

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-37884

VALVOLINE INC.



(Exact name of registrant as specified in its charter)

Kentucky

30-0939371

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

100 Valvoline Way

Lexington, Kentucky 40509

(Address of principal executive offices) (Zip Code)

Telephone Number (859) 357-7777

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.01 per share	VVV	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

At May 5, 2023, there were 165,808,937 shares of the registrant's common stock outstanding.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Valvoline Inc. and Consolidated Subsidiaries Condensed Consolidated Statements of Comprehensive Income

(In millions, except per share amounts - unaudited)	Three months ended March 31		Six months ended March 31	
	2023	2022	2023	2022
Net revenues	\$ 344.5	\$ 296.0	\$ 677.3	\$ 583.3
Cost of sales	217.8	188.7	431.8	363.8
Gross profit	126.7	107.3	245.5	219.5
Selling, general and administrative expenses	62.6	63.2	128.6	123.4
Net legacy and separation-related expenses	3.8	6.2	29.2	9.0
Other income, net	(0.9)	(2.1)	(2.8)	(4.9)
Operating income	61.2	40.0	90.5	92.0
Net pension and other postretirement plan expense (income)	3.6	(9.2)	7.3	(18.5)
Net interest and other financing expenses	13.3	16.9	32.0	33.9
Income before income taxes	44.3	32.3	51.2	76.6
Income tax expense (benefit)	11.4	9.3	(8.7)	19.4
Income from continuing operations	32.9	23.0	59.9	57.2
Income from discontinued operations	1,194.4	58.4	1,249.3	111.2
Net income	\$ 1,227.3	\$ 81.4	\$ 1,309.2	\$ 168.4
NET EARNINGS PER SHARE				
Basic earnings per share				
Continuing operations	0.19	0.13	0.35	0.32
Discontinued operations	6.96	0.32	7.20	0.61
Basic earnings per share	\$ 7.15	\$ 0.45	\$ 7.55	\$ 0.93
Diluted earnings per share				
Continuing operations	0.19	0.13	0.34	0.32
Discontinued operations	6.92	0.32	7.16	0.61
Diluted earnings per share	\$ 7.11	\$ 0.45	\$ 7.50	\$ 0.93
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	171.7	179.8	173.5	180.1
Diluted	172.7	181.0	174.5	181.5
Comprehensive income				
Net income	\$ 1,227.3	\$ 81.4	\$ 1,309.2	\$ 168.4
Other comprehensive income (loss), net of tax				
Currency translation adjustments	29.3	(0.6)	44.5	(0.3)
Amortization of pension and other postretirement plan prior service credits	(0.5)	(0.4)	(0.9)	(0.8)
Unrealized (loss) gain on cash flow hedges	(3.1)	6.2	(4.4)	8.4
Other comprehensive income	25.7	5.2	39.2	7.3
Comprehensive income	\$ 1,253.0	\$ 86.6	\$ 1,348.4	\$ 175.7

See Notes to Condensed Consolidated Financial Statements.

Valvoline Inc. and Consolidated Subsidiaries

Condensed Consolidated Balance Sheets

(In millions, except per share amounts - unaudited)	March 31 2023	September 30 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 2,334.5	\$ 23.4
Receivables, net	61.1	66.1
Inventories, net	33.5	29.4
Prepaid expenses and other current assets	29.0	38.0
Current assets held for sale	—	1,464.2
Total current assets	<u>2,458.1</u>	<u>1,621.1</u>
Noncurrent assets		
Property, plant and equipment, net	722.5	668.6
Operating lease assets	258.7	248.1
Goodwill and intangibles, net	673.1	663.1
Other noncurrent assets	168.0	215.9
Total noncurrent assets	<u>1,822.3</u>	<u>1,795.7</u>
Total assets	<u>\$ 4,280.4</u>	<u>\$ 3,416.8</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Current portion of long-term debt	\$ 23.8	\$ 162.5
Trade and other payables	85.8	45.0
Accrued expenses and other liabilities	512.0	172.6
Current liabilities held for sale	—	539.3
Total current liabilities	<u>621.6</u>	<u>919.4</u>
Noncurrent liabilities		
Long-term debt	1,573.4	1,525.1
Employee benefit obligations	201.0	199.4
Operating lease liabilities	239.6	229.2
Other noncurrent liabilities	272.4	237.1
Total noncurrent liabilities	<u>2,286.4</u>	<u>2,190.8</u>
Commitments and contingencies		
Stockholders' equity		
Preferred stock, no par value, 40.0 shares authorized; no shares issued and outstanding	—	—
Common stock, par value \$0.01 per share, 400.0 shares authorized; 168.7 and 176.1 shares issued and outstanding at March 31, 2023 and September 30, 2022, respectively	1.7	1.8
Paid-in capital	42.6	44.1
Retained earnings	1,310.2	282.0
Accumulated other comprehensive income (loss)	17.9	(21.3)
Stockholders' equity	<u>1,372.4</u>	<u>306.6</u>
Total liabilities and stockholders' equity	<u>\$ 4,280.4</u>	<u>\$ 3,416.8</u>

See Notes to Condensed Consolidated Financial Statements.

Valvoline Inc. and Consolidated Subsidiaries

Condensed Consolidated Statements of Cash Flows

(In millions - unaudited)	Six months ended March 31	
	2023	2022
Cash flows from operating activities		
Net income	\$ 1,309.2	\$ 168.4
Adjustments to reconcile to cash flows from operations		
Income from discontinued operations	(1,249.3)	(111.2)
Depreciation and amortization	39.1	34.5
Deferred income taxes	(26.6)	13.5
Stock-based compensation expense	5.4	7.2
Other, net	2.3	1.7
Change in operating assets and liabilities		
Receivables	4.8	(7.4)
Inventories	(3.7)	—
Payables and accrued liabilities	68.5	(21.4)
Other assets and liabilities	23.8	(38.5)
Operating cash flows from continuing operations	173.5	46.8
Operating cash flows from discontinued operations	(63.4)	49.0
Total cash provided by operating activities	110.1	95.8
Cash flows from investing activities		
Additions to property, plant and equipment	(79.4)	(57.7)
Acquisitions of businesses, net of cash acquired	(18.9)	(23.4)
Other investing activities, net	2.0	6.1
Investing cash flows from continuing operations	(96.3)	(75.0)
Investing cash flows from discontinued operations	2,623.2	(9.2)
Total cash provided by (used in) investing activities	2,526.9	(84.2)
Cash flows from financing activities		
Proceeds from borrowings, net of issuance costs	920.9	—
Repayments on borrowings	(909.0)	—
Repurchases of common stock	(257.4)	(66.3)
Cash dividends paid	(21.8)	(45.0)
Other financing activities	(12.1)	(11.2)
Financing cash flows from continuing operations	(279.4)	(122.5)
Financing cash flows from discontinued operations	(108.1)	(1.0)
Total cash used in financing activities	(387.5)	(123.5)
Effect of currency exchange rate changes on cash, cash equivalents and restricted cash	1.1	0.7
Increase (decrease) in cash, cash equivalents and restricted cash	2,250.6	(111.2)
Cash, cash equivalents and restricted cash - beginning of period	83.9	231.4
Cash, cash equivalents and restricted cash - end of period	\$ 2,334.5	\$ 120.2

See Notes to Condensed Consolidated Financial Statements.

Valvoline Inc. and Consolidated Subsidiaries
Condensed Consolidated Statements of Stockholders' Equity

Six months ended March 31, 2023						
(In millions, except per share amounts - unaudited)	Common stock		Paid-in capital	Retained earnings	Accumulated other comprehensive (loss) income	Totals
	Shares	Amount				
Balance at September 30, 2022	176.1	\$ 1.8	\$ 44.1	\$ 282.0	\$ (21.3)	\$ 306.6
Net income	—	—	—	81.9	—	81.9
Dividends paid, \$0.125 per common share	—	—	0.1	(21.9)	—	(21.8)
Stock-based compensation, net of issuances	0.3	—	(3.4)	—	—	(3.4)
Repurchases of common stock	(2.9)	(0.1)	—	(87.4)	—	(87.5)
Other comprehensive income, net of tax	—	—	—	—	13.5	13.5
Balance at December 31, 2022	173.5	\$ 1.7	\$ 40.8	\$ 254.6	\$ (7.8)	\$ 289.3
Net income	—	—	—	1,227.3	—	1,227.3
Stock-based compensation, net of issuances	0.1	—	1.8	—	—	1.8
Repurchases of common stock	(4.9)	—	—	(171.7)	—	(171.7)
Other comprehensive income, net of tax	—	—	—	—	25.7	25.7
Balance at March 31, 2023	<u>168.7</u>	<u>\$ 1.7</u>	<u>\$ 42.6</u>	<u>\$ 1,310.2</u>	<u>\$ 17.9</u>	<u>\$ 1,372.4</u>

Six months ended March 31, 2022						
(In millions, except per share amounts - unaudited)	Common stock		Paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Totals
	Shares	Amount				
Balance at September 30, 2021	180.3	\$ 1.8	\$ 35.2	\$ 90.0	\$ 7.5	\$ 134.5
Net income	—	—	—	87.0	—	87.0
Dividends paid, \$0.125 per common share	—	—	0.1	(22.6)	—	(22.5)
Stock-based compensation, net of issuances	0.2	—	(2.4)	—	—	(2.4)
Repurchases of common stock	(0.9)	—	—	(31.4)	—	(31.4)
Other comprehensive income, net of tax	—	—	—	—	2.1	2.1
Balance at December 31, 2021	179.6	\$ 1.8	\$ 32.9	\$ 123.0	\$ 9.6	\$ 167.3
Net income	—	—	—	81.4	—	81.4
Dividends paid, \$0.125 per common share	—	—	0.1	(22.6)	—	(22.5)
Stock-based compensation, net of issuances	—	—	3.8	—	—	3.8
Repurchases of common stock	(1.0)	—	—	(34.9)	—	(34.9)
Other comprehensive income, net of tax	—	—	—	—	5.2	5.2
Balance at March 31, 2022	<u>178.6</u>	<u>\$ 1.8</u>	<u>\$ 36.8</u>	<u>\$ 146.9</u>	<u>\$ 14.8</u>	<u>\$ 200.3</u>

See Notes to Condensed Consolidated Financial Statements.

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Valvoline Inc. and Consolidated Subsidiaries

Notes to Condensed Consolidated Financial Statements (Unaudited)

NOTE 1 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited condensed consolidated financial statements have been prepared by Valvoline Inc. (“Valvoline” or the “Company”) in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and Securities and Exchange Commission regulations for interim financial reporting, which do not include all information and footnote disclosures normally included in annual financial statements. Therefore, these condensed consolidated financial statements should be read in conjunction with Valvoline’s Annual Report on Form 10-K for the fiscal year ended September 30, 2022. Certain prior period amounts disclosed herein have been reclassified to conform to the current presentation.

Use of estimates, risks and uncertainties

The preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosures of contingent matters. Although management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, actual results could differ significantly from the estimates under different assumptions or conditions.

Valvoline has substantially maintained its operations throughout the novel coronavirus (“COVID-19”) pandemic to-date and has continued precautionary measures to protect the Company’s employees and customers and manage through the currently known impacts on its business. Given the unprecedented nature of the pandemic, the extent of future impacts cannot be reasonably estimated at this time due to numerous uncertainties, including the ultimate duration and severity of the pandemic.

Strategic separation

On March 1, 2023, Valvoline completed the previously announced sale of VGP Holdings LLC, which holds all of the issued and outstanding equity interests in the companies that, along with their respective subsidiaries, comprised the Company’s former Global Products reportable segment (“Global Products”) to Aramco Overseas Company B.V. (“Aramco” or the “Buyer”) (the “Transaction”). As a result, in all prior periods presented within these condensed consolidated financial statements, the assets and liabilities associated with the Global Products disposal group have been classified as held for sale within the Condensed Consolidated Balance Sheet and its operations have been classified as discontinued operations within the Condensed Consolidated Statements of Comprehensive Income and Cash Flows.

The operating results and cash flows of the Global Products business have been reported through February 28, 2023, the date prior to closing the Transaction. Refer to Note 2 for additional information regarding the Global Products business, including the assets and liabilities divested and income from discontinued operations. Unless otherwise noted, disclosures within these remaining Notes to Condensed Consolidated Financial Statements relate solely to the Company’s continuing operations.

Inflation Reduction Act of 2022

The Inflation Reduction Act (the “IRA”) was enacted in the United States in August 2022, which includes, among other provisions, a 15% alternative minimum tax on corporate adjusted income in excess of certain thresholds for taxable years beginning after December 31, 2022. The Company does not expect this provision will have a material impact on its condensed consolidated financial statements.

The IRA also imposes an excise tax of one percent on share repurchases that occur after December 31, 2022. Corporations are permitted to credit certain new stock issuances against their stock repurchases during the same taxable period. Valvoline has repurchased 4.9 million shares of its common stock for \$170.0 million since January 1, 2023 and recognized excise taxes of \$1.7 million in Retained earnings as incremental costs to complete the repurchases during the three months ended March 31, 2023.

Recent accounting pronouncements

The following accounting guidance relevant to Valvoline was either issued or adopted in the current year, or is expected to have a meaningful impact on Valvoline in future periods upon adoption.

Recently adopted

In March 2020, the Financial Accounting Standards Board (“FASB”) issued guidance related to reference rate reform that simplifies the accounting for contract modifications and hedging arrangements as the market transitions from the London Interbank Offered Rate (“LIBOR”) and other interbank reference rates to alternative reference rates. In December 2022, FASB issued guidance to extend the temporary transition period which now can be applied on a prospective basis through the end of December 2024 for qualifying modified arrangements.

Valvoline amended its Credit Agreement, effective upon the sale of Global Products on March 1, 2023. This amendment includes the transition to the Secured Overnight Financing Rate (“SOFR”) or an alternate base rate, among other modifications. Refer to Note 5 for additional details. Concurrent with the amendment of the Credit Agreement, Valvoline modified its interest rate swap agreements solely to change the reference rates from LIBOR to SOFR and applied the optional expedients available under the reference rate reform accounting guidance. This modification aligns with changes to its variable rate debt under the Credit Agreement amendment. Valvoline expects these hedges to continue to effectively hedge its exposure risk to interest rates.

As of March 31, 2023, Valvoline has no outstanding long-term debt or interest rate swap agreements with payments based on LIBOR.

NOTE 2 - DISCONTINUED OPERATIONS

Financial results

On July 31, 2022, the Company entered into a definitive agreement to sell Global Products to Aramco. On March 1, 2023, Valvoline completed the sale of Global Products for a cash purchase price of \$2.65 billion and recognized a pre-tax gain on the sale of \$1.6 billion that was recognized in Income from discontinued operations within the Condensed Consolidated Statements of Comprehensive Income. This gain is preliminary and subject to final settlements in accordance with the Purchase Agreement.

The following table summarizes Income from discontinued operations within the Condensed Consolidated Statements of Comprehensive Income:

(In millions)	Three months ended March 31		Six months ended March 31	
	2023	2022	2023	2022
Net revenues	\$ 468.6	\$ 638.2	\$ 1,174.4	\$ 1,257.2
Cost of sales	367.6	495.9	924.2	984.0
Gross profit	101.0	142.3	250.2	273.2
Selling, general and administrative expenses	52.7	73.6	125.0	147.7
Net legacy and separation-related expense	14.4	0.3	20.6	0.3
Equity and other income, net	(5.0)	(8.6)	(14.2)	(20.8)
Operating income from discontinued operations	38.9	77.0	118.8	146.0
Net pension and other postretirement plan (income) expense	—	—	0.1	—
Net interest and other financing expenses	2.7	0.8	5.0	1.5
Gain on sale of discontinued operations ^(a)	(1,570.8)	—	(1,570.8)	—
Income from discontinued operations before income taxes	1,607.0	76.2	1,684.5	144.5
Income tax expense ^(b)	412.6	17.8	435.2	33.3
Income from discontinued operations	\$ 1,194.4	\$ 58.4	\$ 1,249.3	\$ 111.2

(a) The gain on sale also includes the release of Accumulated other comprehensive income of \$30.7 million associated with the realization of cumulative translation losses attributed to the Global Products business.

(b) Income tax expense in the three and six months ended March 31, 2023 includes the tax effects of the gain on sale of \$420.2 million comprised of current and deferred expense of \$327.6 million and \$92.6 million, respectively.

A summary of the held for sale assets and liabilities included in the Condensed Consolidated Balance Sheets follows:

(In millions)	September 30 2022	
Current assets		
Cash and cash equivalents	\$	59.0
Receivables, net		524.3
Inventories, net		290.1
Prepaid expenses and other current assets		35.0
Property, plant and equipment, net		257.4
Goodwill and intangibles, net		139.8
Other noncurrent assets		158.6
Current assets held for sale	\$	<u>1,464.2</u>
Current liabilities		
Trade and other payables	\$	264.9
Accrued expenses and other liabilities		166.9
Long-term debt		30.7
Other current liabilities		76.8
Current liabilities held for sale	\$	<u>539.3</u>

Post-closing arrangements

The products used in Valvoline's service delivery are sourced from Global Products. Valvoline has entered into a long-term supply agreement whereby Valvoline purchases substantially all lubricant and certain ancillary products for its stores from Global Products. Net revenues within the results of Global Products above include product sales to the Company's continuing operations prior to the closing of the Transaction, which were considered to be effectively settled and were not eliminated. The following table summarizes these transactions:

(In millions)	Three months ended March 31				Six months ended March 31			
	2023		2022		2023		2022	
Net revenues	\$	34.6	\$	48.5	\$	89.7	\$	96.9

Valvoline also entered into a Transition Services Agreement with the Buyer, effective March 1, 2023, to provide and receive services including information technology, legal, finance, and human resources support for a period not expected to exceed 18 months. The income and costs associated with these services were not material during the three and six months ended March 31, 2023.

As part of the Transaction, the Company recognized an estimated obligation of \$15.5 million, predominantly within Accrued expenses and other liabilities in the Condensed Consolidated Balance Sheet as of March 31, 2023 related to certain pre-closing employee matters reimbursable to the Buyer.

NOTE 3 - FAIR VALUE MEASUREMENTS

The following tables set forth the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis by level within the fair value hierarchy:

(In millions)	As of March 31, 2023				
	Total	Level 1	Level 2	Level 3	NAV ^(a)
Cash and cash equivalents					
Money market funds	\$ 1,542.8	\$ 1,542.8	\$ —	\$ —	\$ —
Time deposits	303.7	—	303.7	—	—
Prepaid expenses and other current assets					
Currency derivatives ^(b)	0.4	—	0.4	—	—
Interest rate swap agreements	2.1	—	2.1	—	—
Other noncurrent assets					
Non-qualified trust funds	3.6	—	—	—	3.6
Interest rate swap agreements	9.8	—	9.8	—	—
Total assets at fair value	\$ 1,862.4	\$ 1,542.8	\$ 316.0	\$ —	\$ 3.6
Accrued expenses and other liabilities					
Currency derivatives ^(b)	\$ 0.6	\$ —	\$ 0.6	\$ —	\$ —
Other noncurrent liabilities					
Deferred compensation obligations	19.3	—	—	—	19.3
Total liabilities at fair value	\$ 19.9	\$ —	\$ 0.6	\$ —	\$ 19.3
As of September 30, 2022					
(In millions)	Total	Level 1	Level 2	Level 3	NAV ^(a)
Cash and cash equivalents					
Money market funds	\$ 0.4	\$ 0.4	\$ —	\$ —	\$ —
Time deposits	13.3	—	13.3	—	—
Prepaid expenses and other current assets					
Currency derivatives ^(b)	6.0	—	6.0	—	—
Interest rate swap agreements	5.2	—	5.2	—	—
Other noncurrent assets					
Non-qualified trust funds	6.4	—	—	—	6.4
Interest rate swap agreements	12.6	—	12.6	—	—
Total assets at fair value	\$ 43.9	\$ 0.4	\$ 37.1	\$ —	\$ 6.4
Accrued expenses and other liabilities					
Currency derivatives ^(b)	\$ 5.2	\$ —	\$ 5.2	\$ —	\$ —
Other noncurrent liabilities					
Deferred compensation obligations	19.6	—	—	—	19.6
Total liabilities at fair value	\$ 24.8	\$ —	\$ 5.2	\$ —	\$ 19.6

(a) Funds measured at fair value using the net asset value ("NAV") per share practical expedient have not been classified in the fair value hierarchy.

(b) The Company had outstanding contracts with notional values of \$20.6 million and \$150.5 million as of March 31, 2023 and September 30, 2022, respectively.

Long-term debt

Long-term debt is reported in the Condensed Consolidated Balance Sheets at carrying value, rather than fair value, and is therefore excluded from the disclosure above of financial assets and liabilities measured at fair value within the condensed consolidated financial statements on a recurring basis. The fair values of the Company's outstanding fixed rate senior notes shown below are based on recent trading values, which are considered Level 2 inputs within the fair value hierarchy.

(In millions)	March 31, 2023			September 30, 2022		
	Fair value	Carrying value ^(a)	Unamortized discounts and issuance costs	Fair value	Carrying value ^(a)	Unamortized discounts and issuance costs
2030 Notes	\$ 586.8	\$ 594.1	\$ (5.9)	\$ 568.5	\$ 593.7	\$ (6.3)
2031 Notes	454.1	529.5	(5.5)	400.5	529.2	(5.8)
Total	\$ 1,040.9	\$ 1,123.6	\$ (11.4)	\$ 969.0	\$ 1,122.9	\$ (12.1)

(a) Carrying values shown are net of unamortized discounts and debt issuance costs.

