<u>\$ 231.9</u>	<u>\$ 113.9</u>

- (a) Free cash flow from continuing operations is defined as operating cash flows from continuing operations less capital expenditures of the continuing operations and certain other adjustments attributable to continuing operations, as applicable.
- (b) Represents a non-GAAP measure. Refer to “Use of Non-GAAP Measures” and the Appendix for additional details.
- (c) Discretionary free cash flow from continuing operations is defined as operating cash flows from continuing operations less maintenance capital expenditures of the continuing operations and certain other adjustments attributable to continuing operations, as applicable.

GAAP RESULTS – TOTAL COMPANY



	Three months ended June 30		Nine months ended June 30	
	2023	2022	2023	2022
Net revenues	\$ 376.2	\$ 317.4	\$ 1,053.5	\$ 900.7
Cost of sales	225.5	189.6	657.3	553.4
Gross profit	150.7	127.8	396.2	347.3
Selling, general and administrative expenses	65.6	59.2	194.2	182.6
Net legacy and separation-related expenses	1.6	9.9	30.8	18.9
Other income, net	(3.0)	(2.4)	(5.8)	(7.3)
Operating income	86.5	61.1	177.0	153.1
Net pension and other postretirement plan expense (income)	3.7	(9.2)	11.0	(27.7)
Net interest and other financing (income) expense	(4.6)	17.3	27.4	51.2
Income before income taxes	87.4	53.0	138.6	129.6
Income tax expense	22.9	13.2	14.2	32.6
Income from continuing operations	64.5	39.8	124.4	97.0
(Loss) income from discontinued operations	(2.9)	58.4	1,246.4	169.6
Net income	61.6	\$ 98.2	1,370.8	\$ 266.6
Net earnings per share				
Basic earnings per share				
Continuing operations	\$ 0.40	\$ 0.22	\$ 0.74	\$ 0.54
Discontinued operations	(0.02)	0.33	7.35	0.94
Basic earnings per share	<u>\$ 0.38</u>	<u>\$ 0.55</u>	<u>\$ 8.09</u>	<u>\$ 1.48</u>
Diluted earnings per share				
Continuing operations	\$ 0.40	\$ 0.22	\$ 0.73	\$ 0.53
Discontinued operations	(0.02)	0.33	7.31	0.94
Diluted earnings per share	<u>\$ 0.38</u>	<u>\$ 0.55</u>	<u>\$ 8.04</u>	<u>\$ 1.47</u>
Weighted average common shares outstanding				
Basic	161.5	178.6	169.5	179.6
Diluted	162.5	179.8	170.6	180.9

UPDATED FY2023 GUIDANCE



	Continuing Operations ¹
Same Store Sales Growth ¹ %	8% – 12%
System-Wide Sales ¹ Growth	16% – 20%
System-Wide Unit Additions ¹	130 – 160
Net Revenues	\$1.4B – \$1.5B
Net Revenues Growth	14% – 18%
Adjusted ² EBITDA (Updated)	\$375M – \$385M
Capital Expenditures	\$170M – \$200M
Adjusted ² Effective Tax Rate	25.5 – 26.5%
Adjusted ² Net Income (Updated)	\$185M - \$200M

1. For a discussion of management's use of Key Business Measures, please refer to the Appendix.

2. Denotes a forward-looking non-GAAP financial measure that Valvoline is unable to reconcile without unreasonable efforts, as the Company is currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact GAAP results but would not impact non-GAAP adjusted results.

USE OF NON-GAAP MEASURES



This presentation includes the following non-GAAP measures: Adjusted operating income and adjusted operating margin; Adjusted net revenues; EBITDA, adjusted EBITDA, and adjusted EBITDA margin; adjusted net income and adjusted diluted earnings per share; and free cash flow and discretionary free cash flow. Refer to this Appendix for management's definition of each non-GAAP measure and reconciliation to the most comparable U.S. GAAP measure.

Non-GAAP measures include adjustments from results based on U.S. GAAP that management believes enables comparison of certain financial trends and results between periods and provides a useful supplemental presentation of Valvoline's operating performance that allows for transparency with respect to key metrics used by management in operating the business and measuring performance. These non-GAAP measures have limitations as analytical tools and should not be considered in isolation from, an alternative to, or more meaningful than, the financial results presented in accordance with U.S. GAAP. The financial results presented in accordance with U.S. GAAP and the reconciliations of non-GAAP measures should be carefully evaluated. The manner used to compute the non-GAAP information used by management may differ from the methods used by other companies and may not be comparable.

Management believes EBITDA measures provide a meaningful supplemental presentation of Valvoline's operating performance between periods on a comparable basis due to the depreciable assets associated with the nature of the Company's operations, as well as income tax and interest costs related to Valvoline's tax and capital structures, respectively. Management uses free cash flow and discretionary free cash flow as additional non-GAAP metrics of cash flow generation. By including capital expenditures and certain other adjustments, as applicable, management is able to provide an indication of the ongoing cash being generated that is ultimately available for both debt and equity holders as well as other investment opportunities. Free cash flow includes the impact of capital expenditures, providing a supplemental view of cash generation. Discretionary free cash flow includes maintenance capital expenditures, which are routine uses of cash that are necessary to maintain the Company's operations and provides a supplemental view of cash flow generation to maintain operations before discretionary investments in growth. Free cash flow and discretionary free cash flow have certain limitations, including that they do not reflect adjustments for certain non-discretionary cash flows, such as mandatory debt repayments.