Refer to Note 5 for details of these senior notes as well as Valvoline's other debt instruments that have variable interest rates with carrying amounts that approximate fair value.

NOTE 4 - BUSINESS COMBINATIONS

The Company acquired 13 service center stores in single and multi-store transactions for an aggregate purchase price of \$18.9 million during the six months ended March 31, 2023. These acquisitions expand Valvoline's retail presence in key North American markets, increase the number of company-operated service center stores, and contribute to increasing its footprint to 1,781 system-wide service center stores.

During the six months ended March 31, 2022, the Company acquired 21 service center stores in single and multi-store transactions for an aggregate purchase price of \$23.4 million.

The Company's acquisitions are accounted for as business combinations. A summary follows of the aggregate cash consideration paid and the total assets acquired and liabilities assumed for the six months ended March 31:

(In millions)	2023	2022
Inventories	\$ 0.3	\$ —
Property, plant and equipment ^(a)	3.5	2.9
Operating lease assets	4.0	7.3
Goodwill ^(b)	15.1	20.4
Intangible assets ^(c)		
Reacquired franchise rights ^(d)	2.3	—
Other	0.1	0.1
Other current liabilities	(0.4)	(0.4)
Operating lease liabilities	(3.7)	(6.9)
Other noncurrent liabilities	(2.3)	—
Total net assets acquired	\$ 18.9	\$ 23.4

(a) Includes \$2.4 million of finance lease assets in property, plant and equipment and finance lease liabilities of \$0.1 million and \$2.3 million in current and noncurrent liabilities, respectively, for leases acquired during the six months ended March 31, 2023. No finance lease assets or liabilities were acquired during the six months ended March 31, 2022.

(b) Goodwill is generally expected to be deductible for income tax purposes and is primarily attributed to the operational synergies and potential growth expected to result in economic benefits in the respective markets of the acquisitions.

(c) Intangible assets acquired during the six months ended March 31, 2023 and 2022 have weighted average amortization periods of 9 and 5 years, respectively.

(d) Prior to the acquisition of former franchise service center stores, the Company licensed the right to operate franchised service centers, including the use of Valvoline's trademarks and trade name. In connection with these acquisitions, Valvoline reacquired those rights and recognized separate definite-lived reacquired franchise rights intangible assets, which are being amortized on a straight-line basis over the weighted average remaining term of approximately 10 years for the rights reacquired in fiscal 2023. The effective settlement of these arrangements resulted in no settlement gain or loss as the contractual terms were at market.

The fair values above are preliminary for up to one year from the date of acquisition as they may be subject to measurement period adjustments if new information is obtained about facts and circumstances that existed as of the

acquisition date. The Company does not currently expect any material changes to the preliminary purchase price allocations for acquisitions completed during the last twelve months.

NOTE 5 - DEBT

The following table summarizes Valvoline's total debt as of:

(In millions)	March 31 2023	September 30 2022
2031 Notes	\$ 535.0	\$ 535.0
2030 Notes	600.0	600.0
Term Loan	475.0	460.0
Revolver ^(a)	—	—
Trade Receivables Facility	—	105.0
Debt issuance costs and discounts	(12.8)	(12.4)
Total debt	1,597.2	1,687.6
Current portion of long-term debt	23.8	162.5
Long-term debt	\$ 1,573.4	\$ 1,525.1

(a) As of March 31, 2023, the total borrowing capacity remaining under the \$475.0 million revolving credit facility was \$471.2 million due to a reduction of \$3.8 million for letters of credit outstanding.

As of March 31, 2023, Valvoline was in compliance with all covenants under its long-term borrowings.

Senior Credit Agreement

Key terms and conditions

In December 2022, Valvoline amended the Senior Credit Agreement, which became effective March 1, 2023 commensurate with the sale of the Global Products business. The Senior Credit Agreement provides an aggregate principal amount of \$950.0 million in senior secured credit facilities comprised of (i) a five-year \$475.0 million term loan facility (the "Term Loan") and (ii) a five-year \$475.0 million revolving credit facility (the "Revolver"), including a \$100.0 million letter of credit sublimit.

The principal amount of the Term Loan under the Senior Credit Agreement is required to be repaid in quarterly installments of approximately \$5.9 million beginning with the first fiscal quarter after the sale of Global Products, with the remainder due at maturity and prepayment required in the amount of the net cash proceeds from certain events. Amounts outstanding under the Senior Credit Agreement may be prepaid at any time, and from time to time, in whole or part, without premium or penalty. At Valvoline's option, amounts outstanding under the Senior Credit Agreement will bear interest at either SOFR or an alternative base rate, in each case plus the applicable interest rate margin. The interest rate will fluctuate between SOFR plus 1.375% per year and SOFR plus 2.250% per year (or between the alternative base rate plus 0.375% per year and the alternative base rate plus 1.250% per year), based upon Valvoline's consolidated total net leverage ratio.

Proceeds from the Term Loan, in addition to a portion of the proceeds from the sale of the Global Products business, were used to pay in full the outstanding borrowings under the prior Credit Agreement, including the principal balance of the term loan facility of \$445.6 million and outstanding borrowings under the revolving credit facility of \$290.0 million, as well as accrued and unpaid interest and fees and expenses related to the amendment. The Company recognized \$0.9 million of expense within Net interest and other financing expenses in the Condensed Consolidated Statements of Comprehensive Income during the three and six months ended March 31, 2023 associated with the modification of the Credit Agreement, which included accelerated amortization of previously capitalized debt issuance costs.

Covenants and guarantees

The amended Senior Credit Agreement contains covenants and provisions that became effective March 1, 2023. These terms and conditions are generally consistent with the prior Credit Agreement, including the maintenance of financial covenants as of the end of each fiscal quarter and guarantees from certain of Valvoline's existing and future subsidiaries.

Trade Receivables Facility

In connection with the sale of Global Products on March 1, 2023, the Company repaid the Trade Receivables Facility of \$175.0 million and recognized a loss on extinguishment of \$1.0 million in Income from discontinued operations in the Condensed Consolidated Income Statements for the three and six months ended March 31, 2023.

NOTE 6 – INCOME TAXES

Income tax provisions for interim quarterly periods are based on an estimated annual effective income tax rate calculated separately from the effect of significant, infrequent or unusual discrete items related specifically to interim periods. The following summarizes income tax expense and the effective tax rate in each interim period:

(In millions)	Three months ended March 31		Six months ended March 31	
	2023	2022	2023	2022
Income tax expense (benefit)	\$ 11.4	\$ 9.3	\$ (8.7)	\$ 19.4
Effective tax rate percentage	25.7 %	28.8 %	(17.0)%	25.3 %

The increase in income tax expense for the three months ended March 31, 2023 was principally driven by higher pre-tax earnings, while the reduction in the effective tax rate for this period was primarily attributed to unfavorable impacts in the prior year from the suspended operations of a former Global Products business. The favorable income tax provision and effective tax rate in the six months ended March 31, 2023 were primarily attributed to release of valuation allowances due to the change in expectations regarding the utilization of certain legacy tax attributes as described further below.

Legacy tax attributes

In connection with amending the Tax Matters Agreement, management expects the Company is currently more likely than not to realize certain legacy tax attributes that were transferred from its former parent prior to Valvoline's initial public offering in late fiscal 2016. As a result, the Company recognized an income tax benefit of \$26.5 million during the six months ended March 31, 2023 in connection with releasing its valuation allowance. Additionally, Valvoline recognized \$24.4 million of expense within Net legacy and separation-related expenses in the Condensed Consolidated Statement of Comprehensive Income during the six months ended March 31, 2023 to reflect its increased estimated indemnity obligation due to its former parent company as a result of the terms of the amended Tax Matters Agreement.

Unrecognized tax benefits

In connection with the sale of Global Products, Valvoline established reserves of \$24.4 million for unrecognized tax benefits during the three and six months ended March 31, 2023. If realized, these unrecognized tax benefits would favorably impact the discontinued operations effective income tax rate.

NOTE 7 – EMPLOYEE BENEFIT PLANS

The following table summarizes the components of pension and other postretirement plan expense (income):

(In millions)	Pension benefits		Other postretirement benefits	
	2023	2022	2023	2022
Three months ended March 31				
Interest cost	\$ 20.6	\$ 10.8	\$ 0.4	\$ 0.2
Expected return on plan assets	(16.8)	(19.7)	—	—
Amortization of prior service credits	—	—	(0.6)	(0.5)
Net periodic benefit costs (income)	\$ 3.8	\$ (8.9)	\$ (0.2)	\$ (0.3)
Six months ended March 31				
Interest cost	\$ 41.2	\$ 21.6	\$ 0.8	\$ 0.4
Expected return on plan assets	(33.6)	(39.4)	—	—
Amortization of prior service credit	—	—	(1.1)	(1.1)
Net periodic benefit costs (income)	\$ 7.6	\$ (17.8)	\$ (0.3)	\$ (0.7)

NOTE 8 – LITIGATION, CLAIMS AND CONTINGENCIES

From time to time, Valvoline is party to lawsuits, claims and other legal proceedings that arise in the ordinary course of business. The Company establishes liabilities for the outcome of such matters where losses are determined to be probable and reasonably estimable. Where appropriate, the Company has recorded liabilities with respect to these matters, which were not material for the periods presented as reflected in the condensed consolidated financial statements herein. There are certain claims and legal proceedings pending where loss is not determined to be probable or reasonably estimable, and therefore, accruals have not been made. In addition, Valvoline discloses matters when management believes a material loss is at least reasonably possible.

In all instances, management has assessed each matter based on current information available and made a judgment concerning its potential outcome, giving due consideration to the amount and nature of the claim and the probability of success. The Company believes it has established adequate accruals for liabilities that are probable and reasonably estimable.

Although the ultimate resolution of these matters cannot be predicted with certainty and there can be no assurances that the actual amounts required to satisfy liabilities from these matters will not exceed the amounts reflected in the condensed consolidated financial statements, based on information available at this time, it is the opinion of management that such pending claims or proceedings will not have a material adverse effect on its condensed consolidated financial statements.

NOTE 9 - EARNINGS PER SHARE

The following table summarizes basic and diluted earnings per share:

(In millions, except per share amounts)	Three months ended March 31		Six months ended March 31	
	2023	2022	2023	2022
Numerator				
Income from continuing operations	\$ 32.9	\$ 23.0	\$ 59.9	\$ 57.2
Income from discontinued operations	1,194.4	58.4	1,249.3	111.2
Net income	\$ 1,227.3	\$ 81.4	\$ 1,309.2	\$ 168.4
Denominator				
Weighted average common shares outstanding	171.7	179.8	173.5	180.1
Effect of potentially dilutive securities ^(a)	1.0	1.2	1.0	1.4
Weighted average diluted shares outstanding	172.7	181.0	174.5	181.5
Basic earnings per share				
Continuing operations	\$ 0.19	\$ 0.13	\$ 0.35	\$ 0.32
Discontinued operations	6.96	0.32	7.20	0.61
Basic earnings per share	\$ 7.15	\$ 0.45	\$ 7.55	\$ 0.93
Diluted earnings per share				
Continuing operations	\$ 0.19	\$ 0.13	\$ 0.34	\$ 0.32
Discontinued operations	6.92	0.32	7.16	0.61
Diluted earnings per share	\$ 7.11	\$ 0.45	\$ 7.50	\$ 0.93

(a) There were 0.3 million and 0.2 million outstanding stock appreciation rights not included in the computation of diluted earnings per share in the three months ended March 31, 2023 and 2022, respectively, and 0.2 million and 0.1 million in the six months ended March 31, 2023 and 2022 because the effect would have been antidilutive.

NOTE 10 - SUPPLEMENTAL FINANCIAL INFORMATION

Cash, cash equivalents and restricted cash

The following provides a reconciliation of cash, cash equivalents and restricted cash reported within the Condensed Consolidated Statements of Cash Flows to the Condensed Consolidated Balance Sheets:

(In millions)	March 31 2023	September 30 2022	March 31 2022
Cash and cash equivalents - continuing operations	\$ 2,334.5	\$ 23.4	\$ 28.5
Cash and cash equivalents - discontinued operations ^(a)	—	59.0	89.7
Restricted cash - discontinued operations ^(a)	—	1.5	2.0
Total cash, cash equivalents and restricted cash	\$ 2,334.5	\$ 83.9	\$ 120.2

(a) In the periods prior to the close of the sale of Global Products, these balances were included in Current assets held for sale within the Condensed Consolidated Balance Sheets.

Accounts and other receivables

The following summarizes Valvoline's accounts and other receivables in the Condensed Consolidated Balance Sheets as of:

(In millions)	March 31 2023	September 30 2022
Current		
Trade	\$ 57.0	\$ 56.2
Other	7.6	14.5

Receivables, gross		64.6		70.7
Allowance for credit losses		(3.5)		(4.6)
Receivables, net	\$	61.1	\$	66.1

Non-current ^(a)

Notes receivable	\$	2.2	\$	2.1
Other		7.5		0.1
Noncurrent notes receivable, gross		9.7		2.2
Allowance for losses		(2.3)		(2.2)
Noncurrent notes receivable, net	\$	7.4	\$	—

(a) Included in Other noncurrent assets within the Condensed Consolidated Balance Sheets.

Revenue recognition

The following disaggregates the Company's net revenues by timing of revenue recognized:

(In millions)	Three months ended March 31		Six months ended March 31	
	2023	2022	2023	2022
Net revenues transferred at a point in time	\$ 327.9	\$ 281.8	\$ 645.1	\$ 555.5
Franchised revenues transferred over time	16.6	14.2	32.2	27.8
Net revenues	\$ 344.5	\$ 296.0	\$ 677.3	\$ 583.3

The following table summarizes net revenues by category:

(In millions)	Three months ended March 31		Six months ended March 31	
	2023	2022	2023	2022
Oil changes and related fees	\$ 254.9	\$ 213.7	\$ 502.1	\$ 425.2
Non-oil changes and related fees	72.9	59.2	142.7	117.5
Franchise fees and other ^(a)	16.7	23.1	32.5	40.6
Total	\$ 344.5	\$ 296.0	\$ 677.3	\$ 583.3

(a) Includes \$6.5 million, \$0.2 million, and \$10.2 million of net revenues associated with suspended operations for the three months ended March 31, 2022, and in the six months ended March 31, 2023 and 2022, respectively.

NOTE 11 – SUBSEQUENT EVENTS

Share repurchases

The Company repurchased 2.9 million of its shares for an aggregate amount of \$100.1 million from April 1, 2023 through May 5, 2023. These repurchases leave \$1.373 billion in authority remaining as of May 6, 2023 under the authorization announced on November 15, 2022 from the Valvoline Board of Directors (the “Board”) to repurchase up to to \$1.6 billion of common stock (the “2022 Share Repurchase Authorization”).

On May 10, 2023, Valvoline announced its intention to commence a modified “Dutch auction” tender offer for up to \$1.0 billion in value of shares of its common stock, subject to market conditions, at a specified price range that is yet to be determined. The tender offer would utilize a substantial portion of the remaining 2022 Share Repurchase Authorization.

FORWARD-LOOKING STATEMENTS

Certain statements in this Quarterly Report on Form 10-Q, 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. Other forward-looking statements used herein include statements about the expected tender offer, including the value of shares expected to be offered to purchase in the tender offer and whether the tender offer is actually commenced and consummated as planned or at all. 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. Factors that might cause such differences include, but are not limited to, those discussed under the headings "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Quantitative and Qualitative Disclosures about Market Risk" in this Quarterly Report on Form 10-Q and Valvoline's most recently filed Annual Report on Form 10-K. 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.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the Annual Report on Form 10-K for the fiscal year ended September 30, 2022, as well as the condensed consolidated financial statements and the accompanying Notes to Condensed Consolidated Financial Statements included in Item 1 of Part I in this Quarterly Report on Form 10-Q.

BUSINESS OVERVIEW AND PURPOSE

The quick, easy, and trusted name in preventive vehicle maintenance, Valvoline leads the industry with vehicle service innovations that simplify customer's lives and take the worry out of car care. With average customer ratings that demonstrate high levels of service satisfaction, Valvoline has built a new model for transparency in vehicle maintenance. From the signature 15-minute stay-in-your-car oil change to cabin air filters to battery replacements to tire rotations, the Company's model offers maintenance solutions for all types of vehicles. The Company operates and franchises nearly 1,800 service center locations through its Valvoline Instant Oil ChangeSM and Great Canadian Oil Change retail brands and helps independent operators growth their businesses through its nearly 300 Valvoline Express Care locations in North America.

Valvoline is focused on expanding its footprint and driving a best-in-class customer experience, while evolving its service offerings to capture growing opportunities in the market by growing non-oil change services, services for the future of mobility, and pursuing fleet service solutions to address medium and heavy-duty vehicles that require comprehensive maintenance needs.

BUSINESS STRATEGY

Continuing Valvoline's shift to services as a trusted leader in preventive automotive maintenance, the Company will continue growing through ongoing improvements in service to drive same-store sales and investments in network expansion, while continuing to develop capabilities for an evolving car parc. Valvoline's strategic initiatives include:

- Continuing to capture increased market share and drive non-oil change revenue growth in existing stores by building on Valvoline's strong foundation in technology and data, which enables the Company to be an industry leader in automobile aftermarket services and makes vehicle care easy for customers;
- Aggressively growing the retail footprint with company-operated store growth and an increased emphasis on franchisee unit growth;
- Developing capabilities to capture new customers through services expansion focused on fleet manager needs and needs of the evolving car parc; and
- Creating value for the Company's shareholders by positioning the continuing operations for long-term success following the completion of the sale of Global Products.

RECENT DEVELOPMENTS

Strategic separation

On March 1, 2023, Valvoline completed the sale of its former Global Products business to Aramco for a cash purchase price of \$2.65 billion, subject to certain customary adjustments as set forth in the Purchase Agreement. Refer to Note 2 of the Notes to Condensed Consolidated Financial Statements included in Item 1 of Part I in this Quarterly Report on Form 10-Q for further details regarding the Global Products business.

With the net proceeds of \$2.38 billion from the Transaction, Valvoline is focused on accelerating the return of capital to shareholders through share repurchases, reductions of debt, and investments in attractive retail service growth opportunities. In November 2022, the Company announced that the Board approved a \$1.6 billion authorization to repurchase its common stock, which the Company expects to fully utilize within the 18 months following the sale of Global Products. On May 10, 2023, Valvoline announced the intention to commence a modified "Dutch auction" tender offer for up to \$1.0 billion in value of shares of its common stock, subject to market conditions, at a specified price range that is yet to be determined. The tender offer would utilize a substantial portion of the remaining 2022 Share Repurchase Authorization. Additionally, Valvoline repaid the pre-existing Trade Receivables Facility and expects to redeem its 2030 Notes within 12 months of closing the Transaction, subject to market conditions.

COVID-19 update

Valvoline has substantially maintained its operations, demonstrating growth and strong results, while managing through the effects of the COVID-19 global pandemic. Valvoline's offices and locations have established protocols based on continuous monitoring of the circumstances and trend data surrounding the pandemic.

Management is unable to reasonably quantify the impact of COVID-19 on its current year results. The continually evolving COVID-19 pandemic remains uncertain and while the Company cannot predict the duration or scale of the pandemic, it will continue to monitor the ongoing impacts and its effects on business, results of operations, and liquidity. The Company will continue to implement and adjust its procedures and processes as needed. For more information, refer to Risk Factors included in Item 1A of Part I in Valvoline's Annual Report on Form 10-K for the fiscal year ended September 30, 2022.

SECOND FISCAL QUARTER 2023 OVERVIEW

The following were the significant events for the second fiscal quarter of 2023, each of which is discussed more fully in this Quarterly Report on Form 10-Q:

- Valvoline reached the final milestone on the path to becoming a pure-play, automotive services company with closing the sale of its former Global Products reportable segment, resulting in net proceeds of \$2.38 billion and the recognition of a pre-tax gain of \$1.6 billion.
- Valvoline's net revenues grew 16% over the prior year period driven by system-wide same-store sales ("SSS") growth of 13.5% and the addition of 120 net new stores to the system from the prior year.
- Net income from continuing operations grew 43% to \$32.9 million and diluted earnings per share increased 46% to \$0.19 in the three months ended March 31, 2023 compared to the prior year. This growth is attributable to strong gross profit expansion as well as lower net interest expense that included \$8.3 million of income earned from investing the net proceeds from the sale of Global Products. These benefits were moderated by higher pension and other postretirement plan non-service expense.
- Adjusted EBITDA increased 26% over the prior year period due to strong top-line growth driven by increased transactions and higher average ticket price from pricing actions and non-oil change service penetration. Additionally, benefits from improved cost efficiency were partially offset by growth investments in selling, general and administrative expenses.
- The Company returned \$170.0 million to its shareholders during the quarter through repurchases of 4.9 million shares of Valvoline common stock.

Use of Non-GAAP Measures

To aid in the understanding of Valvoline's ongoing business performance, certain items within this document are presented on an adjusted, non-GAAP basis. These non-GAAP measures have limitations as analytical tools and should not be considered in isolation from, or as an alternative to, or more meaningful than, the financial statements presented in accordance with U.S. GAAP. The financial results presented in accordance with U.S. GAAP and reconciliations of non-GAAP measures included within this Quarterly Report on Form 10-Q should be carefully evaluated.

The following are the non-GAAP measures management has included and how management defines them:

- **EBITDA** - net income/loss, plus income tax expense/benefit, net interest and other financing expenses, and depreciation and amortization;
- **Adjusted EBITDA** - EBITDA adjusted for the impacts 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," as further described below);
- **Free cash flow** - cash flows from operating activities less capital expenditures and certain other adjustments as applicable; and
- **Discretionary free cash flow** - cash flows from operating activities less maintenance capital expenditures and certain other adjustments as applicable.

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. The manner used to compute non-GAAP information used by management may differ from the methods used by other companies and may not be comparable. For a reconciliation of the most comparable U.S. GAAP measures to the non-GAAP measures, refer to the "Results of Operations" and "Financial Position, Liquidity and Capital Resources" sections below.

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. Adjusted EBITDA measures enable comparison of financial trends and results between periods where certain items may not be reflective of the Company's underlying and ongoing operations performance or vary independent of business performance.

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..

The non-GAAP measures used by management exclude 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.

Details with respect to the description and composition of key items recognized during the respective periods presented herein are set forth below in the "EBITDA and Adjusted EBITDA" section of "Results of Operations" that follows.

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 net revenues 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 Condensed Consolidated Statements of Comprehensive 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 operating performance.

RESULTS OF OPERATIONS

The following summarizes the results of the Company's continuing operations for the periods ended March 31:

(In millions)	Three months ended March 31				Six months ended March 31			
	2023		2022		2023		2022	
	Amount	% of Net revenues	Amount	% of Net revenues	Amount	% of Net revenues	Amount	% of Net revenues
Net revenues	\$ 344.5	100.0%	\$ 296.0	100.0%	\$ 677.3	100.0%	\$ 583.3	100.0%
Gross profit	\$ 126.7	36.8%	\$ 107.3	36.3%	\$ 245.5	36.2%	\$ 219.5	37.6%
Net operating expenses	\$ 65.5	19.0%	\$ 67.3	22.7%	\$ 155.0	22.9%	\$ 127.5	21.9%
Operating income	\$ 61.2	17.8%	\$ 40.0	13.5%	\$ 90.5	13.4%	\$ 92.0	15.8%
Income from continuing operations	\$ 32.9	9.6%	\$ 23.0	7.8%	\$ 59.9	8.8%	\$ 57.2	9.8%

	Three months ended March 31		Six months ended March 31	
	2023	2022	2022	2022
	System-wide store sales - in millions ^(a)	\$ 659.9	\$ 557.0	\$ 1,303.9
Year-over-year growth ^(a)	18.5 %	19.0 %	17.7 %	24.7 %
Same-store sales growth ^(b)				
Company-operated	14.2 %	10.0 %	13.5 %	15.7 %
Franchised ^(a)	12.9 %	15.5 %	12.0 %	20.9 %
System-wide ^(a)	13.5 %	13.1 %	12.7 %	18.6 %

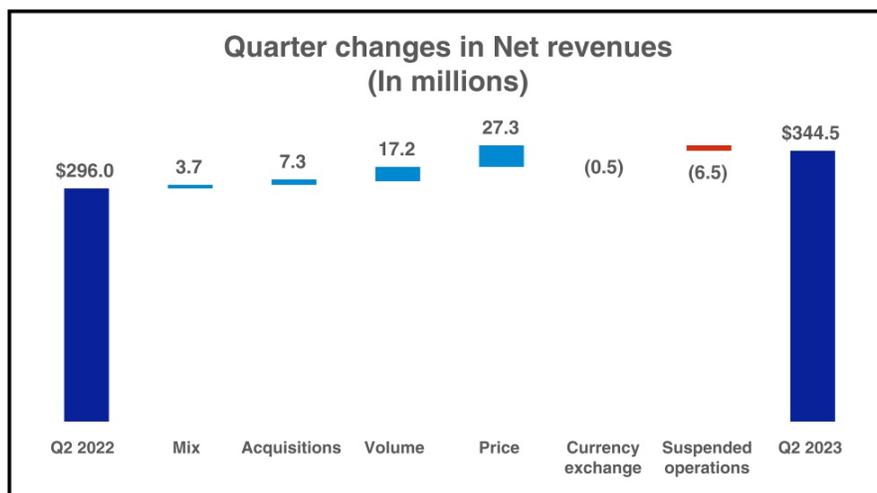
	Number of stores at end of period				
	Second Quarter 2023	First Quarter 2023	Fourth Quarter 2022	Third Quarter 2022	Second Quarter 2022
	Company-operated	832	813	790	772
Franchised ^(a)	949	933	925	918	904
Total system-wide stores ^(a)	1,781	1,746	1,715	1,690	1,661

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

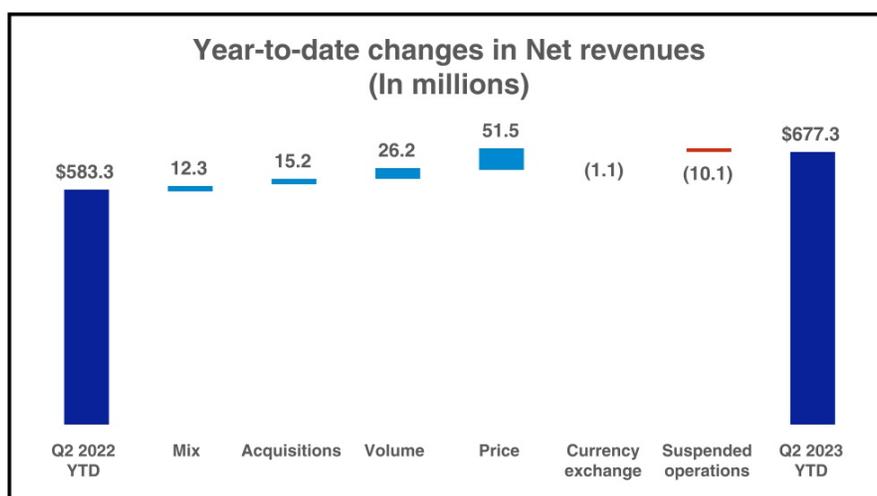
(b) Valvoline determines SSS growth as sales by U.S. stores, with new stores, including franchised conversions, excluded from the metric until the completion of their first full fiscal year in operation.

Net revenues

Net revenues increased \$48.5 million, or 16% for the three months ended March 31, 2023 compared to the prior year period. System-wide SSS grew 13.5% over the prior year primarily from increased ticket as a result of pricing actions, continued non-oil change service penetration, and growth in transactions. Net revenue growth also benefited from the addition of 120 net new stores over the prior year, and these increases were partially offset by net revenues from suspended operations of \$6.5 million that did not recur in the current year period. The following reconciles the year-over-year change in net revenues:

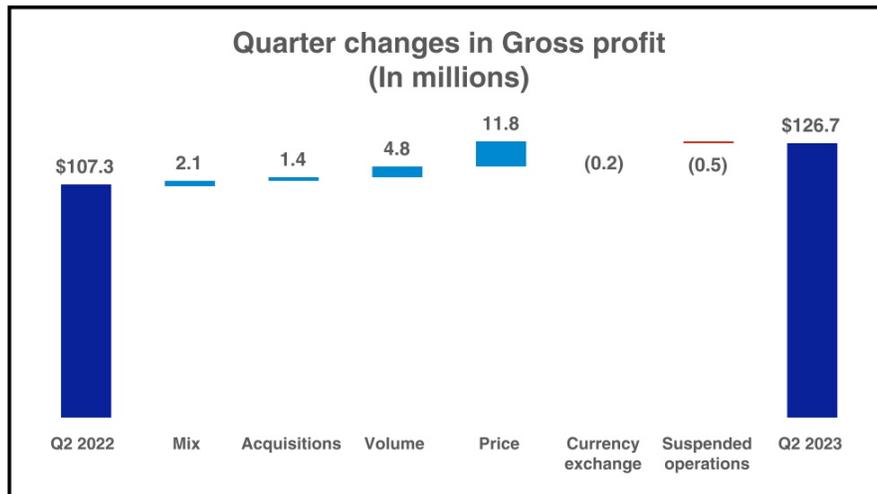


Net revenues increased \$94.0 million, or 16%, for the six months ended March 31, 2023 over the prior year period due to system-wide SSS growth and acquisitions. System-wide SSS grew 12.7% compared to the prior year largely from increased average ticket as a result of pricing actions taken over the last year, increased non-oil change services and premiumization, in addition to continued gains in vehicles serviced. Partially offsetting these increases were \$10.1 million of lower net revenues from operations suspended in the prior year of a former Global Products business that was not included in the sale. The following reconciles the year-over-year change in net revenues:



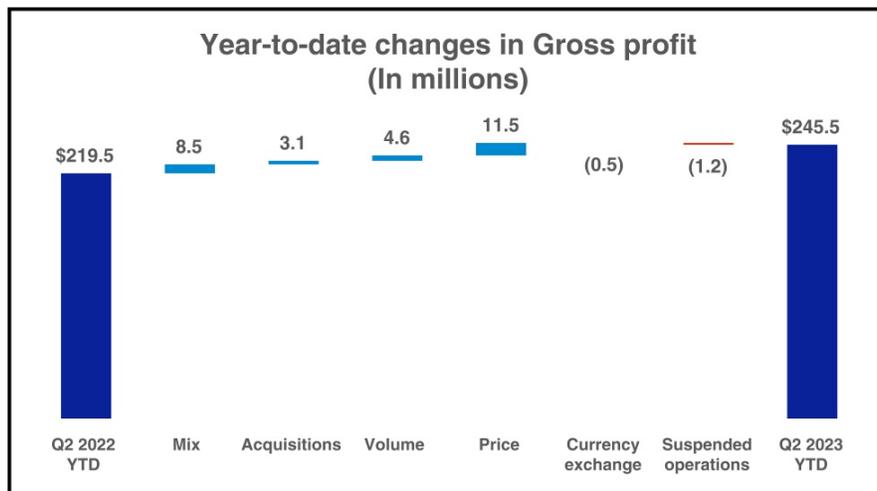
Gross profit

Gross profit increased \$19.4 million, or 18%, for the three months ended March 31, 2023 compared to the prior year period driven by increased transactions and higher average ticket from pricing actions and non-oil change services, as well as unit growth. The following reconciles the year-over-year change in gross profit:



The improvement in gross profit margin in the three months ended March 31, 2023 compared to the prior year period was primarily due to labor cost deleverage.

Gross profit improved \$26.0 million, or 12%, for the six months ended March 31, 2023 compared to the prior year period driven by increased average ticket from pricing actions as well as non-oil change services and premiumization. Additionally, higher transactions and unit growth from acquisitions provided benefits to gross profit. The following reconciles the year-over-year change in gross profit:



The decline in gross profit margin in the six months ended March 31, 2023 compared to the prior year period was primarily the result of the dilutive impact from passing through cost increases in company store operations pricing, in addition to increased labor and product expenses.

Net operating expenses

Details of the components of net operating expenses are summarized below for the periods ended March 31:

(In millions)	Three months ended March 31				Six months ended March 31			
	2023		2022		2023		2022	
	Amount	% of Net revenues	Amount	% of Net revenues	Amount	% of Net revenues	Amount	% of Net revenues
Selling, general and administrative expenses	\$ 62.6	18.2 %	\$ 63.2	21.3 %	\$ 128.6	19.0 %	\$ 123.4	21.2 %
Net legacy and separation-related expenses	3.8	1.1 %	6.2	2.1 %	29.2	4.3 %	9.0	1.5 %
Other income, net	(0.9)	(0.3)%	(2.1)	(0.7)%	(2.8)	(0.4)%	(4.9)	(0.8)%
Net operating expenses	\$ 65.5	19.0 %	\$ 67.3	22.7 %	\$ 155.0	22.9 %	\$ 127.5	21.9 %

Selling, general and administrative (“SG&A”) expenses decreased \$0.6 million and increased \$5.2 million in the three and six months ended March 31, 2023, respectively, compared to the prior year periods. SG&A investments combined to increase expense by \$4.7 million and \$11.9 million in the three and six months ended March 31, 2023, respectively, and were primarily within advertising, talent and process improvements to support future growth. In the three months ended March 31, 2023, these investments were more than offset by declines in prior year expenses that did not recur to the same extent, while partially offsetting investments in the six months ended March 31, 2023. These prior year expenses included costs of \$4.6 million, primarily expected credit losses, associated with suspended operations of the former Global Products business that was not included in the sale, in addition to \$1.2 million and \$1.9 million of lower costs in the three and six months ended March 31, 2023, respectively, associated with information technology investments and transitions. SG&A efficiency improved as expenses as a percentage of sales were lower compared to the prior year periods.

Net legacy and separation-related expenses decreased \$2.4 million in the three months ended March 31, 2023 compared to the prior year period as the prior year expenses were largely comprised of advisory and consulting fees related to evaluating and planning for the separation of the Company’s two former reportable segments, where the current period expense was generally limited to costs associated with the modification of certain performance-based unvested stock awards for the continuing operation as a result of the completion of the Transaction. Net legacy and separation-related expenses increased \$20.2 million in the six months ended March 31, 2023 compared to the prior year period primarily due to the increased indemnity obligation of \$24.4 million as a result of the amendment of the Tax Matters Agreement and the Company’s expected utilization of certain legacy tax attributes, which are payable to Valvoline’s former parent company.

Other income, net decreased \$1.2 million and \$2.1 million in the three and six months ended March 31, 2023, respectively, compared to the prior year periods. Decreases in the three and six months ended March 31, 2023 were primarily related to increased expense associated with an investment impairment of \$1.0 million. Additionally, an economic incentive realized in the prior year did not recur in the six months ended March 31, 2023.

Net pension and other postretirement plan expense (income)

Net pension and other postretirement plans had increased expense of \$12.8 million and \$25.8 million in the three and six months ended March 31, 2023, respectively, compared to the prior year periods. Higher interest costs more than offset recurring expected returns on plan assets which declined based on prior year asset returns and a lower risk asset mix.

Net interest and other financing expenses

Net interest and other financing expenses decreased \$3.6 million and \$1.9 million during the three and six months ended March 31, 2023, respectively, compared to the prior year periods. Higher outstanding borrowings in the first five months of the fiscal year were offset by increased interest income earned on the investment of net proceeds received from the sale of Global Products.

Income tax provision

The following table summarizes income tax provision and the effective tax rate:

(In millions)	Three months ended March 31		Six months ended March 31	
	2023	2022	2023	2022
Income tax expense (benefit)	\$ 11.4	\$ 9.3	\$ (8.7)	\$ 19.4
Effective tax rate percentage	25.7 %	28.8 %	(17.0)%	25.3 %

The increase in income tax expense for the three months ended March 31, 2023 was principally driven by higher pre-tax earnings, while the reduction in the effective tax rate for this period was primarily attributed to unfavorable impacts in the prior year from the suspended operations of a former Global Products business. The favorable income tax provision and effective tax rate in the six months ended March 31, 2023 were primarily attributed to release of valuation allowances due to the change in expectations regarding the utilization of certain legacy tax attributes as described further below. The Company expects an estimated effective tax rate of approximately 25.5% to 26.5% in fiscal 2023, exclusive of discrete activity.

Legacy tax attributes

In connection with amending the Tax Matters Agreement, management expects the Company is currently more likely than not to realize certain legacy tax attributes that were transferred from its former parent prior to Valvoline's initial public offering in late fiscal 2016. As a result, the Company recognized an income tax benefit of \$26.5 million during the six months ended March 31, 2023 in connection with releasing its valuation allowance. Additionally, Valvoline recognized \$24.4 million of expense within Net legacy and separation-related expenses in the Condensed Consolidated Statement of Comprehensive Income during the six months ended March 31, 2023 to reflect its increased estimated indemnity obligation due to its former parent company as a result of the terms of the amended Tax Matters Agreement. Payments of the indemnity obligation are currently expected to begin in future periods of fiscal 2023 as management amends its related income tax returns and begins reflecting utilization of these legacy tax attributes.

Income from discontinued operations

The following summarizes Income from discontinued operations for the period ended March 31:

(In millions)	Three months ended March 31		Six months ended March 31	
	2023	2022	2023	2022
Income from discontinued operations	\$ 1,194.4	\$ 58.4	\$ 1,249.3	\$ 111.2

Income from discontinued operations increased \$1.1 billion for both the three and six months ended March 31, 2023 compared to the prior year periods primarily due to the recognition of a gain on the sale of Global Products of \$1.15 billion after taxes and transaction expenses. Increased income as a result of the gain on sale was partially offset by higher costs related to the separation and divestiture of \$14.4 million and \$20.6 million in the three and six months ended March 31, 2023, respectively.

Continuing operations EBITDA and Adjusted EBITDA

The following table reconciles Income from continuing operations to EBITDA and Adjusted EBITDA:

(In millions)	Three months ended March 31		Six months ended March 31	
	2023	2022	2023	2022
Income from continuing operations	\$ 32.9	\$ 23.0	\$ 59.9	\$ 57.2
Income tax expense (benefit)	11.4	9.3	(8.7)	19.4
Net interest and other financing expenses	13.3	16.9	32.0	33.9
Depreciation and amortization	20.6	17.6	39.1	34.5
EBITDA from continuing operations ^(a)	78.2	66.8	122.3	145.0
Net pension and other postretirement plan expense (income) ^(b)	3.6	(9.2)	7.3	(18.5)
Net legacy and separation-related expenses ^(c)	3.8	6.2	29.2	9.0
Information technology transition costs ^(d)	0.4	1.6	0.7	2.6
Suspended operations ^(e)	0.1	4.0	(0.1)	3.7
Investment-related costs ^(f)	1.0	—	1.0	—
Adjusted EBITDA from continuing operations ^(a)	\$ 87.1	\$ 69.4	\$ 160.4	\$ 141.8

- (a) EBITDA from continuing operations is defined as income from continuing operations, plus Income tax expense (benefit), net interest and other financing expenses, and depreciation and amortization attributable to continuing operations. Adjusted EBITDA from continuing operations is EBITDA adjusted for key items attributable to continuing operations.
- (b) 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. Refer to Note 7 in the Notes to Condensed Consolidated Financial Statements in Item 1 of Part I in this Quarterly Report on Form 10-Q for further details.
- (c) 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 six months ended March 31, 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.
- (d) 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.
- (e) 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.
- (f) 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.

Adjusted EBITDA from continuing operations increased \$17.7 million for the three months ended March 31, 2023 and \$18.6 million for the six months ended March 31, 2023 compared to the prior year periods driven by robust revenue growth due to increased transactions and higher average ticket from pricing actions and non-oil change service penetration, as well as unit growth. Additionally, gross profit benefits from improved cost efficiency were partially offset by increased SG&A investments to support future growth.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Overview

The Company closely manages its liquidity and capital resources. Valvoline's liquidity requirements depend on key variables, including the level of investment needed to support business strategies, the performance of the business,

capital expenditures, borrowing arrangements, and working capital management. Capital expenditures, acquisitions, share repurchases, and dividend payments are components of the Company's cash flow and capital management strategy, which to a large extent, can be adjusted in response to economic and other changes in the business environment. The Company has a disciplined approach to capital allocation, which focuses on investing in key priorities that support Valvoline's business and growth strategies and returning capital to shareholders, while funding ongoing operations.

Continuing operations cash flows

Valvoline's continuing operations cash flows as reflected in the Condensed Consolidated Statements of Cash Flows are summarized as follows for the six months ended March 31:

(In millions)	2023		2022	
Cash provided (used by):				
Operating activities	\$	173.5	\$	46.8
Investing activities	\$	(96.3)	\$	(75.0)
Financing activities	\$	(279.4)	\$	(122.5)

Operating activities

The increase in cash flows provided by operating activities of \$126.7 million from the prior year was driven by higher cash earnings and favorable changes in net working capital, primarily the timing of establishing certain separation-related payables and accruals where payments are expected to be remitted and settled in future periods. These favorable changes were partially offset by increased interest and tax payments during the current year.

Investing activities

The increase in cash flows used in investing activities of \$21.3 million from the prior year was principally related to higher capital expenditures of \$21.7 million, driven by growth investments primarily related to new store construction, and lower repayments of franchisee loans receivable of \$4.5 million. The combination of these changes increased cash flows used in investing activities and were partially offset by lower current year acquisition spend of \$4.5 million.

Financing activities

The increase in cash flows used in financing activities of \$156.9 million from the prior year was primarily due to returning \$191.1 million more in cash to shareholders through increased share repurchases. This increased use of cash from prior year was partially offset by increased net proceeds from current year net borrowings of \$11.9 million, which were used for general corporate purposes and funding working capital needs, in addition to lower dividends paid of \$23.2 million.

Continuing operations free cash flow

The following sets forth free cash flow and discretionary free cash flow and reconciles cash flows from operating activities to both measures. These free cash flow measures have certain limitations, including that they do not reflect adjustments for certain non-discretionary cash flows, such as mandatory debt repayments. Refer to the "Use of Non-GAAP Measures" section included above in this Item 2 for additional information regarding these non-GAAP measures.