Adjusted net revenue and profitability measures (i.e., adjusted net income, diluted earnings per share and EBITDA) enable the comparison of financial trends and results between periods where certain items may not be reflective of the Company's underlying and ongoing operational performance or vary independent of business performance. The non-GAAP measures used by management exclude the impact of certain unusual, infrequent or non-operational activity not directly attributable to the underlying business, which management believes impacts the comparability of operational results between periods ("key items"). Key items are often related to legacy matters or market-driven events considered by management to not be reflective of the ongoing operating performance. Key items may consist of adjustments related to: legacy businesses, including the separation from Valvoline's former parent company, the former Global Products reportable segment, and associated impacts of related activity and indemnities; non-service pension and other postretirement plan activity; restructuring-related matters, including organizational restructuring plans, the separation of Valvoline's businesses, significant acquisitions or divestitures, debt extinguishment and modification, and tax reform legislation; in addition to other matters that management considers non-operational, infrequent or unusual in nature.

USE OF NON-GAAP MEASURES, CONTINUED



Refer to the below for descriptions of the key items that comprise the adjustments which depart from the computations in accordance with U.S. GAAP:

Net pension and other postretirement plan expense (income): Includes several elements impacted by changes in plan assets and obligations that are primarily driven by the debt and equity markets, including remeasurement gains and losses, when applicable; and recurring non-service pension and other postretirement net periodic activity, which consists of interest cost, expected return on plan assets and amortization of prior service credits. Management considers that these elements are more reflective of changes in current conditions in global markets (in particular, interest rates), outside the operational performance of the business, and are also legacy amounts that are not directly related to the underlying business and do not have an impact on the compensation and benefits provided to eligible employees for current service.

Net legacy and separation-related expenses: Activity associated with legacy businesses and the separation from Valvoline's former parent company and its former Global Products reportable segment. This activity includes the recognition of and adjustments to indemnity obligations to its former parent company; certain legal, financial, professional advisory and consulting fees; and other expenses incurred by the continuing operations in connection with and directly related to these separation transactions and legacy matters. This incremental activity directly attributable to legacy matters and separation transactions is not considered reflective of the underlying operating performance of the Company's continuing operations. Of specific note, the Company recognized \$24.4 million of pre-tax expense during the nine months ended June 30, 2023 to reflect its increased estimated indemnity obligation, which also resulted in an income tax benefit of \$26.5 million to reflect the release of valuation allowances in connection with the amendment of the Tax Matters Agreement with Valvoline's former parent company.

Information technology transition costs: Consist of redundant expenses incurred from duplicative technology platforms required while implementing the Company's stand-alone enterprise resource planning software system during fiscal 2023 and transitioning its data centers during fiscal 2022. These expenses are reflective of incremental costs directly associated with technology transitions and are not considered to be reflective of the ongoing expenses of operating the Company's technology platforms.

Suspended operations: Represents the results of a former Global Products business where operations were suspended during fiscal 2022 that were not included in the sale. These results are not indicative of the operating performance of the Company's ongoing continuing operations.

Investment and divestiture-related costs: Expense recognized to reduce the carrying value of an investment interest determined to be impaired. This cost is not considered to be reflective of the underlying performance of the Company's ongoing continuing operations.

Debt extinguishment and modification costs: Relates to the modification of the Senior Credit Agreement and includes the accelerated amortization of previously capitalized debt issuance costs, as well as third-party fees expensed in connection with the execution of the amended Senior Credit Agreement. These expenses are not considered to be indicative of the future servicing costs of the Company's ongoing debt facilities.

KEY BUSINESS MEASURES



Valvoline tracks its operating performance and manages its business using certain key measures, including system-wide, company-operated and franchised store counts and SSS; and system-wide store sales. Management believes these measures are useful to evaluating and understanding Valvoline's operating performance and should be considered as supplements to, not substitutes for, Valvoline's sales and operating income, as determined in accordance with U.S. GAAP.

Net revenues are influenced by the number of service center stores and the business performance of those stores. Stores are considered open upon acquisition or opening for business. Temporary store closings remain in the respective store counts with only permanent store closures reflected in the activity and end of period store counts. SSS is defined as net revenues by U.S. stores (company-operated, franchised and the combination of these for system-wide SSS), with new stores, including franchised conversions, excluded from the metric until the completion of their first full fiscal year in operation as this period is generally required for new store sales levels to begin to normalize.

Net revenues are limited to sales at company-operated stores, in addition to royalties and other fees from independent franchised and Express Care stores. Although Valvoline does not recognize store-level sales from franchised stores as net revenues in its Statements of Consolidated Income, management believes system-wide and franchised SSS comparisons, store counts, and total system-wide store sales are useful to assess market position relative to competitors and overall store and operating performance.