(In millions)	Six months ended March 31	
	2023	2022
Cash flows provided by operating activities	\$ 173.5	\$ 46.8
Less: Maintenance capital expenditures	(9.7)	(8.3)
Discretionary free cash flow	163.8	38.5
Less: Growth capital expenditures	(69.7)	(49.4)
Free cash flow	\$ 94.1	\$ (10.9)

The increase in free cash flow from continuing operations over the prior year was driven by higher cash flow provided by operating activities, partially offset by higher capital expenditures. Higher capital expenditures were primarily due to growth investments related to new store construction.

Discontinued operations cash flows

Valvoline has historically satisfied its short-term working capital and operational needs, in addition to indebtedness and other obligations, through the earnings, assets and cash flows generated by its consolidated operations. Following the Transaction, Valvoline will not be able to rely on the earnings, assets or cash flows that are attributable to the Global Products business. The cash flows of the discontinued operation are reflected in the Condensed Consolidated Statements of Cash Flows and are summarized below for the six months ended March 31:

(In millions)	2023	2022
Cash (used in) provided by:		
Operating activities	\$ (63.4)	\$ 49.0
Investing activities	\$ 2,623.2	\$ (9.2)
Financing activities	\$ (108.1)	\$ (1.0)

The decrease in operating cash flows provided by discontinued operations was largely due to the partial period of operational results in the current year prior to the sale of the Global Products business on March 1, 2023. Additionally, changes in net working capital during the pre-close period drove unfavorable operating cash flows primarily due to trade and other payables activity in the cost inflationary environment. The Company expects to remit payments relating to the current income taxes payable on the gain on sale of discontinued operations in the second half of fiscal 2023.

Cash flows provided by investing activities of discontinued operations were significantly higher in the current year period due to the cash consideration received, net of cash transferred to Global Products entities, at the close of the Transaction of \$2.6 billion.

The increase in cash flows used in financing activities of discontinued operations was primarily due to higher net repayments on borrowings during the current period, driven by the extinguishment of the \$175.0 million Trade Receivables Facility.

Debt

Inclusive of the interest rate swap agreements, approximately 92% of Valvoline's outstanding borrowings at March 31, 2023 had fixed interest rates, with the remainder bearing variable rates. As of March 31, 2023, Valvoline was in compliance with all covenants of its debt obligations and had borrowing capacity remaining of \$471.2 million under its Revolver.

In December 2022, Valvoline amended the Senior Credit Agreement, which became effective upon the sale of Global Products on March 1, 2023. The Senior Credit Agreement provides for an aggregate principal amount of \$950.0 million in senior secured credit facilities comprised of (i) a five-year \$475.0 million term loan facility (the "Term Loan") and (ii) a five-year \$475.0 million revolving credit facility (the "Revolver"), including a \$100.0 million letter of credit sublimit.

Refer to Note 5 of the Notes to Condensed Consolidated Financial Statements for additional details regarding the Company's debt instruments.

Dividend payments and share repurchases

During the six months ended March 31, 2023, the Company paid cash dividends of \$0.125 per common share for \$21.8 million and repurchased 7.8 million shares of its common stock for \$257.4 million. These repurchases utilized the \$130.4 million that remained in aggregate share repurchase authority as of September 30, 2022 under the May 17, 2021 Board authorization to repurchase up to \$300 million of common stock through September 30, 2024 (the "2021 Share Repurchase Authorization"), in addition to \$127.0 million from the 2022 Share Repurchase Authorization. As of March 31, 2023, \$1.473 billion remained available under the 2022 Share Repurchase Authorization.

From April 1, 2023 through May 5, 2023, the Company repurchased 2.9 million shares for an aggregate amount of \$100.1 million, leaving \$1.373 billion in aggregate share repurchase authority remaining under the 2022 Share Repurchase Authorization as of May 6, 2023.

The dividend and share repurchase authorization is part of a broader capital allocation framework to deliver value to shareholders by first driving growth in the business, organically and through acquisitions and franchise development, and then returning excess cash to shareholders through dividends and share repurchases. As focus further shifts to the growth of Valvoline in connection with the sale of Global Products, the Company discontinued its dividend after the first quarter of fiscal 2023 and will continue to return value to shareholders through share repurchases.

The Company anticipates repurchasing shares of its common stock up to the full amount of its remaining share repurchase authorization within the 18 months following the sale of Global Products. On May 10, 2023, Valvoline announced its intention to commence a modified "Dutch auction" tender offer for up to \$1.0 billion in value of shares of its common stock, subject to market conditions, at a specified price range that is yet to be determined. The tender offer would utilize a substantial portion of the remaining 2022 Share Repurchase Authorization.

Summary

Valvoline's continuing operations had cash and cash equivalents of \$2.3 billion, total debt of \$1.6 billion, and total remaining borrowing capacity of \$471.2 million as of March 31, 2023. Valvoline's ability to continue to generate positive cash flows from operations is dependent on general economic conditions, the competitive environment in the industry, and is subject to the business and other risk factors described in Item 1A of Part I of the Annual Report on Form 10-K for the fiscal year ended September 30, 2022.

Management believes that the Company has sufficient liquidity based on its current cash and cash equivalents position, cash generated from business operations, and existing financing to meet its required pension and other postretirement plan contributions, debt servicing obligations, tax-related and other material cash and operating requirements for the next twelve months.

NEW ACCOUNTING PRONOUNCEMENTS

For a discussion and analysis of recently issued accounting pronouncements and the impacts on Valvoline, refer to Note 1 in the Notes to Condensed Consolidated Financial Statements in Item 1 of Part I of this Quarterly Report on Form 10-Q.

CRITICAL ACCOUNTING ESTIMATES

The Company's critical accounting estimates are described in Item 7 of Part II in Valvoline's Annual Report on Form 10-K for the fiscal year ended September 30, 2022. Management reassessed the critical accounting estimates as disclosed in the Annual Report on Form 10-K, and except as disclosed below, determined there were no changes in the six months ended March 31, 2023.

Customer incentives

Valvoline records revenue for the amount that reflects the consideration the Company is expected to be entitled to based on when control of the promised good or service is transferred to the customer. The nature of Valvoline's contracts with customers can give rise to variable consideration that decreases the transaction price and consists primarily of promotional rebates and customer pricing discounts based on achieving certain levels of purchasing activity. The costs and related reserves associated with these programs were predominantly attributed to the Global Products business. Due to the sale of Global Products on March 1, 2023, Valvoline no longer considers these customer incentive programs to be a critical accounting estimate to its remaining business.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's market risks are discussed in Item 7A of Part II in Valvoline's Annual Report on Form 10-K for the fiscal year ended September 30, 2022. Management reassessed the quantitative and qualitative market risk disclosures as described in the Annual Report on Form 10-K and determined there were no material changes to market risks in the six months ended March 31, 2023.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Valvoline's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), with the assistance of management, have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act")), as of the end of the period covered by this Quarterly Report on Form 10-Q (the "Evaluation Date"), and based upon such evaluation, have concluded that as of the Evaluation Date, the Company's disclosure controls and procedures were effective. These controls are designed to ensure that information required to be disclosed in the reports that are filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that such information is accumulated and communicated to Valvoline's management, including the CEO and CFO, to allow timely decisions regarding required disclosure.

Changes in Internal Control

Following the completion of the Transaction, Valvoline and Global Products began providing each other information technology and support services under the terms of a transition services agreement. Management has established controls to mitigate risks related to unauthorized access to Company data and to establish oversight of transition services received.

There were no other significant changes in Valvoline's internal control over financial reporting that occurred during the fiscal quarter ended March 31, 2023 that materially affected, or are reasonably likely to materially affect, Valvoline's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, Valvoline is party to lawsuits, claims and other legal proceedings that arise in the ordinary course of business. For a description of Valvoline's legal proceedings, refer to Note 8 of the Notes to Condensed Consolidated Financial Statements included in Item 1 of Part I of this Quarterly Report on Form 10-Q.

ITEM 1A. RISK FACTORS

Information about the Company's risk factors is contained in Item 1A of Part I in Valvoline's Annual Report on Form 10-K for the fiscal year ended September 30, 2022. Except for the addition of the risk factor set forth below, there have been no material changes to the Company's risk factors previously disclosed.

Adverse developments and instability in financial institutions and markets may adversely impact Valvoline's business and financial condition.

The global macroeconomic environment could be negatively affected by, among other things, disruptions to the banking system and financial market volatility resulting from recent bank failures and actions to reduce inflation. The Company utilizes and typically maintains material balances of cash and cash equivalents and is therefore reliant on banks and financial institutions to safeguard and allow ready access to these assets. Specifically, as a result of the receipt of net proceeds in connection with the sale of Global Products, the Company has in excess of \$2.3 billion in cash and cash equivalents as of March 31, 2023 held by various financial institutions, the majority of which is held in U.S. government money market funds.

The failure of a bank, or other adverse conditions in the financial markets, impacting the institutions or counterparties with which the Company, or its customers or vendors, maintain deposits or financing activities, could impact Valvoline's timely access to liquid assets or its financial performance. There are no assurances or guarantees that deposits greater than the Federal Deposit Insurance Corporation limits will be protected by the U.S. government or that any bank, government or financial institution will be able to obtain the needed liquidity in the event of a failure or similar crisis. If financial institutions are unable to provide timely access to deposits and funds, the Company may be required to seek additional financing. As a result of uncertainty in the broader financial markets, there may be additional impacts to Valvoline's business that cannot be predicted at this time.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The Company repurchased 4.9 million shares of its common stock during the three months ended March 31, 2023, utilizing the \$43.0 million remaining under the 2021 Share Repurchase Authorization and \$127.0 million under the 2022 Share Repurchase Authorization.

Repurchases of the Company's common stock during the three months ended March 31, 2023 were:

Monthly period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Dollar value of shares that may yet be purchased under the plans or programs (in millions)
January 1, 2023 - January 31, 2023	1,582,367	\$ 34.69	1,582,367	\$ 1,588.1
February 1, 2023 - February 28, 2023	1,475,385	\$ 35.26	1,475,385	\$ 1,536.0
March 1, 2023 - March 31, 2023	1,828,929	\$ 34.46	1,828,929	\$ 1,473.0
Total	<u>4,886,681</u>	\$ 34.78	<u>4,886,681</u>	

ITEM 6. EXHIBITS

- 31.1* [Certification of Samuel J. Mitchell, Jr., Chief Executive Officer of Valvoline, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2* [Certification of Mary E. Meixelsperger, Chief Financial Officer of Valvoline, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32** [Certification of Samuel J. Mitchell, Jr., Chief Executive Officer of Valvoline, and Mary E. Meixelsperger, Chief Financial Officer of Valvoline, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 10.1* [Supply Agreement by and between VGP Holdings LLC, Valvoline Inc. and Valvoline LLC, effective as of March 1, 2023](#)
- 10.2* [Trademark Co-Existence Agreement by and between, on the one hand, Valvoline LLC, Valvoline Licensing and Intellectual Property LLC, and Valvoline Inc. and, on the other hand, VGP Holdings LLC and VGP ICo LLC, dated as of March 1, 2023](#)
- 101.INS XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
- 101.SCH XBRL Taxonomy Extension Schema Document.
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document.
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document.
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.
- 104 Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

* Filed herewith.

** Furnished herewith.

TM Trademark, Valvoline or its subsidiaries, registered in various countries.

SM Service mark, Valvoline or its subsidiaries, registered in various countries.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VALVOLINE INC.
(Registrant)

May 10, 2023

By: /s/ Mary E. Meixelsperger
Mary E. Meixelsperger
Chief Financial Officer

SUPPLY AGREEMENT

THIS SUPPLY AGREEMENT (this “Agreement”) is made and entered into and effective as of March 1, 2023 (the “Effective Date”), by and between VGP Holdings LLC (“SUPPLIER”), Valvoline Inc. and Valvoline LLC (“VRS” and, together with Valvoline Inc., the “CUSTOMER”). SUPPLIER and CUSTOMER are each referred to herein as a “Party”, and together as “Parties”.

WHEREAS, SUPPLIER manufactures, markets and sells various lubricant products, chemicals and automotive products globally; and

WHEREAS, CUSTOMER owns and operates quick oil change facilities and automotive service centers in the Territory and is also a franchisor of such facilities and centers.

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants contained herein, and other valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereto agree as follows:

1. DEFINITIONS.

“Affiliate” of a party means any other party or person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such party. For the purposes of this definition, the term “control” (including “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a party, whether through the ownership of voting securities, by contract, or otherwise, or ownership, beneficially or of record, of more than fifty percent (50%) of the voting securities of a party. Notwithstanding the foregoing, in no event shall Affiliates include (i) a controlling party that is a sovereign state or a political subdivision or governmental entity of a sovereign state or (ii) any party that would be an Affiliate only due to being under the common control of a sovereign state or political subdivision or governmental entity of a sovereign state. Saudi Arabian Oil Company, a joint stock company established under the laws of the Kingdom of Saudi Arabia, and its direct and indirect controlled subsidiaries (other than SUPPLIER and its direct and indirect controlled subsidiaries), shall not be deemed to be Affiliates of SUPPLIER except (x) solely with respect to Section 31(b)(i) and (y) otherwise with respect to this Agreement solely to the extent this Agreement has been assigned or transferred by SUPPLIER pursuant to Section 31(b)(i) to an entity that is not SUPPLIER or its direct or indirect controlled subsidiaries.

“Alternative Supplier” means a supplier of products other than SUPPLIER.

“Confidential Information” of a Party means all information regarding such Party’s business.

“Core Products” means automotive (including electric vehicles) Lubricant Products, coolants, antifreeze and Valvoline Professional Series chemical products and other service chemicals, in each case, produced or sold by or on behalf of SUPPLIER under any “Valvoline” or “V” trademark, as set forth in Exhibit A.

“Customer Licensee Locations” means all quick lube or oil change locations in the Territory licensed or franchised by CUSTOMER or its Affiliates to licensees or franchisees under the Valvoline Instant Oil Change trademark, Valvoline Express Care trademark, Valvoline Great Canadian Oil Change trademark or any other “Valvoline” or “V” trademark, which shall include all VIOC Locations, Express Care Locations and Great Canadian Licensee Locations.

“Customer Locations” means, collectively, all Customer-Owned Locations and Customer Licensee Locations.

“Customer-Owned Locations” means all quick lube or oil change locations in the Territory owned or operated by CUSTOMER or its Affiliates under the Valvoline Instant Oil Change trademark, Valvoline Express Care trademark, Valvoline Great Canadian Oil Change trademark or any other “Valvoline” or “V” trademark.

“Express Care Locations” means all quick lube or oil change locations in the Territory licensed or franchised by CUSTOMER or its Affiliates to licensees or franchisees under the Valvoline Express Care trademark.

“Great Canadian Licensee Locations” means all quick lube or oil change locations in the Territory licensed or franchised by CUSTOMER or its Affiliates to licensees or franchisees under the Valvoline Great Canadian Oil Change trademark.

“Inflation Adjustment” means an annual increase in the amount of [***] per annum, as calculated as [***]ⁿ, where n is equal to the number of full years after the Effective Date.

“Lubricant Products” means motor oils, transmission fluid, gear oils, grease and any other lubricant product used for automotive (including electric vehicles) retail services purposes, in each case, produced or sold by or on behalf of SUPPLIER under any “Valvoline” or “V” trademark.

“Non-Lubricant Products” means all Products that are not Lubricant Products.

“Other Products” means the products that are not Core Products and that are produced or sold by or on behalf of SUPPLIER under any “Valvoline” or “V” trademark, and that are (i) produced or sold as of the Effective Date or (ii) planned by SUPPLIER to be produced or sold within two years after the Effective Date, as set forth on **Exhibit A**.

“Products” means the Core Products and the Other Products.

“Retail Services” means all retail services, including transportation-related retail services, conducted (i) on a business to consumer basis, or (ii) solely with respect to vehicle maintenance or care on all modes of ground transportation, on a business to business basis, in each case, either directly or through a franchisee, licensee, or business partner, whether previously, now, or hereafter rendered, and all marketing, promotion, and advertising thereof.

“ROFR Products” means all products that are not Products.

“Service Levels” has the meaning given to it in Section 1(b) of **Exhibit B**.

“SOFR” means the secured overnight financing rate as administered by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate), as set forth at <https://www.newyorkfed.org/markets/reference-rates/sofr> or any successor source for the secured overnight financing rate identified as such by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate) from time to time.

“Supplier Costs” means, with respect to each Product, the actual costs calculated in accordance with the provisions of **Exhibit E**.

“Taxing Authority” means any federal, state, local or foreign government, or any court or other judicial or arbitral body of competent jurisdiction, administrative agency, commission or other governmental or quasi-governmental authority or instrumentality, domestic or foreign, or any political or other subdivision or branch of any of the foregoing, in each case, exercising tax regulatory authority.

“Territory” means the United States of America and Canada, and their respective possessions and territories.

“Total Volumes” of a Product means, (i) with respect to a Lubricant Product, collectively, Initial Volumes of such Product and Incremental Volumes of such Product, and (ii) with respect to a Non-Lubricant Product, the total volumes of such Product sold under this Agreement.

“Trademark Co-Existence Agreement” means that Trademark Co-Existence Agreement, dated as of the date hereof, among the Parties and certain of their Affiliates.

“VIOC Locations” means all quick lube or oil change locations in the Territory licensed or franchised by CUSTOMER or its Affiliates to licensees or franchisees under the Valvoline Instant Oil Change trademark or any other “Valvoline” or “V” trademark (other than the Great Canadian Oil Change trademark or the Valvoline Express Care trademark).

2. SUPPLY AND PURCHASE COMMITMENTS.

- a. During the Term, SUPPLIER shall sell and deliver, and CUSTOMER shall purchase, pay for, take delivery of and provide safe access for the delivery from SUPPLIER (or

its authorized distributor) at the Customer Locations (other than any Burdensome Customer Location) of, the Products, in accordance with the terms of this Agreement.

- b. CUSTOMER shall, and shall cause each Customer Location (other than each Burdensome Customer Location) to, purchase from SUPPLIER a percentage of such party's requirements for the Products (or products that compete with the Products) that is equal to or greater than the applicable minimum percentage as set out in **Exhibit A** (the "Minimum Percentages");
- c. CUSTOMER shall use commercially reasonable efforts to purchase, and to cause each Customer Location (other than each Burdensome Customer Location) to purchase, [***]% of such party's requirements for the Products (or products that compete with the Products) to the extent the Minimum Percentage with respect to any Product is less than [***]%;
- d. SUPPLIER shall have the right of first refusal, but not the obligation, to supply up to [***]% of CUSTOMER's requirements for Customer-Owned Locations and Great Canadian Licensee Locations (in each case, other than any Burdensome Customer Location) for any ROFR Products, and CUSTOMER shall have the obligation to purchase any such ROFR Products from SUPPLIER. CUSTOMER shall give SUPPLIER commercially reasonable advance written notice of its intent to purchase any such ROFR Products, and to the extent that SUPPLIER elects (in its sole discretion) to exercise such right of first refusal it shall give commercially reasonable advance written notice thereof to CUSTOMER. In the event that SUPPLIER exercises its right of first refusal with respect to any ROFR Product, the Parties agree to discuss in good faith the potential amendment of this Agreement (including **Exhibit A** hereof) to reflect the addition hereto of supply and purchase commitments and pricing arrangements with respect to such product, with the intent of continuing to provide for the exclusive supply of Products on market terms by SUPPLIER to CUSTOMER hereunder. In the event that the Parties cannot reach mutual agreement after [***] of such discussion, CUSTOMER shall be permitted to purchase such ROFR Product from an Alternative Supplier; provided that, the Parties shall use commercially reasonable efforts to minimize the term of any supply agreement entered into with an Alternative Supplier with respect to such ROFR Product; provided that such minimization does not result in or contribute to higher pricing or the incurrence of additional costs by CUSTOMER or otherwise adversely affect the terms of such supply agreement that can be obtained by CUSTOMER. CUSTOMER shall use commercially reasonable efforts to encourage Customer Locations (other than each Burdensome Customer Location) to purchase up to [***]% of such Customer Location's requirements for ROFR Products from SUPPLIER.
- e. CUSTOMER shall only use the products sold under this Agreement (i) for a Retail Services purpose, and (ii) for consumption by retail consumers in the process of CUSTOMER delivering Retail Services. CUSTOMER shall not, and shall cause each Customer Location not to, advertise, promote, or in any other way market products that compete with the Products.
- f. On or prior to October 15 of each calendar year, CUSTOMER shall provide to SUPPLIER a detailed report that sets out the types and quantities of the Products, and any other products that compete with the Products, that have been ordered and/or sold by the Customer Locations during the previous calendar year, broken down by type of Customer Location and Product type ("Annual Sales Report") for the purpose of SUPPLIER verifying CUSTOMER'S performance of its obligations pursuant to this Agreement (including Section 2(a) through 2(e)) during the previous calendar year. Each Annual Sales Report also shall set out, for each type of Product set forth on **Exhibit A**, the aggregate quantities of such type of Product sold by each type of Customer Location set forth on **Exhibit A**, as a percentage of such type of Customer Locations' aggregate sales of such type of Product and products that compete with such type of Product. With respect to each Annual Sales Report, SUPPLIER has the right to, or the right to have a third-party auditor, review the data and other underlying information (including through the inspection of any relevant Customer Location) that is the basis of such Annual Sales Report, to verify the accuracy of such Annual Sales Report and CUSTOMER'S performance of its obligations hereunder. Such audit shall be at SUPPLIER's sole cost and expense; provided, however, that if

such audit reveals CUSTOMER's non-compliance with this Section 2(f) or any material inaccuracy, error or omission in the Annual Sales Report, such audit shall be at CUSTOMER's sole cost and expense.

- g. SUPPLIER shall, in the Territory, (i) prohibit each of the [***] CUSTOMER's competitors set forth on **Exhibit I** (the "Restricted Customers") from featuring, displaying or advertising any product branded with any "Valvoline" or "V" trademark (a "Valvoline-Branded" product) more prominently than competing products of Alternative Suppliers offered by such Restricted Customer and (ii) prohibit each Restricted Customer from including mention of Valvoline-Branded products on exterior signage fixed on any building. If SUPPLIER is an exclusive supplier to a Restricted Customer, SUPPLIER shall not be permitted to supply any Valvoline-Branded product to such Restricted Customer and shall prohibit such Restricted Customer from advertising or marketing any product as a Valvoline-Branded product; provided, however, that the foregoing shall in no way limit or restrict SUPPLIER from supplying white label products or products that are not Valvoline-Branded products to such Restricted Customer (or any other party).

3. PLANNING REQUIREMENTS.

- a. On or prior to September 1 of each calendar year, the Parties shall agree on a good faith non-binding orders forecast that sets out, for planning purposes only, the types and quantities of Products to be ordered by CUSTOMER (broken down by Customer Location, stock keeping unit number ("SKU") and quantity per SKU) in the following calendar year.
- b. On or prior to the eighth (8th) day of each month, the Parties shall agree on an orders forecast that sets out the types and quantities of Products to be ordered by CUSTOMER (broken down by Customer Location, SKU and quantity per SKU) in the following three (3) calendar months (on a rolling basis) ("3-Month Orders Forecast"). In each 3-Month Orders Forecast:
 - i. the forecast for the immediately following calendar month shall constitute a binding commitment by CUSTOMER to submit all orders that, in the aggregate, will be equal to or exceed the quantities of Products forecasted for such month (the "Monthly Binding Quantities") and to take delivery of such quantities at the designated Customer Locations; and
 - ii. the forecast for each of the subsequent two (2) calendar months shall provide a good faith non-binding orders forecast for such month,

provided that, without prejudice to Section 4, any new Customer Location added to **Exhibit K** in accordance with this Agreement shall not be included in any 3-Month Orders Forecast until 30 days after such addition of the Customer Location, unless expressly agreed otherwise by the Parties; provided further that, at least 30 days prior to the addition of any new Customer Location to **Exhibit K** in accordance with this Agreement, CUSTOMER shall provide to SUPPLIER a non-binding orders forecast that sets out, for planning purposes only, the types and quantities of Products to be ordered by CUSTOMER for such new Customer Location (broken down by SKU and quantity per SKU) in the following three (3) calendar months, estimated based on the information available to CUSTOMER at such time.

- c. In the event that the aggregate quantities of any Product ordered by CUSTOMER in any month are in excess of [***]% greater or less than the Monthly Binding Quantities of such Product for such month, the Parties shall discuss in good faith such variance and the potential causes and resolutions thereof for the purpose of avoiding such variance in the future.
- d. Notwithstanding anything to the contrary in this Agreement, or CUSTOMER's submission of the relevant orders to SUPPLIER in accordance with Section 7, SUPPLIER shall use commercially reasonable efforts, but shall have no obligation, to supply CUSTOMER with any quantities of Products that are ordered by CUSTOMER and are in excess of [***]% of the Monthly Binding Quantities of such Products for such month.

4. CUSTOMER LOCATIONS.

- a. CUSTOMER shall ensure that, at all times during the Term, **Exhibit K** attached hereto contains an accurate and complete list of all Customer Locations and identifies each Customer-Owned Location, each VIOC Location, each Express Care Location and each Great Canadian Licensee Location.
- b. A location may be added as a Customer Location to **Exhibit K**, solely in accordance with Section 4(c) or Section 4(d). If SUPPLIER reasonably determines in its sole discretion that supplying any new Customer Location will pose a commercially unreasonable burden on SUPPLIER (in relation to logistics, the cost thereof or otherwise), the Parties agree to work together to resolve such difficulties in good faith in a manner acceptable to both Parties, and if such resolution cannot be mutually agreed within [***] of such discussions, and SUPPLIER is unwilling or unable to supply the required Products in a timely manner, CUSTOMER shall be permitted to purchase its requirements for such Customer Location, which cannot be met by SUPPLIER, from an Alternative Supplier, and SUPPLIER shall have no obligation under this Agreement (in relation to supply or otherwise) with respect to such Product requirements at such Customer Location (such Customer Location, a "Burdensome Customer Location"); provided that, in the event that CUSTOMER does purchase packaged products from an Alternative Supplier for a Burdensome Customer Location, CUSTOMER shall use commercially reasonable efforts to purchase packaged products under a "Valvoline" or "V" trademark. To the extent that SUPPLIER subsequently indicates, in written notice to CUSTOMER, that it is ready, willing and able to commence supplying Products to such Customer Location, (i) upon the expiration or termination of all supply agreements in effect at such time that require such Burdensome Customer Location to purchase products that compete with the Products from an Alternative Supplier, such Customer Location shall cease to be a Burdensome Customer Location and (ii) CUSTOMER agrees to exercise as promptly as practicable any termination right available to CUSTOMER under any such supply agreement if CUSTOMER is able to terminate such agreement without incurring any monetary penalty or damages as a result of the termination. The Parties shall use commercially reasonable efforts to minimize the time that any Customer Location remains a Burdensome Customer Location.
- c. On or prior to October 1 of each calendar year, CUSTOMER shall propose to SUPPLIER a schedule (the "Customer Locations Schedule") that sets out any proposed Customer Location that CUSTOMER intends to add to **Exhibit K** in the following calendar year, the date intended for such addition and CUSTOMER's best estimated requirements for Products (or other products) and service level requirements for each such proposed Customer Location; provided, that in no event shall any such Customer Locations Schedule propose the addition of any new Customer Location on a date that is less than ninety (90) days following the date of delivery of such Customer Locations Schedule. The Parties shall discuss CUSTOMER's proposed Customer Locations Schedule in good faith and use commercially reasonable efforts to agree on a mutually acceptable plan with respect to the addition of such proposed Customer Locations to **Exhibit K** of this Agreement within thirty (30) days after SUPPLIER's receipt of the Customer Locations Schedule. On or prior to each subsequent January 1, April 1, July 1, and October 1, CUSTOMER shall provide SUPPLIER an updated proposed Customer Locations Schedule (each, a "Locations Schedule Update"), that provides (i) an update on the progress with respect to the addition of the proposed new Customer Locations identified in the initial Customer Locations Schedule, including updates regarding the proposed date that CUSTOMER intends to add each such proposed Customer Location as a Customer Location and CUSTOMER's best estimate of requirements for Products (or other products) and service level requirements with respect to each such Customer Location and (ii) any proposed changes to the list of proposed Customer Locations identified in the initial Customer Locations Schedule, together with any proposed dates that CUSTOMER intends to add a new proposed Customer Location as a Customer Location (which shall not, in any event, be less than ninety (90) days following the date of such Locations Schedule Update) and CUSTOMER's best estimate of requirements for Products (or other products) and service level requirements with respect to each such new Customer Location. Any location that is

included in the Customer Locations Schedule or Locations Schedule Update and added as a Customer Location in accordance with the plan set out in such Customer Locations Schedule or Locations Schedule Update shall be added to **Exhibit K** on the applicable date set forth in the most recent Customer Locations Schedule or Locations Schedule Update prior to such date. If CUSTOMER becomes aware of any proposed Customer Location that is at such time intended to be added as a Customer Location in less than ninety (90) days (including pursuant to Section 4(d)) and is not set forth on the most recently updated Customer Locations Schedule or Locations Schedule Update, or for which the estimated requirements for Products (or other products) or service level requirements set forth on the most recently updated Customer Locations Schedule or Locations Schedule Update have materially changed as compared to the estimated requirements set forth on the most recently updated Customer Locations Schedule or Locations Schedule Update, CUSTOMER shall promptly provide written notice thereof to SUPPLIER, and the Parties agree to discuss in good faith a new date for adding such location to **Exhibit K** as a Customer Location (provided that, SUPPLIER shall have no obligation under this Agreement (in relation to supply or otherwise) with respect to any such location, until such agreed new date). CUSTOMER shall promptly provide written notice to SUPPLIER if CUSTOMER reasonably determines that any location that is included in the Customer Locations Schedule or Locations Schedule Update will not be added to **Exhibit K** as a Customer Location in accordance with the Customer Locations Schedule.

- d. If CUSTOMER plans to acquire any business or locations during the Term, or to onboard any new Customer Licensee Location by entering into license or franchise arrangements under the Valvoline Instant Oil Change trademark, Valvoline Express Care trademark, Valvoline Great Canadian Oil Change trademark or any other “Valvoline” or “V” trademark with respect to a location that was not previously a Customer Location, CUSTOMER’s plans with respect to any such acquisition or onboarding shall be included in the Customer Locations Schedule and Locations Schedule Update. Subject to the terms of Sections 3, 4(b) and 4(c), upon the completion of any such proposed acquisition or onboarding, the related Customer Locations shall be added to **Exhibit K** as a Customer Location with respect to each Product to be supplied to such Customer Location (on a rolling basis with respect to each relevant Product if applicable under this Section 4(d)) upon the expiration or termination of all supply agreements that require such business and/or location to purchase products that compete with the Products, and CUSTOMER agrees to (or in the case of an onboarded Customer Licensee Location, agrees to use commercially reasonable efforts to cause such Customer Licensee Location to) exercise as promptly as practicable any termination right available to CUSTOMER or such Customer Licensee Location, as applicable, under any such supply agreement if CUSTOMER or such Customer Licensee Location, as applicable, is able to terminate such agreement without incurring any monetary penalty or damages (or an increase in the price for other products supplied under such supply agreement to the extent such supply agreement remains in effect with respect to other products) as a result of the termination. CUSTOMER shall not (or in the case of an onboarded Customer Licensee Location shall use commercially reasonable efforts to cause such onboarded Customer Licensee Location not to) exercise any renewal options contained in any such supply agreements following the date of CUSTOMER’s acquisition of the relevant business and/or location or the onboarding of such Customer Licensee Location, as applicable. In no event shall SUPPLIER be liable to CUSTOMER or any other party for any damages incurred in connection with the expiration, termination or non-renewal of any such supply agreements.
- e. During the Term, CUSTOMER may cease all operations at any Customer Location and remove such Customer Location from **Exhibit K**; provided that, CUSTOMER shall have provided to SUPPLIER commercially reasonable advance written notice (and in no event less than thirty (30) days) that CUSTOMER will cease all operations at such Customer Location. Additionally, CUSTOMER may directly or indirectly transfer or dispose of any of its rights or properties in any Customer Location to a third party (through asset sale, sale of securities, merger or otherwise); provided that, any such transfer or disposition to a third party shall be subject to SUPPLIER’s rights pursuant to this Agreement (including Section 31(a)) and, at the election of SUPPLIER in SUPPLIER’s sole discretion, shall require such third party to enter into

a supply agreement with SUPPLIER as of the date of such transfer or disposition, on substantially the same terms and conditions as this Agreement.

5. PRICE.

- a. CUSTOMER shall pay to SUPPLIER the applicable price for the Products as determined in accordance with the provisions set forth in **Exhibit H**.
- b. The applicable price of the Products as determined in accordance with Section 5(a) shall be invoiced, paid and adjusted in accordance with the provisions set forth in **Exhibit G**.
- c. CUSTOMER is responsible for payment of all sales, use, value-added and similar taxes imposed on the supply of Products hereunder, whether or not included in such prices, provided that such taxes are separately stated in writing to CUSTOMER, and provided further that SUPPLIER promptly provides any information reasonably requested by CUSTOMER in connection with such amounts. Each Party shall use commercially reasonable efforts to (i) minimize the amount of sales, use, value-added and similar taxes imposed on the supply of Products hereunder, and (ii) cooperate with the other Party in providing any information or documentation that may be reasonably necessary to minimize such taxes or obtain such exemptions or reductions. If at any time SUPPLIER actually receives a refund (or credit or offset in lieu of a refund) of any such taxes borne by the CUSTOMER under this Section 5(c), then SUPPLIER shall promptly pay over to CUSTOMER the lesser of (A) the amount of such refund, credit or offset (net of all reasonable out-of-pocket, expenses and taxes incurred in respect thereof) and (B) the amount reimbursed by CUSTOMER to SUPPLIER for such taxes pursuant to this Section 5(c), it being understood that CUSTOMER shall be liable to SUPPLIER for (1) any subsequent disallowance of such refund, credit or offset and any related interest, penalties, or additions thereto and (2) any reasonable out-of-pocket expenses related to such disallowance. If compliance with law prevents SUPPLIER from charging or CUSTOMER from paying the price provided in this Agreement, any resulting failure to perform shall be excused subject to Section 27.
- d. Without limiting CUSTOMER's responsibility to pay the taxes described in Section 5(c), CUSTOMER shall have the right to deduct and withhold from any payments made under this Agreement to SUPPLIER such amounts as are required to be deducted and withheld under applicable tax law. To the extent that amounts are deducted or withheld in accordance with this Section 5(d) and timely paid to the appropriate Taxing Authority, such amounts will be treated for all purposes of this Agreement as having been paid to SUPPLIER in respect of which such deduction or withholding was made. The Parties shall reasonably cooperate to determine whether any such withholding or deduction applies to a payment and, if so, shall further reasonably cooperate to minimize such taxes. CUSTOMER shall provide SUPPLIER with any reasonable cooperation or assistance as may be necessary to enable SUPPLIER to claim exemption from, or a reduction in the rate of, any such taxes, and receive a refund of such withholding or deduction or to claim a tax credit therefor.
- e. Notwithstanding Section 5(a), CUSTOMER shall have the right (the "Auction Right") to solicit only from any or all of the parties set forth on **Exhibit J** or their respective Affiliates or successors engaged in the business in which SUPPLIER engages (the "Alternative Supplier Bidders"), competitive bids for the supply of the Total Volumes of all Products of comparable quality to, and comparable specifications as, the Products being supplied by SUPPLIER to CUSTOMER at such relevant time. [***]. CUSTOMER may exercise its Auction Right, [***]. Notwithstanding anything herein to the contrary, SUPPLIER shall have the right, upon notice to CUSTOMER [***] require CUSTOMER to exercise [***]. Upon receipt of such notice, CUSTOMER shall be obligated to exercise its Auction Right and follow the procedures set forth in **Exhibit D** with respect thereto.
- f. SUPPLIER will exercise commercially reasonable efforts to optimize Supplier Costs while maintaining the performance, quality and reliability of the products to be supplied under this Agreement.

6. PAYMENT TERMS.

CUSTOMER shall pay each invoice amount within [***] from the date of invoice, and free and clear of any withholdings, set-offs and other deductions, other than as required under applicable law. Any amount not paid by CUSTOMER when due shall bear interest from the payment due date to the date of actual payment at a rate equal to [***] (and interest shall continue to accrue under this provision notwithstanding the expiration or termination of this Agreement for any reason). Each order under this Agreement shall be considered a separate sale under a separate invoice.

7. SERVICE LEVELS AND ORDER REQUIREMENTS.

The Products shall be made available to CUSTOMER subject to and in accordance with the planning requirements set forth in Section 3, and the order requirements, Service Levels and the other provisions set forth in **Exhibit B**.

Commencing on the date that is six (6) months after the Effective Date, CUSTOMER shall place any order for Products at least [***] in advance of the date of delivery of such Products. If CUSTOMER does not timely place an order for Products, SUPPLIER shall use commercially reasonable efforts, but shall have no obligation, to supply such Products to CUSTOMER.

For the six (6) months following the Effective Date, CUSTOMER shall place any order for Products consistent with the lead time requirements for CUSTOMER orders as of immediately prior to the Effective Date. The Parties shall work collaboratively in good faith, during the first six (6) months after the Effective Date, to facilitate the gradual transition of the lead time requirements for CUSTOMER orders from the current (as of the Effective Date) practice to the minimum of [***] lead time as required under the immediately preceding paragraph.

8. AVAILABILITY OF SUPPLY.

- a. If it is determined that a Customer Location is out of a particular Product and SUPPLIER is unable to supply through its normal supply points, SUPPLIER will explore other distribution points and package sizes to ship the unavailable Product to CUSTOMER with de minimis additional costs, subject to the planning requirements set forth in Section 3, and the normal lead times and order requirements and the other provisions set forth in Section 7.
- b. CUSTOMER shall use commercially reasonable efforts to (x) refrain from purchasing any products from an Alternative Supplier and (y) in the event that CUSTOMER does purchase packaged products from an Alternative Supplier, purchase packaged products under a "Valvoline" or "V" trademark; provided that, CUSTOMER shall be permitted to purchase products from an Alternative Supplier solely to the extent that, as shown by demonstrable evidence (i) any purchase arrangements entered into by CUSTOMER and the Alternative Supplier shall not remain in effect beyond such time as SUPPLIER indicates, in a written notice to CUSTOMER, that it is ready, willing and able to commence supplying Products, and shall not interfere with SUPPLIER's ability to supply such Products, and CUSTOMER's ability to accept and pay for such supply, in accordance with this Agreement, and (ii) such product requirements of CUSTOMER cannot be met or are not met by SUPPLIER, or SUPPLIER gives written notice to CUSTOMER of the same; provided, further, that, any Products that SUPPLIER was unable to supply due to CUSTOMER not being in material compliance with the planning requirements set forth in Section 3, or the normal lead times or order requirements or the other provisions set forth in Section 7, any volumes of products that compete with such Products that CUSTOMER purchases from an Alternative Supplier shall be excluded from CUSTOMER purchase commitment requirements for purposes of determining CUSTOMER's compliance with Section 2(b).

9. REPLACEMENT PRODUCTS.

- a. In the event SUPPLIER introduces replacement products to its product line during the Term as substitutes for the current Products set forth on **Exhibit A**, based upon changes to formulation, product engineering or otherwise, but to which there has been

no change made to the Product specifications (“Replacement Products”), SUPPLIER agrees that CUSTOMER’s pricing on the Replacement Products will be subject to the same standard invoice pricing as provided for in this Agreement.

- b. In the event that SUPPLIER elects to discontinue any Product, with SUPPLIER giving CUSTOMER commercially reasonable notice, and if SUPPLIER does not replace such discontinued Product with a Replacement Product, or if the price of the Replacement Product is more than [***]% higher than the discontinued Product, then the Parties agree to discuss in good faith the potential resolution of such matters in a manner acceptable to both Parties.

10. TITLE AND RISK OF LOSS

Title and risk of loss to the Products purchased hereunder shall pass to CUSTOMER upon CUSTOMER’s receipt and acceptance of Products at the location designated as the ship-to-point (or as otherwise agreed in writing by the Parties) for the relevant order in accordance with Section 7.

11. PRODUCT SPECIFICATIONS.

SUPPLIER shall provide CUSTOMER with published specifications of the Products and reserves the right to change the specifications subject to SUPPLIER providing CUSTOMER thirty (30) days prior written notice of any changes. SUPPLIER will maintain product mapping on all Products with MOTOR Information Systems.

12. SUPPLIER PRODUCT WARRANTIES.

SUPPLIER WARRANTS FOR A PERIOD OF NINETY (90) DAYS AFTER THE DATE OF DELIVERY TO THE CUSTOMER LOCATION OF THE PRODUCTS SOLD HEREUNDER THAT SUCH PRODUCTS MEET THE THEN CURRENT SPECIFICATIONS DESIGNATED IN SUPPLIER’S APPLICABLE PACKAGING OR PUBLICATIONS. EXCEPT AS STATED IN THIS SECTION 12, SUPPLIER MAKES NO OTHER WARRANTY OF ANY KIND, WHETHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR WARRANTY OF TITLE. THE FOREGOING WARRANTY SHALL BE VOID IF CUSTOMER DOES NOT HANDLE, STORE, TRANSPORT, INSTALL OR UTILIZE PRODUCTS IN ACCORDANCE WITH SUPPLIER’S PUBLISHED PRODUCT RECOMMENDATIONS.

13. PRODUCT PURITY, IDENTIFICATION AND TRADEMARKS.

Each of CUSTOMER and SUPPLIER shall use its commercially reasonable efforts to maintain the quality, good name and reputation of SUPPLIER and CUSTOMER, respectively, and the Products. Neither CUSTOMER nor SUPPLIER shall contaminate, commingle with other products, adulterate, mislabel, or misidentify the Products, and CUSTOMER shall not use SUPPLIER’S containers, packages, trademarks or labels in association with any products or substances other than the Products, and neither Party shall cause or knowingly facilitate any third parties to take such actions. CUSTOMER shall not bring or cause to be brought any proceedings, either administrative, arbitral or judicial in nature, contesting SUPPLIER’s ownership of rights to SUPPLIER’s technology, formulations or other proprietary information related to the Products.

SUPPLIER hereby grants to CUSTOMER and CUSTOMER’s Affiliates a non-exclusive, non-transferable (except as provided in Section 31), royalty-free, sublicensable license to use any trademark, service mark, grade designation, trade dress, trade name or other indication of source of origin under which the Products are sold to identify the Products and store and advertise the Products. CUSTOMER hereby grants to SUPPLIER and SUPPLIER’s Affiliates a non-exclusive, non-transferable (except as provided in Section 31), royalty-free, sublicensable license to use any trademark, trade name or other indication of source of origin to refer to CUSTOMER and the Customer Locations. SUPPLIER’s use of CUSTOMER’s trademarks will inure to the benefit of CUSTOMER. CUSTOMER’s use of SUPPLIER’s trademarks will inure to the benefit of SUPPLIER. Each Party has the right to change its respective trademarks at any time. Each Party will use the other Party’s trademarks in a form acceptable to the other Party.

14. INSPECTION AND REJECTION OF PRODUCTS; NONCONFORMING PRODUCTS.

- a. All Products purchased pursuant to this Agreement will be subject to final inspection and approval by CUSTOMER. Such inspection shall be made by CUSTOMER within a reasonable time upon (and no later than within seven (7) days after) delivery of such Products to the Customer Location irrespective of the date of payment therefor. Neither acceptance, payment nor use shall waive the right to inspection or the right to return Defective Products (as defined below) in accordance with Section 14(b).
- b. *Defective or Nonconforming Products.* CUSTOMER shall have the right to reject any or all Products which in CUSTOMER's reasonable judgment, as shown by demonstrable evidence, are defective or nonconforming (i.e., do not meet the specifications in accordance with Section 12) ("Defective Products") within ninety (90) days after delivery of such Products to the Customer Location; provided that, such Products have been inspected by CUSTOMER within a reasonable time upon (and no later than within seven (7) days after) their delivery to the Customer Location in accordance with Section 14(a), and at all times have been handled, stored, transported, installed and utilized by CUSTOMER in accordance with SUPPLIER's published product recommendations in accordance with Section 12; provided further that, for the avoidance of doubt, CUSTOMER's failure to inspect such Products within a reasonable time upon (and no later than within seven (7) days after) their delivery to the Customer Location shall not affect any right conferred upon CUSTOMER by Section 12. In such event, CUSTOMER shall promptly, and no later than within ninety (90) days after delivery of the relevant Products to the Customer Location, notify SUPPLIER in writing of its rejection. Upon CUSTOMER's rejection of such Products in accordance with this Section 14(b), and SUPPLIER's receipt of such rejection notification, SUPPLIER shall promptly replace any such Defective Products. SUPPLIER shall be responsible for any damages CUSTOMER incurs as a result of Defective Products; provided that SUPPLIER's responsibility for such damages shall not exceed (i) in the case of damages resulting from a failure by SUPPLIER's manufacturer, distributor or other third party, the amount that SUPPLIER receives in reimbursement or compensation or otherwise recovers from such manufacturer, distributor or other third party related to costs associated with damages either Party incurs as a result of such Defective Products, or (ii) in the case of damages resulting from a failure by SUPPLIER, [***] per occurrence. CUSTOMER agrees to work with SUPPLIER to seek recovery of such amounts from SUPPLIER's manufacturer or distributor or other third parties related to costs associated with damages either Party incurred as a result of Defective Products. SUPPLIER agrees to enforce its rights to, and diligently pursue, any such reimbursement, compensation or recovery from SUPPLIER's manufacturer, distributor or other third parties.

15. PRODUCT QUALITY.

CUSTOMER shall notify SUPPLIER in writing of any quality issues related to the Products as soon as possible. SUPPLIER shall use commercially reasonable efforts to promptly perform a root cause analysis of the problem and if necessary, propose a solution to mitigate the immediate issue as well as future issues.

16. REPRESENTATIONS AND WARRANTIES.

CUSTOMER and SUPPLIER each represents and warrants to the other that (i) it has the right, power and authority to grant the rights provided in this Agreement and to perform its obligations under this Agreement, and (ii) its execution, delivery and performance of this Agreement have been duly authorized and will not violate any other agreement, restriction or law to which it is a party or by which it is bound.

SUPPLIER represents and warrants to CUSTOMER that the Products do not infringe on any existing patent, trademark, copyright, contractual or other proprietary right of any third party, other than any such infringement to the extent in existence on or prior to the Effective Date.

CUSTOMER represents and warrants to SUPPLIER that set forth on **Exhibit F** is a true and complete list of volumes (on a per Product category basis) of Lubricant Products purchased by CUSTOMER from SUPPLIER during the twelve (12)-month period ending on September 30, 2022.

17. NOTICE.

Notices under this Agreement are sufficient if delivered by nationally recognized overnight courier service or by hand, mailed by certified mail (return receipt requested) or sent by email, in each case, to the address below, provided, that either Party may change its mailing address, email address or other notice information by written notice given in accordance with this Section 17:

- (1) if to CUSTOMER,

c/o Valvoline Inc.
100 Valvoline Way, Suite 100
Lexington, KY 40509
Attention: General Counsel
Email: [***]

with copies to (which copies alone shall not constitute notice):

Cravath, Swaine & Moore LLP
Worldwide Plaza
825 Eighth Avenue
New York, New York 10019
United States of America
Attention: Robert I. Townsend, III
O. Keith Hallam, III
Claudia J. Ricciardi
Email: RTownsend@cravath.com
KHallam@cravath.com
CRicciardi@cravath.com

- (2) if to SUPPLIER,

c/o VGP Holdings LLC
100 Valvoline Way, Suite 200
Lexington, Kentucky 40509
Attention: Chief Legal Officer
Email: [***]

with copies to (which copies alone shall not constitute notice):

White & Case LLP
1221 Avenue of the Americas
New York, New York 10020
United States of America
Attention: Gregory Pryor, Esq.
Francis E. Lupinacci, Esq.
Email: GPryor@whitecase.com
FLupinacci@whitecase.com

18. TERM, TERMINATION AND REMEDIES.

- a. This Agreement shall be effective until it is terminated pursuant to the provisions of this Section 18 (the "Term").
- b. Subject to the provisions of this Section 18, this Agreement may be terminated only by mutual consent of the Parties in writing or if any one or more of the following events occur during the Term (each a "Termination Event", which, in the case of each of Sections 18(b)(i) through 18(b)(vi) below, shall be construed as a separate Termination Event and shall not be limited or restricted by the terms of any other Termination Event, except as expressly provided in this Section 18(b)):

- i. By SUPPLIER if CUSTOMER materially defaults in the performance of or breaches any provision of Section 2(b), 2(d) or the first sentence of 2(e) (Supply and Purchase Commitments) with respect to all Customer Locations that are required to be set forth on **Exhibit K**, regardless of whether such Customer Locations have so been properly set forth on **Exhibit K**, Section 4(e) (Customer Locations), Section 13 (Product Purity, Identification and Trademarks) or Section 31(a) (Assignment and Transfer) of this Agreement, and CUSTOMER fails to cure such default within thirty (30) days of receiving written notice of the default from SUPPLIER;
 - ii. By SUPPLIER if any payment from CUSTOMER due hereunder is unpaid when due and remains unpaid for a period of thirty (30) days following SUPPLIER's delivery of a notice of non-payment;
 - iii. By CUSTOMER if, other than in the case of a force majeure event, SUPPLIER has materially breached the Service Levels (considering lead time and order requirements) in accordance with Section 1(b) of **Exhibit B** on more than three (3) occasions in any twelve (12) month period and in each case such breach has remained uncured ninety (90) days after SUPPLIER has received a Deficiency Notice from CUSTOMER in accordance with Section 1(b) of **Exhibit B**; provided that SUPPLIER shall have the opportunity to cure each such breach by delivery that meets the Service Levels (considering lead time and order requirements) in accordance with Section 1(b) of **Exhibit B** within ninety (90) days after receiving the Deficiency Notice from CUSTOMER;
 - iv. By CUSTOMER if SUPPLIER materially defaults in the performance of or breaches any provision of Section 12 (Supplier Product Warranties), Section 13 (Product Purity, Identification and Trademarks) or Section 14(b) (Nonconforming Products), and SUPPLIER fails to cure such default within thirty (30) days of receiving written notice of the default from CUSTOMER;
 - v. By either Party if, with respect to the other Party, any proceeding in bankruptcy is filed, or any order for relief in bankruptcy is issued by or against such Party, if a receiver for such Party is appointed in any suit or proceeding brought by or against such Party, or if there is an assignment by such Party for the benefit of such Party's creditor(s); or
 - vi. By CUSTOMER, in accordance with Section 4 of **Exhibit D**.
- c. Each cure period set out in Section 18(b) shall be extended for an additional thirty (30) days to the extent that the defaulting Party has commenced and is diligently pursuing its efforts to remedy the relevant default.
 - d. Prior to exercising a termination right pursuant to Section 18(b), the Party seeking to terminate this Agreement (the "**Terminating Party**") shall provide written notice to the other Party of its intention to so terminate with a reasonably detailed description of the reasons therefor, after which the senior officers of each Party shall convene meetings to discuss in good faith the potential resolution of the relevant Termination Event. If the Parties are unable to resolve the relevant Termination Event within thirty (30) days of the first meeting to the satisfaction of the Terminating Party, then the Terminating Party may proceed to terminate this Agreement in accordance with this Section 18 by providing a written notice to the other Party that commences the Termination Notice Period (as defined below).
 - e. Any termination of this Agreement pursuant to Section 18(b) shall be after at least [***] by the Terminating Party to the other Party (the "**Termination Notice Period**"), and during such Termination Notice Period, each Party shall continue to perform its obligations under this Agreement and discuss in good faith with the other Party the potential resolution of the relevant Termination Event. This Agreement shall automatically terminate upon the Terminating Party providing a further written notice to the other Party on or after the expiration of the Termination Notice Period.
 - f. Nothing contained herein shall be deemed to limit or otherwise restrict any right, power or remedy of either Party. All rights, powers and remedies shall be cumulative

and concurrent and the exercise of one or more rights, powers or remedies existing under this Agreement or now or hereafter existing at law or in equity, shall not preclude the subsequent exercise by either Party of any other rights, power or remedy.

19. RELATIONSHIP OF THE PARTIES.

The relationship of the Parties and their respective employees, agents, and contractors is at all times that of independent contractors, and neither Party will represent the other Party as its' agent, employee, or partner in any manner. Neither Party has authority to enter into any contract or incur any expense or obligation in the other Party's name.

20. CONFIDENTIALITY.

- a. Each Party shall use the Confidential Information of the other Party and reproduce materials containing Confidential Information of the other Party only as necessary to perform its obligations under this Agreement. Each Party shall restrict disclosure of Confidential Information of the other Party to its personnel who have a need to know such information to perform its obligations under the Agreement and who have first agreed to be bound by the terms of this Section. Each Party is liable for an unauthorized disclosure or use of Confidential Information of the other Party by any of its current or former personnel. Within ten (10) days after receiving a written request from the other Party, a Party shall destroy or return (as instructed) any materials containing Confidential Information of the other Party, except such Confidential Information that may be stored in such Party's backup systems as part of such Party's standard record retention or archiving process (provided that, any such Confidential Information shall continue to be subject to the confidentiality provisions hereof).
- b. *Exceptions to Confidential Information.* The obligations under this Section 20 do not apply to Confidential Information that a Party can demonstrate:
 - i. is or becomes publicly available without its breach of this Agreement; or
 - ii. is independently developed by it without using Confidential Information; or
 - iii. is received by it from a third party that does not have an obligation of confidentiality to the other Party; or
 - iv. is properly and lawfully known to the receiving Party prior to the Effective Date without an obligation of confidentiality to the other Party.
- c. A Party may disclose Confidential Information to the extent that, in the reasonable opinion of its legal counsel, it is legally required to disclose such Confidential Information; provided that, such Party shall: (i) give written notice to the other Party in a reasonable time prior to disclosure and allow the other Party a reasonable opportunity to seek appropriate protective measures; (ii) take into account the reasonable requests of the other Party in relation to the form, timing and content of such disclosure; and (iii) use its commercially reasonable efforts to maintain the confidential nature and resist the disclosure of any terms of this Agreement in relation to pricing and any related commercially sensitive information, including by means of redacting such terms and related commercially sensitive information from any disclosed documentation.

21. AUDITING.

- a. SUPPLIER agrees that (i) each facility in which Core Products are stored, engineered or processed and the equipment and supplies used in connection with the storing, engineering or processing of Core Products may be inspected by CUSTOMER, and (ii) CUSTOMER may, at CUSTOMER'S expense, audit SUPPLIER's production and quality assurance processes upon reasonable prior written notice to SUPPLIER during regular business hours. The audit may be conducted by CUSTOMER'S auditors, representatives or agents who have a legitimate and non-competitive purpose to visit the premises. The rights of CUSTOMER to any remedy under this

Agreement will not be impacted or limited by any knowledge that CUSTOMER may have acquired from such inspection.

- b. CUSTOMER agrees that (i) each Customer Location may be inspected by SUPPLIER and (ii) SUPPLIER may, at SUPPLIER's expense, audit CUSTOMER's automotive service operations and quality assurance processes upon reasonable prior written notice to CUSTOMER during regular business hours. The audit may be conducted by SUPPLIER's auditors, representatives or agents who have a legitimate and non-competitive purpose to visit the Customer Location. The rights of SUPPLIER to any remedy under this Agreement will not be impacted or limited by any knowledge that SUPPLIER may have acquired from such inspection.
- c. Each of SUPPLIER and CUSTOMER will have the right, once each calendar year, upon reasonable notice and during normal business hours, to have its auditors, personnel or representatives review the records of the other Party for the previous calendar year to verify the other Party's performance of its obligations pursuant to this Agreement during the previous calendar year. Should such review disclose any overpayment by CUSTOMER, then SUPPLIER will refund to CUSTOMER such overpayment together with interest at 1% per month from when initially paid by CUSTOMER, and, in the event such overpayment is equal to or greater than \$10,000, SUPPLIER will reimburse CUSTOMER for the reasonable cost of the review. Should such review disclose any underpayment by CUSTOMER, then CUSTOMER will pay to SUPPLIER the amount of such underpayment together with interest at 1% per month from the date which is thirty (30) days following the date when the Products for which such underpayment relates were delivered to CUSTOMER. In the event the amount of such underpayment is equal to or greater than \$10,000, CUSTOMER will reimburse SUPPLIER for the reasonable cost of the review.
- d. The Parties shall cooperate to ensure that their exercise of the audit rights and performance of the obligations contained in this Section 21, and the Parties' handling of all competitively sensitive information and carrying out of all information exchanges pursuant to this Agreement, do not violate any applicable antitrust laws, and to develop in good faith protocols that address the foregoing.
- e. The audit rights and obligations contained herein will survive the termination or expiration of this Agreement for a period of three (3) years after such termination or expiration.

22. NO WAIVER.

This Agreement's terms, covenants and conditions may be waived only by a written instrument signed by the Party waiving compliance. Any Party's failure at any time to require performance of any provision shall, in no manner, affect that Party's right to enforce that or any other provision at a later date. No waiver of any condition or breach of any provision, term or covenant contained in this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed or to be construed as a further or continuing waiver of that or any other condition or of the breach of that or other provision, term or covenant of this Agreement.

23. ENTIRETY OF CONTRACT.

This Agreement is intended by the Parties as the final, complete and exclusive statement of the terms, conditions and specifications of their agreement and is intended to supersede all previous oral or written agreements and understandings between the Parties relating to its specific subject matter. No employee or agent of either Party has authority to make any statement, representation, promise or agreement not contained in this Agreement. No prior stipulation, agreement, understanding or course of dealing between the Parties or their agents with respect to the subject matter of this Agreement shall be valid or enforceable unless embodied in this Agreement. No amendment, modification or waiver of any provision of this Agreement shall be valid or enforceable unless in writing and signed by all Parties to this Agreement. This Agreement shall supersede, and shall not be modified or amended in any way by the terms of, any purchase order which may be issued by CUSTOMER for the purchase of Products hereunder.

24. SEVERABILITY.

If any provision of this Agreement or the application of any such provision to any person or circumstance is held invalid, the application of such provision to any other person or circumstance and the remainder of this Agreement will not be affected thereby and will remain in full effect, and, if possible, such provision shall be replaced with a lawful provision which, as closely as possible, gives effect to the intention of the Parties under this Agreement and, where permissible, does not affect or impair the validity of any other provision of this Agreement or the application of any other provision of this Agreement to any person or circumstance.

25. SURVIVAL.

All obligations of CUSTOMER and SUPPLIER that expressly or by their nature survive the expiration or termination of this Agreement, including the obligation of either Party to pay any amounts accrued hereunder, will continue in full force and effect beyond the expiration or termination of this Agreement and until they are satisfied or by their nature expire.

26. INDEMNIFICATION.

- a. To the fullest extent permitted by law, SUPPLIER shall defend, indemnify and hold CUSTOMER, its parents, subsidiaries, related entities and their respective officers, directors and employees harmless from and against any and all claims, suits, damages, losses, liabilities, fines, penalties, costs or expenses (including reasonable attorney's fees) arising from or related to (i) SUPPLIER's negligence, gross negligence or willful misconduct in the performance of its duties and obligations hereunder, (ii) any violation of applicable law by SUPPLIER or its products and services prior to the expiration or termination hereof, or (iii) SUPPLIER's breach of its obligations or representations and warranties hereunder, in the case of each of clauses (i) through (iii) above, in respect of, arising out of or involving a claim made by any third party against the indemnified party. However, under no circumstances shall SUPPLIER be liable hereunder for consequential damages or loss of profit, except to the extent payable by CUSTOMER to third parties.
- b. To the fullest extent permitted by law, CUSTOMER shall defend, indemnify and hold SUPPLIER, its parents, subsidiaries, related entities and their respective officers, directors and employees harmless from and against any and all claims, suits, damages, losses, liabilities, fines, penalties, costs or expenses (including reasonable attorney's fees) arising from or related to (i) CUSTOMER's negligence, gross negligence or willful misconduct in the performance of its duties and obligations hereunder, (ii) any violation of applicable law by CUSTOMER or its products and services prior to the expiration or termination hereof, or (iii) CUSTOMER's breach of its obligations or representations and warranties hereunder, in the case of each of clauses (i) through (iii) above, in respect of, arising out of or involving a claim made by any third party against the indemnified party. However, under no circumstances shall CUSTOMER be liable hereunder for consequential damages or loss of profit, except to the extent payable by SUPPLIER to third parties.
- c. The provisions of Section 8.04 (*Calculation of Losses; Mitigation*) (other than Section 8.04(a)(ii) and the second sentence of Section 8.04(a)) of the Equity Purchase Agreement, and the procedures set forth in Section 8.06 (*Indemnification Procedures for Other Than Tax Claims*) of the Equity Purchase Agreement (other than clauses (d) and (e) thereof), shall govern any claim for indemnity hereunder. The "Equity Purchase Agreement", as such term is used herein, shall mean the Equity Purchase Agreement, dated as of July 31, 2022, between Valvoline Inc. and Gateway Velocity Holding Corp. and, solely for the purposes set forth therein, Aramco Overseas Company B.V..

27. FORCE MAJEURE.

The Parties to this Agreement shall not be responsible for any delay or failure to perform under this Agreement (other than to make payments when due hereunder) if delayed or prevented from performing by acts of God; transportation difficulty which could not have been foreseen by

SUPPLIER and is beyond the reasonable control of SUPPLIER; pandemic; strike; war, riot or insurrection; embargo; any law, regulation, ruling, order or action of any governmental authority; any allocation or shortage of raw materials; or any other cause or causes beyond such Party's reasonable control whether similar or dissimilar to those stated above.

28. COMPLIANCE WITH LAWS/TAXES.

Each Party shall, at its own expense, (i) comply with all applicable laws, regulations, rulings and orders, including without limitation those relating to taxation, workers' compensation, and environmental protection in connection with its obligations under this Agreement or the supply, transportation, storage or handling or delivery of Products, as applicable; and (ii) obtain all necessary licenses and permits for the purchase and sale of the Products.

29. SUPPLIER'S RIGHT TO INSPECT.

SUPPLIER, or its authorized agents, shall have the right, but not the obligation, to inspect CUSTOMER's premises and inventory; sample, monitor or test any motor oil, grease or filter or Products offered for sale; and to inspect or test any tank, line, pump, dispenser, or other operating equipment, including without limitation equipment owned by CUSTOMER, used at CUSTOMER's premises bearing SUPPLIER's trademarks, or being represented to contain the Products, at any time during CUSTOMER's business hours. At least seventy-two (72) hours prior to any such inspection, SUPPLIER shall provide CUSTOMER with a written notice of such inspection and shall permit CUSTOMER to have management present during such inspection.

30. GOVERNING LAW.

- a. Any dispute, claim or controversy arising out of or related to this Agreement or breach, termination or validity thereof ("Dispute"), may be, by mutual consent of the Parties, settled by arbitration conducted expeditiously in accordance with the commercial Arbitration Rules of the American Arbitration Association ("AAA"). Within ten (10) business days of the filing of arbitration (if arbitration is chosen), the Parties shall select a sole independent and impartial arbitrator in accordance with such Rules. If the Parties mutually agree to arbitration, but are unable to agree upon an arbitrator within such period, on or after the eleventh (11th) day either Party may request the AAA to appoint an arbitrator, which arbitrator shall be experienced in commercial matters. The arbitrator will issue findings of fact and conclusions of law to support his/her opinion and is not empowered to award damages in excess of compensatory damages (including interest). The place of arbitration shall be New York, New York. Judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction. **NOTWITHSTANDING ANY OF THE FOREGOING, EITHER PARTY MAY SEEK REMEDY THROUGH THE SUPREME COURT OF THE STATE OF NEW YORK, NEW YORK COUNTY, THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND ANY APPELLATE COURTS THEREOF WITH RESPECT TO ANY APPEALS, WHICH SHALL BE THE EXCLUSIVE COURTS FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING RELATED TO OR ARISING OUT OF THIS AGREEMENT OR THE TRANSACTIONS HEREUNDER, INCLUDING, WITHOUT LIMITATION, INJUNCTIVE RELIEF, PRIOR AND WITHOUT PREJUDICE TO ANY ARBITRATION IN ACCORDANCE WITH THIS PROVISION. THE TERMS AND PROVISIONS OF THIS AGREEMENT SHALL BE INTERPRETED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.**
- b. Each Party shall continue to perform its obligations under this Agreement during the resolution of any Dispute in accordance with Section 30(a).
- c. Notwithstanding anything contained in this Agreement, neither Party shall be liable in any arbitration, litigation or other proceeding for anything other than actual, compensatory damages.

31. ASSIGNMENT, TRANSFER AND CERTAIN TRANSACTIONS.

- a. This Agreement shall be binding upon and inure to the benefit of each of the Parties and their respective successors or assigns; provided that, neither Party shall assign its interest in this Agreement without first obtaining the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. For purposes of the preceding sentence, and without limiting its generality, any merger, consolidation, or reorganization involving, or any transfer in connection with the sale of all or substantially all assets of, a Party (regardless of whether the Party is a surviving or disappearing entity), will not be deemed to be a transfer of rights, obligations, or performance under this Agreement for which the other Party's prior written consent is required. Any assignment or other transfer permitted under this Section 31(a) shall require the assignee, surviving entity or other transferee to agree in writing to be bound by the terms of this Agreement as of the effective date of such assignment or other transfer.
- b. Notwithstanding Section 31(a), SUPPLIER may, without obtaining written consent from CUSTOMER:
 - i. assign or transfer, by operation of law or otherwise, its interest in this Agreement to any Affiliate of SUPPLIER in connection with the transfer or assignment, by operation of law or otherwise, of SUPPLIER's business to such Affiliate; and
 - ii. delegate or subcontract any of its obligations under this Agreement, including to its authorized distributor(s), provided that SUPPLIER shall be fully responsible for its delegatee's or subcontractor's failure to comply with any such obligations under this Agreement.
- c. In the event that VRS decides to pursue or undertake any transaction or series of related transactions (whether structured as a stock sale, merger, consolidation, reorganization, recapitalization, redemption, asset sale or otherwise) that directly or indirectly results in the sale or transfer (other than an to an Affiliate) of (i) all or substantially all of the Valvoline Marks (as defined in the Trademark Co-Existence Agreement), (ii) at least 50% of the assets of VRS (determined based on value), (iii) beneficial ownership or control of at least 50% of the outstanding equity securities of VRS (or any Affiliate that controls VRS and is engaged directly or indirectly in VRS's business) or (iv) beneficial ownership or control of at least 50% of the outstanding equity securities of any one or more subsidiaries of VRS owning, controlling or otherwise constituting at least 50% of the assets of VRS (determined based on value), in each case, to a person or a "group" (within the meaning of the Securities Exchange Act of 1934, as amended and the rules of the U.S. Securities and Exchange Commission thereunder), VRS shall give SUPPLIER a reasonable, timely opportunity to meaningfully participate as a bidder in any such transaction.

32. STRATEGIC PARTNERSHIP SUMMIT.

The Parties agree that they are strategic long-term partners, and as such operate with the goal of advancing each Party's business across its many facets. In order to best achieve their collective goals, the Parties agree to conduct a summit to understand each Party's key strategic priorities, long-term growth planning, including planning for new products and future offerings, sales and marketing and human resources and align on possible solutions where each Party may offer value-adding knowledge, products or services, in each case with respect to the following three (3) years (the "Summit"). The Summit will be held once a year during the Term of the Agreement, with the first Summit to be scheduled as close as possible to CUSTOMER's fiscal year renewal. CUSTOMER and SUPPLIER agree to participate in the Summit, whether in person or remote, and to have participants from the following areas of the business: Key Retail Store Sales, Operations Leadership, Marketing, Purchasing, Training Team Leadership and Other Key Constituents as CUSTOMER and SUPPLIER deem appropriate. Each Party shall bear the cost of any travel of their representatives. Each Party's Summit participants shall include the leadership across such Party's Installer Channel, Strategic Accounts, Marketing and Training (and others as required).

33. NO PUBLIC ANNOUNCEMENTS.

Neither Party shall, nor shall it permit its Affiliates to, issue or release any announcement, statement, press release or other publicity or marketing materials relating to this Agreement without the prior written consent of the other Party, which may not be unreasonably withheld, conditioned or delayed; provided, however, that the foregoing shall not apply (i) if such issuance or release is required by law, including to comply with applicable securities laws or (ii) if such issuance or release is in connection with customary interactions with such Party's investors for the purpose of facilitating such investors' evaluation of its investment in a Party.

34. NO THIRD-PARTY BENEFICIARIES.

Except as otherwise provided in Section 26, this Agreement is for the sole benefit of the Parties and their respective successors and permitted assigns, and nothing herein expressed or implied shall give or be construed to give to any other party, including any Customer Location and any licensee or franchisee of CUSTOMER, any legal or equitable right or remedy under this Agreement, and in no event shall SUPPLIER have any obligation under this Agreement to any Customer Location or any licensee or franchisee of CUSTOMER.

35. COUNTERPARTS.

This Agreement may be executed in separate counterparts. Each separate counterpart shall be deemed an original, but all such counterparts, taken together, constitute one and the same instrument.

36. EQUITABLE RELIEF.

The Parties acknowledge that a breach of Section 31(c) of this Agreement may cause irreparable harm, for which an award of damages would not be adequate compensation and agree that, in the event of such a breach or threatened breach of Section 31(c) of this Agreement, SUPPLIER will be entitled to equitable relief, including in the form of a restraining order, orders for preliminary or permanent injunction, specific performance, and any other relief that may be available from any court, and CUSTOMER hereby waives any requirement for the securing or posting of any bond or the showing of actual monetary damages in connection with such relief. These remedies will not be deemed to be exclusive but are in addition to all other remedies available under this Agreement at law or in equity, subject to any express exclusions or limitations in this Agreement to the contrary.

[Signature page follows]

IN WITNESS WHEREOF, the Parties hereto have set their hands as of the date first written above.

SUPPLIER

VGP HOLDINGS LLC

By: /s/ Jamal K. Muashsher

Name: Jamal K. Muashsher

Title: President

CUSTOMER

By: /s/ Mary E. Meixelsperger

Name: Mary E. Meixelsperger

Title: Chief Financial Officer

VALVOLINE INC.

By: /s/ Julie M. O'Daniel

Name: Julie M. O'Daniel

Title: SVP, Chief Legal Officer & Corp.
Secretary

Brand Agreement

Trademark Co-Existence Agreement

This Trademark Co-Existence Agreement (“**Agreement**”), dated as of March 1, 2023 (the “**Effective Date**”), is by and between, on the one hand, Valvoline, LLC, a Delaware limited liability company, and Valvoline Licensing and Intellectual Property LLC, a Delaware limited liability company, (Valvoline Licensing and Intellectual Property LLC, together with Valvoline, LLC, “**Valvoline**” or “**VRS**”) and Valvoline Inc., a Kentucky Corporation, each with offices located at 100 Valvoline Way, Lexington, KY 40509 and, on the other hand, VGP Holdings LLC, a Delaware limited liability company, and VGP IPCo LLC, a Delaware limited liability company, both with offices located at 100 Valvoline Way, Lexington, KY 40509 (collectively “**VGP**”). Each of the foregoing may be referred to herein as a “**Party**” and together as “**Parties**.”

WHEREAS, Valvoline Inc., an Affiliate of VRS, and Gateway Velocity Holding Corp. are parties to that certain Equity Purchase Agreement, dated as of July 31, 2022 (the “**EPA**”), pursuant to which Valvoline Inc. has agreed to sell and transfer to Gateway Velocity Holding Corp. all of the equity interests of VGP Holdings LLC;

WHEREAS, the Parties mutually intend to have a long-term strategic partnership;

WHEREAS, the Parties desire to use and co-own the Valvoline Marks (defined below) based on various factors including geographic regions, products or services, Fields of Use (defined below), and otherwise on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement and the EPA, the Parties, intending to be legally bound, hereby agree as follows:

1. Definitions. As used in this Agreement, the following capitalized terms have the meaning ascribed below:

“**Affiliate**” of a Party means any other party or Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Party. The term “**control**” (including the terms “**controlled by**” and “**under common control with**”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Party, whether through the ownership of voting securities, by contract, or otherwise, or ownership, beneficially or of record, of more than fifty percent (50%) of the voting securities of a Party. Notwithstanding the foregoing, in no event shall Affiliates include (i) a controlling Person that is a sovereign state or a political subdivision or Governmental Entity of a sovereign state, (ii) any Person that would be an Affiliate only due to being under the common control of a sovereign state or political subdivision or Governmental Entity of a sovereign state, (iii) Saudi Arabian Oil Company, a joint stock company established under the laws of the Kingdom of Saudi Arabia, and its direct and indirect subsidiaries, except for VGP and its direct and indirect subsidiaries or (iv) any future controlling Person of VRS and its direct and indirect subsidiaries, except for VRS and its direct and indirect subsidiaries.

“**Ancillary Products**” means the promotional merchandise set forth in Exhibit A.

“**China**” means the People’s Republic of China and its possessions and territories including Hong Kong and Macau and excluding Taiwan.

“**Communications Policy**” means the policy to maintain the preeminence of the Valvoline Marks, notwithstanding the ability of either Party to conduct temporary price promotions, offer consumer coupons, loyalty program benefits or other purchase incentives which are promotional, in North America and any other territories where a Party uses the Valvoline Marks.

“**Confidential Information**” of a Party means all non-public information regarding such Party’s business.

“**Express Care Jurisdictions**” means all countries outside of North America.

“**Express Care Marks**” means the trademarks set forth in Exhibit B.

“**Express Care Signage Guidelines**” means the guidelines set forth in Exhibit C.

“**Field(s) of Use**” means the **Retail Services**, with respect to VRS, and/or the **VGP Products and Services**, with respect to VGP, as these terms are defined below and in relation to each Party’s respective uses of the Valvoline Marks.

“**Governmental Entity**” means any federal, state, local or foreign government, or any court or other judicial or arbitral body of competent jurisdiction, administrative agency, commission or other governmental or quasi-governmental authority or instrumentality, domestic or foreign, or any political or other subdivision or branch of any of the foregoing.

“**Law**” means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, award, decree, other requirement, or rule of law of any federal, state, local, or foreign government, or political subdivision thereof, or any arbitrator, court, or tribunal of competent jurisdiction.

“**Losses**” means losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs, or expenses of whatever kind, including reasonable attorneys’ fees and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers.

“**MENA**” means Middle East and North Africa: Afghanistan, Algeria, Azerbaijan, Bahrain, Chad, Comoros, Djibouti, Egypt, Eritrea, Ethiopia, Georgia, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Mali, Mauritania, Morocco, Niger, Oman, Pakistan, Palestine, Qatar, Saudi Arabia, Syria, Somalia, South Sudan, Sudan, Tunisia, United Arab Emirates, and Yemen.

“**North America**” means the United States of America, Canada, and their respective territories and possessions.

“**Person**” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Entity or other entity.

“**Retail Services**” means all retail services, including transportation-related retail services, conducted (i) on a business -to -consumer basis, or (ii) solely with respect to vehicle maintenance or care on all modes of ground transportation, on a business -to -business basis, in each case, either directly or through a franchisee, licensee, or business partner, whether previously, now, or hereafter rendered, and all marketing, promotion, and advertising thereof.

“Supply Agreement” means that certain Supply Agreement, dated as of March 1, 2023, entered into by and between Valvoline LLC and VGP Holdings LLC.

“Valvoline Marks” means the trademarks set forth in Exhibit D and any other trademarks used and owned by the Parties and their Affiliates containing “Valvoline” or the “V” mark/logo.

“VGP Products and Services” means (a) all products, including the Ancillary Products, globally; (b) all services conducted on a business-to-business basis in support of VGP’s products globally; (c) solely in China, all Retail Services; and (d) outside North America, all fuel and energy retail services and convenience stores solely to the extent connected to such fuel and energy retail services; in each case (a), (b), (c) and (d), whether previously, now, or hereafter sold or rendered and all marketing, promotion, and advertising thereof.

2. Brand Ownership.

(a) The Parties acknowledge and agree that, except as expressly set forth herein, VRS will own the Valvoline/V brand in the Retail Services Field of Use and VGP will own the Valvoline/V brand in the VGP Products and Services Field of Use. Each Party agrees not to use any Valvoline Mark outside of its Field of Use, except as expressly allowed herein.

(b) To the extent that a Party licenses or sublicenses any Valvoline Mark, such Party shall ensure its licensees’ compliance with all terms of this Agreement as would be required of such Party.

(c) The Parties acknowledge and agree that, except as expressly set forth herein, VRS will own the Express Care/Express Care by Valvoline brand in North America and VGP will own the Express Care Marks in the Express Care Jurisdictions. The Parties acknowledge and agree that VGP will own the marks on Exhibit B.

(d) The Parties acknowledge and agree that VGP will own all trademarks owned or controlled by VRS immediately prior to the Effective Date in China, regardless of Field of Use.

3. VGP Entering Retail Services. If VGP desires to engage in Retail Services under the Valvoline Marks in any country (except for China) (hereinafter, a “Market”), the Parties shall proceed as follows:

(a) VGP shall notify VRS in writing of its Retail Services proposal in a specific Market. In such notice, VGP shall provide a reasonably detailed plan that includes a timeline for opening a first retail location, the projected number of stores to be opened per year for the first [***], the projected marketing budgets in such country for the first [***], VGP’s projected revenue for the first [***], and any other material details reasonably requested by VRS (“**Retail Lubricant Market Plan**”).

(b) VRS shall review the notification and Retail Lubricant Market Plan and request any additional information it requires to evaluate or supplement the Retail Lubricant Market Plan within sixty (60) days after receipt of the notification.

(c) VGP shall promptly provide any such additional information requested by VRS.

(d) Within sixty (60) days of receipt of the Retail Lubricant Market Plan or within forty-five (45) days of receipt of all timely requested additional information, whichever is later, VRS shall respond to the notice stating whether it: (A) approves VGP’s request to enter the specified Market subject to the Parties agreeing to brand guidelines governing such Market

entry or (B) denies VGP's request because VRS intends to enter such Market within [***]. VRS shall not unreasonably deny VGP's request if there are no VRS locations in the Market proposed by VGP and no reasonable possibility that VRS will establish a VRS location in such Market in the [***] following such request. If VRS does not establish a VRS location in such Market within [***] following such request, and does not have reasonably concrete plans to establish additional locations in such Market in a timely manner, then at the expiration of such [***] period, VRS shall approve VGP's original request to enter such Market pursuant to the applicable, updated Retail Lubricant Market Plan.

(e) Should VRS have approved VGP to enter a Market to provide Retail Services in that Market pursuant to Section (d), the Parties shall promptly negotiate mutually agreeable brand guidelines for the provision of Retail Services in such Market under the Valvoline Marks and, subject to mutual agreement to such brand guidelines, VRS will grant to VGP an exclusive (including as to VRS, but subject to Section 3(f)), non-transferable (except as provided in Section 13), royalty-free, sublicensable (solely as provided in Section 3(g)) license to use the Valvoline Marks for Retail Services use solely in the Market and as set forth in the Retail Lubricant Market Plan and consistent with such brand guidelines.

(f) Any exclusive license granted to VGP pursuant to Section 3(e) shall remain in effect for so long as VGP substantially executes all material actions set forth in the Retail Lubricant Market Plan within the timeline specified therein. If VGP fails to substantially execute any material action set forth in the Retail Lubricant Market Plan on the timeline specified therein, then upon written notice from VRS of such failure, VGP shall have six (6) months to execute any material actions that VGP has failed to execute. If thereafter VGP has not substantially executed a material action of the Retail Lubricant Market Plan, the Parties shall negotiate in good faith for three (3) months to try to resolve their differences. Following such three (3) month period, if the parties have not reached mutual resolution of their differences and VGP has not substantially executed any one or more material actions of the Retail Lubricant Market Plan within the timeline set forth therein or, with respect to actions that were the subject of a notice of failure to execute from VRS, during the six (6) month execution period or the three (3) month negotiation period, then upon written notice from VRS, the exclusive license granted to VGP in Section 3(e) shall immediately and automatically convert to a non-exclusive license, unless otherwise agreed to by the Parties in writing.

(g) VGP shall have the right to grant sublicenses to any third party ("**VGP Permitted Sublicensees**"), including through multiple tiers and channels, of the licenses granted to VGP under Section 3(e); provided, however, that any such sublicense shall be a written sublicense agreement and is subject to quality control and termination by VGP in the event of a breach by the VGP Permitted Sublicensee.

(h) The Parties acknowledge and agree that VGP has provided VRS with notice that VGP desires to engage in Retail Services under the Valvoline Marks in MENA, and has complied with the requirements of Sections 3(a), 3(b) and 3(c) in respect thereof. VRS hereby approves such request by VGP pursuant to Section 3(d) and, subject to the Parties agreeing to brand guidelines governing such Market entry, VRS shall grant to VGP an exclusive (including as to VRS, but subject to Section 3(f)), non-transferable (except as provided in Section 13), royalty free, sublicensable (solely as provided in Section 3(g)) license to use the Valvoline Marks as well as all trade dress, store layouts and manuals for Retail Services use solely in MENA.

4. Ancillary Products. VGP hereby grants VRS a non-exclusive, worldwide, sublicensable (including through multiple tiers and channels), royalty-free license to use the Valvoline Marks in connection with (a) the manufacture, promotion, advertisement, and distribution of Ancillary Products for internal VRS use or gifting/promotional activities and (b) the performance of VRS's

obligations under that certain Licensing and Merchandising Agreement, by and between VRS and The Specialized Marketing Group, Inc., as amended, restated or extended from time to time. If there are any conflicts regarding VRS's Ancillary Products, VGP will raise the issue with the Brand Ambassadors, who will meet to resolve any such issue in good faith. For the avoidance of doubt, VRS shall not sell or resell any Ancillary Products for profit under this Section 4.

5. Quality Control.

(a) Acknowledgement. The Parties acknowledge and are familiar with the high standards and quality of VRS and VGP and the Valvoline Marks and they will, and will cause their respective Affiliates to, conduct their respective businesses and use the Valvoline Marks in a manner consistent with these standards and quality.

(b) Trademark Notices. The Parties will use commercially reasonable efforts to ensure that their and their respective Affiliates' uses of the Valvoline Marks are accompanied by appropriate trademark notices, e.g., the "TM" or ®.

(c) Maintaining Value of Valvoline Marks. Neither Party shall, nor shall either Party permit its Affiliates to, take, omit to take, or permit any action that will or may tarnish or bring into disrepute the reputation, image, premium nature or prestige of or goodwill associated with the Valvoline Marks.

(d) Similar Marks. Neither Party shall, nor shall either Party permit its Affiliates to use, apply for, obtain, or assist any Person in applying for or obtaining any registration of any trademark, service mark, trade name, or other indicia confusingly similar to any of the Valvoline Marks in any territory or Field of Use that is outside of that Party's rights pursuant to this Agreement.

(e) Licensing. Subject to the terms and conditions of this Agreement, each Party has the right to grant licenses in the Valvoline Marks, to the extent owned by such Party, to any third party (including franchisees), which licenses may be sublicensable by such third party solely with respect to the Party's ownership rights to the Valvoline Marks in applicable jurisdictions and applicable Fields of Use; provided, however, that any license or sublicense shall be a written agreement and subject in all respects to quality control and the restrictions, exceptions, and other provisions contained in this Agreement and any policies agreed to by the Brand Ambassadors. Each Party shall be responsible to the other Party for all actions or inactions of its licensees, including violations of this Agreement.

(f) Brand Ambassador. Each Party will appoint at least one brand ambassador (the "**Brand Ambassadors**") at the director or vice president level, or at an equivalent level with suitable seniority, to represent its interests in maintaining the integrity and preeminence of the Valvoline Marks. The Brand Ambassador(s) for each Party shall meet at least annually to discuss marketing plans for the upcoming calendar year, five-year plans for their respective businesses including expected product requests, strategic priorities for growth and expected market expansion priorities, and any proposed new product request VRS is reasonably contemplating in the calendar year following such Brand Ambassador meeting, and to address on an as-needed basis any issues that arise with respect to marketing or other matters about the Valvoline Marks.

(i) The Brand Ambassadors may establish, by mutual agreement: (A) a procedure for the Parties to appoint and manage Brand Ambassadors or a brand committee; (B) the role and authority of the Brand Ambassadors or brand committee to monitor the use of the Valvoline Marks by the Parties; and (C) a procedure for the Brand Ambassadors or brand committee to notify a Party of any

use of a Valvoline Mark that does not comply with this Agreement and for the Parties to discuss and resolve the matter.

(ii) In addition, the Brand Ambassadors will be responsible for (A) creating written versions of the Communications Policy, Search Engine Policy and Social Media & Public Media Policy after the Effective Date and (B) amending the policies and procedures in place between the Parties in response to reasonable written requests from a Party. In creating and making any changes to such policies and procedures, the Brand Ambassadors will act reasonably and in good faith and take into account maintaining brand identity, growing the brand value and goodwill and similarly allowing for flexibility in adapting brand assets to changes in market conditions and consumer attitudes, ensuring competitiveness to market, supporting global growth plans, and realizing synergies with the brand globally. The **Communications Policy** shall govern the use of the Valvoline Marks with the goal of ensuring clarity across Party communications including by their use of distinguishable names and identifiers that reflect their respective services or products. The **Search Engine Policy** shall govern the use of acceptable search engine optimization practices and acceptable search term or adword purchase practices for the Parties. The **Social Media & Public Media Policy** shall govern the use of existing and future Party social media accounts and the use of the Valvoline Marks on social media and in public media including websites (see Section 8(b)), advertising, sponsorships and other brand visibility and audience targeting opportunities.

(g) Compliance with Law. The Parties agree that they shall, and shall cause their respective Affiliates to (a) use the Valvoline Marks in accordance with all applicable Laws and (b) not use the Valvoline Marks in a manner that would be reasonably expected to significantly damage the goodwill associated with any of the Valvoline Marks or impair either Party's ability to enforce the same.

(h) Express Care. VGP shall use the Express Care Marks solely in the Express Care Jurisdictions, and solely for the purpose of licensing such marks to VGP's customers that provide quick lube and related retail services for use in connection with the sale of VGP products to such customers. Except as otherwise agreed between the Brand Ambassadors, VGP shall ensure that its licensees comply with the sizing guidelines applicable to the Express Care signage set forth on Exhibit C, which also includes exemplary Express Care logos for Express Care store branding. Notwithstanding the foregoing, VGP may use or register "Express Care" without any Valvoline Mark(s) in the Express Care Jurisdictions and for the purpose of licensing such marks to VGP's customers that provide quick lube and related retail business for use in connection with the sale of VGP products to such customers, in which case the Express Care Signage Guidelines do not apply.

6. Maintenance of Registrations and New Trademark Filings.

(a) Each Party shall, and shall cause its Affiliates to, for the Valvoline Marks it owns and solely within its applicable Field of Use and jurisdiction, and at its own expense, take reasonable steps to maintain the existing registrations of the Valvoline Marks and prosecute to registration any applications that are pending as of the Effective Date. Each Party, at its own expense, shall provide the other Party with all necessary assistance for such maintenance and prosecution.

(b) In furtherance and not in limitation of Section 6(a), each Party agrees to promptly, at the written request of the other Party, take all steps reasonably necessary to file applications for registration of, prosecute and register (the "Resulting Registration") a Valvoline Mark in the other Party's Field of Use in specific jurisdictions where the applicable

Law or local trademark office procedures preclude the other Party from registering a Valvoline Mark in its own Field of Use, including, for example, when a Party's application for a Valvoline Mark is rejected on the basis of a likelihood of confusion with the other Party's preexisting Valvoline Mark(s) registration(s) in that jurisdiction. In this circumstance, the Party that acquired the Resulting Registration will transfer the Resulting Registration to the other Party (and file all applicable transfer documents) promptly after receiving notice from the applicable registry that the Resulting Registration has issued. However, if such transfer is impracticable or not allowed under applicable Law or local trademark office procedures, then VGP will own all registrations of the Valvoline Marks in that jurisdiction, and the Parties will take all applicable steps to transfer all Valvoline Marks in that jurisdiction to VGP, and VGP will grant VRS an exclusive (including as to itself), perpetual, transferable, royalty-free, sublicensable license akin to ownership to the applicable Valvoline Mark(s) for use as would be permitted under this Agreement or as otherwise mutually agreed by the Parties. If any license is granted pursuant to this Section 6(b), VGP agrees to use reasonable best efforts to maintain all registrations of Valvoline Marks in the Retail Services Field of Use, at VRS's expense, in that jurisdiction.

(c) If a Party desires to not renew or maintain a registration of a Valvoline Mark, it will endeavor to inform the other Party at least forty-five (45) days prior to any such abandonment and the Parties may thereafter confer in good faith to mutually determine, in accordance with the intent and purpose of this Agreement, if that registration should be assigned to the other Party. If the Parties so determine, and the assignment is practicable, they will work in good faith to effectuate the assignment and the assignee will be responsible for maintaining that assigned registration at its sole cost and expense.

(d) If a Party or its Affiliate files a new trademark application for a new or revised trademark containing a Valvoline Mark to be used in its Field of Use as contemplated hereunder, in any jurisdiction, it will endeavor to notify the other Party and the Parties may thereafter confer in good faith to determine if the applied-for trademark is useful to the other Party in its Field of Use, and if so, the Parties can engage in good-faith negotiations for the other Party's use of such trademark on reasonable and non-discriminatory terms that mirror the spirit of the terms of this Agreement.

(e) To the extent necessary to police a Valvoline Mark, and subject to Section 6(b) and Section 9(a), it is each Party's obligation to register, based on its reasonable business judgment, the Valvoline Mark(s) with the appropriate governmental customs authority or other such authorities in its respective Field of Use in that territory.

7. Communications.

(a) The Parties will, and will cause their respective Affiliates and licensees to, comply in all material respects with the Communications Policy in applicable jurisdictions.

(b) Each Party and its Affiliates and licensees may advertise, promote, and market the Valvoline Marks only in its respective Field of Use in that country and each Party will bear its own costs of any advertising, marketing, and promotions related to the Valvoline Marks.

8. Business Names, Domain Names, Websites, Search Engine, Social Media and Residual Use.

(a) Corporate Names. Each Party shall use reasonable efforts not to, and to not permit any of their Affiliates to, refer to itself as "Valvoline" alone, except that VRS may refer to itself as "Valvoline" to its shareholders, as required by law and internally to the extent existing as of the date hereof, including on employee uniforms, stationary and invoices, and reasonable extensions thereof. VRS retail service centers will do business as "Valvoline Instant Oil Change" or another deviation thereof not using the word "Valvoline" standing by

itself, so long as it continues to use the Valvoline Marks in association with its stores. VRS will never label or market a product in a manner that indicates that VRS is the source of the product (e.g., "by Valvoline") or is the product manufacturer.

(b) Websites.

(i) For the period commencing on the Effective Date and ending one (1) year from the Effective Date, VRS shall cause the content of the webpage located at Valvoline.com to show supporting pages on such page that include a location finder and coupons (can be VRS or VGP). This page is to minimize any negative impact to the business of both Parties. Thereafter, VRS shall cause the content of the webpage located at, and subpages accessible from, Valvoline.com, to consist of the content agreed to by the Brand Ambassadors. Should the Brand Ambassadors not be able to reach agreement, then VRS shall cause the content of the webpage located at Valvoline.com to consist solely of a landing page containing a mutually agreeable (A) description of VRS's business and images and a link redirecting to a domain designated by VRS and updated from time to time, or another domain name which VRS may reasonably designate from time to time, and (B) description of VGP's business and images and a link redirecting to a domain designated by VGP and updated from time to time, or another domain name which VGP may reasonably designate from time to time. The description and link corresponding to VRS shall be of equal prominence and size as the description and link corresponding to VGP.

(ii) Unless and until VRS commences Retail Services in a country, VRS shall cause any Valvoline.xx domain name with the corresponding country code top-level domain (e.g., Valvoline.br for Brazil) as well as all geographically specific sub-domains based on the location of the user (e.g., Valvoline.com/br for Brazil) for such country to automatically redirect to a domain designated by VGP and updated from time-to-time. Upon VRS commencing Retail Services in a jurisdiction, VRS shall cause the content of the webpage located at the Valvoline.xx domain name with the corresponding country code top-level domain (e.g., Valvoline.br for Brazil) as well as all geographically specific sub-domains based on the location of the user (e.g., Valvoline.com/br for Brazil) in such country to consist of the content agreed to by the Brand Ambassadors. Should the Brand Ambassadors not be able to reach agreement, then VRS shall cause the content of the webpage located at such Valvoline.xx domain name with the corresponding country code top-level domain (e.g. Valvoline.br for Brazil), to consist solely of a landing page containing a mutually agreeable (A) description of VRS's business and images and a link redirecting to a domain designated by VRS and updated from time-to-time, or another domain name which VRS may reasonably designate from time to time, and (B) description of VGP's business and images and a link redirecting to a domain designated by VGP and updated from time-to-time, or another domain name which VGP may reasonably designate from time to time. The description and link corresponding to VRS shall be of equal prominence and size as the description and link corresponding to VGP. For the avoidance of doubt, the domain name Valvoline.ca shall continue to redirect to Valvoline.com unless the Brand Ambassadors mutually agree otherwise.

(iii) The Parties shall collaborate in good faith to optimize Search Engine Optimization ("**SEO**") for domains with equal treatment for both Parties. Supporting content pages on the Valvoline.com webpage will be mutually agreed to with the intent of maximizing SEO for each of the VRS and VGP businesses.

(iv) The Parties shall collaborate in good faith to optimize SEO for such domain names with equal treatment for both Parties. For the avoidance of doubt, VRS shall retain ownership of the domain name Valvoline.com and all Valvoline.xx domain

names with other top-level domains. Exhibit F is a list of URLs that will be split between, and owned by each of, the Parties.

(c) Search Engine Policy. The Parties will, and will cause their respective Affiliates and licensees to, comply in all material respects with the policy that governs acceptable search engine optimization practices and acceptable search term or adword purchase practices (the “**Search Engine Policy**”).

(d) Social Media & Public Media Policy. The Parties will, and will cause their respective Affiliates and licensees to, comply in all material respects with the policy that governs the use of social media accounts and public communication and the use of “Valvoline” and the Valvoline Marks on social media pages, websites, and in other communications and media (the “**Social Media & Public Media Policy**”). Exhibit G is a list of social media handles/accounts that will be split between, and owned by each of, the Parties.

(e) Residual Use.

(i) Notwithstanding Section 5.26(a) of the EPA, after the date that is one hundred eighty (180) days after the date of this Agreement, or as otherwise mutually agreed by the Brand Ambassadors, the material use of any Seller Retained Licensed Intellectual Property (as defined in the EPA) by or for VGP and its Affiliates may not contain any trademarks (A) that are owned by VRS and its Affiliates and (B) for which VGP does not otherwise receive rights to use under this Agreement (or another valid agreement), except for factual or historical or nominative fair uses thereof.

(ii) Notwithstanding Section 5.26(b) of the EPA, after the date that is one hundred eighty (180) days after the date of this Agreement, or as otherwise mutually agreed by the Brand Ambassadors, the material use of any Purchaser Retained Licensed Intellectual Property (as defined in the EPA) by or for VRS and its Affiliates may not contain any trademarks (A) that are owned by VGP and its Affiliates and (B) for which VRS does not otherwise receive rights to use under this Agreement (or another valid agreement), except for factual or historical or nominative fair uses thereof.

9. Enforcement and Defense.

(a) Responsibility. Each Party and its Affiliates is responsible for, and shall, defend or enforce, as applicable, any Actions (defined below) in its Field of Use; provided that if (i) a Party does not have a registered Valvoline Mark in a particular jurisdiction and the other Party does have a registered Valvoline Mark in such jurisdiction, the Party with the registration shall, at the other Party’s expense and reasonable request, enforce, or cause its applicable Affiliate to enforce, its registered Valvoline Mark in such jurisdiction; or (ii) if VGP or any of its Affiliates licenses to VRS a Valvoline Mark pursuant to Section 6(b), VGP shall, at VRS’s expense and reasonable request, enforce, or cause its applicable Affiliate to enforce, such licensed Valvoline Mark in such jurisdiction. Neither Party will, nor will it permit its Affiliates to, settle any controversy if it is detrimental to the other Party, including if it would subject the other Party to monetary damages, restriction the other Party’s business within its Field of Use or require an admission of fault by the other Party, without the express written consent of the other Party, such consent not to be unreasonably withheld, conditioned, or delayed.

(b) Notification. Each Party will endeavor to notify the other Party as soon as practicable upon becoming aware of any: (a) actual, suspected, or threatened infringement of a Valvoline Mark (including the filing of third-party trademark applications that

incorporate or are confusingly similar to a Valvoline Mark), claim that a Valvoline Mark is invalid, or opposition to a Valvoline Mark; in each case by any person that is not a Party or Affiliate of a Party; (b) actual, suspected, or threatened claim that use of a Valvoline Mark infringes the rights of any third party; or (c) other actual, suspected or threatened claim to which a Valvoline Mark may be subject (collectively, “**Actions**”).

(c) Assistance. The Parties will, and will cause their respective Affiliates to, provide each other with reasonable assistance in the conduct of any Action. Except as otherwise provided in this Agreement, each Party shall bear its own costs and expenses regarding any Action.

(d) Monetary Compensation. Any monetary compensation that results from an Action shall be divided between the Parties in proportion to the respective documented out-of-pocket expenses of the Parties directly related to such Action.

10. Confidentiality.

(a) Each Party shall use the Confidential Information of the other Party and reproduce materials containing Confidential Information of the other Party only as necessary to perform its obligations under this Agreement. Each Party shall restrict disclosure of Confidential Information of the other Party to its personnel who have a need to know such information to perform its obligations under the Agreement and who have first agreed to be bound by the terms of this Section 10. Each Party is liable for an unauthorized disclosure or use of Confidential Information of the other Party by any of its current or former personnel. Within ten (10) days after receiving a written request from the other Party, a Party shall destroy or return (as instructed) any materials containing Confidential Information of the other Party, except such Confidential Information that may be stored in such Party's backup systems as part of such Party's standard record retention or archiving process (provided that, any such Confidential Information shall continue to be subject to the confidentiality provisions hereof).

(b) Exceptions to Confidential Information. The obligations under this Section 10 do not apply to Confidential Information that a Party can demonstrate:

- i. is or becomes publicly available without its breach of this Agreement; or
- ii. is independently developed by it without using Confidential Information; or
- iii. is received by it from a third party that does not have an obligation of confidentiality to the other Party; or
- iv. is properly and lawfully known to the receiving Party prior to the Effective Date without an obligation of confidentiality to the other Party.

(c) A Party may disclose Confidential Information to the extent that, in the reasonable opinion of its legal counsel, it is legally required to disclose such Confidential Information; provided that, such Party shall, except for disclosures legally required to comply with United States securities laws: (i) give written notice to the other Party in a reasonable time prior to disclosure and allow the other Party a reasonable opportunity to seek appropriate protective measures; (ii) take into account the reasonable requests of the other Party in relation to the form, timing and content of such disclosure; and (iii) use its commercially reasonable efforts to maintain the confidential nature and resist the disclosure of any terms of this Agreement in relation to pricing and any related commercially sensitive information, including by means of redacting such terms and related commercially sensitive information from any disclosed documentation.

11. Representations and Warranties.

- (a) Mutual Representations and Warranties. Each Party represents and warrants to the other Party that:
- (i) it is duly organized, validly existing, and in good standing as a corporation or other entity as represented herein under the Laws of its jurisdiction of incorporation or organization;
 - (ii) it has the full right, power and authority to enter into this Agreement and to perform its obligations hereunder;
 - (iii) it is voluntarily entering into this Agreement with the intent to be legally bound thereby and has had an opportunity to consult legal counsel as to its rights and the consequences of signing this Agreement;
 - (iv) the execution of this Agreement by its representative whose signature is set forth at the end hereof has been duly authorized by all necessary organizational action of the Party; and
 - (v) when executed and delivered by such Party, this Agreement will constitute the legal, valid, and binding obligation of such Party, enforceable against such Party in accordance with its terms.
- (a) VRS acknowledges and agrees that Exhibit E is a complete and accurate list of all trademark registrations and applications owned or controlled by VRS immediately prior to the Effective Date. Exhibit E also includes a non-exhaustive list of certain identified common law marks that will be owned by VGP as of the Effective Date.
- (b) VRS acknowledges and agrees that Exhibit B is a complete and accurate list of all Express Care Marks in the Express Care Jurisdictions owned or controlled by VRS immediately prior to the Effective Date that will be owned by VGP as of the Effective Date.
- (c) The Parties acknowledge and agree that, other than the representations and warranties set forth in this Section 11, nothing in this Agreement constitutes any representation or warranty by either Party or its Affiliates.

12. Indemnification and Insurance.

- (a) Indemnification. Each Party shall indemnify, defend, and hold harmless the other Party and its Affiliates, officers, directors, employees, agents, successors, and assigns (each, an “**Indemnified Party**”), from and against all Losses arising out of or in connection with any third-party claim, suit, action, or proceeding (each, a “**Third-Party Claim**”) relating to any actual or alleged (i) breach by the Party of any representation, warranty, covenant, or obligation under this Agreement or (ii) the willful misconduct, gross negligence or the negligence of the Party in relationship to a right or obligation under this Agreement.
- (b) Insurance.
- (i) At all times each Party shall maintain sufficient coverage, at its sole cost and expense, of commercial general liability insurance with commercially reasonable per occurrence and aggregate limits in light of the subject matter of this Agreement, including bodily injury and property damage and products and completed operations and advertising liability.

- (ii) Commercial general liability policies required pursuant to this Section 12 must:
 - (A) be issued by insurance companies reasonably acceptable to the other Party;
 - (B) waive any right of subrogation of the insurers against the other Party or any of its Affiliates; and
 - (C) name the other Party as additional insureds.
- (iii) Each Party shall provide the other Party with copies of the certificates of insurance and policy endorsements required by this Section 12 upon the written request of the other Party and shall not do anything to invalidate such insurance.

13. Assignment.

(a) Neither Party shall assign or otherwise transfer any of its rights, or delegate or otherwise transfer any of its obligations or performance, under this Agreement, in each case whether voluntarily, involuntarily, by operation of law, or otherwise, without the other Party's prior written consent, which consent the other Party shall not unreasonably withhold, condition, or delay. For purposes of the preceding sentence, and without limiting its generality, any merger, consolidation, or reorganization involving, or any transfer in connection with the sale of all or substantially all assets of, a Party (regardless of whether the Party is a surviving or disappearing entity), or a transfer to an Affiliate will not be deemed to be a transfer of rights, obligations, or performance under this Agreement for which the other Party's prior written consent is required. Any assignment, delegation, or other transfer permitted under this Section 13(a), including an exclusive license to all or a portion of its Valvoline Marks portfolio, except by a Party to its Affiliate, shall require the assignee, surviving entity, or other transferee to agree in writing to be bound by the terms of this Agreement as of the effective date of such assignment, delegation, or other transfer.

(b) No assignment, delegation, or other transfer of a Party's rights, obligations, or performance under this Agreement will relieve such Party of any of its obligations or performance under this Agreement. Any purported assignment, delegation, or transfer in violation of this Section 13 is void.

(c) In the event that VRS decides to pursue or undertake any transaction or series of related transactions (whether structured as a stock sale, merger, consolidation, reorganization, recapitalization, redemption, asset sale or otherwise) that directly or indirectly results in the sale or transfer (other than an to an Affiliate) of (i) all or substantially all of the Valvoline Marks, (ii) at least 50% of the assets of VRS (determined based on value), (iii) beneficial ownership or control of at least 50% of the outstanding equity securities of VRS (or any Affiliate that controls VRS and is engaged directly or indirectly in VRS's business) or (iv) beneficial ownership or control of at least 50% of the outstanding equity securities of any one or more subsidiaries of VRS owning, controlling or otherwise constituting at least 50% of the assets of VRS (determined based on value), in each case, to a person or a "group" (within the meaning of the Securities Exchange Act of 1934, as amended and the rules of the U.S. Securities and Exchange Commission thereunder), VRS shall give VGP a reasonable, timely opportunity to meaningfully participate as a bidder in any such transaction. For the avoidance of doubt, a breach of this Section 13(c) constitutes a material breach for purposes of the specific performance provision in Section 14(l).

(d) Each Party agrees that it shall not split or otherwise transfer the ownership of less than all of its and its Affiliates' Valvoline Marks portfolio to any third party; provided that nothing in this Section 13(d) shall prohibit a Party from licensing less than all of its Valvoline Marks portfolio to any third party.

14. Miscellaneous.

(a) Further Assurances. Each Party shall and shall cause its Affiliates to, upon the reasonable request of the other Party, and, except as otherwise expressly set forth herein, at such other Party's sole expense, promptly execute such documents and perform such acts as may be necessary to give full effect to the terms of this Agreement including the Parties' co-existence on trademark registers. To the extent a requesting Party is seeking assistance in the registration, prosecution, or maintenance of a trademark from the other Party, such requesting Party shall bear all costs and expenses associated with its request.

(b) Independent Contractors. The relationship between the Parties is that of independent contractors. Nothing contained in this Agreement will be construed as creating any agency, partnership, joint venture, or other form of joint enterprise, employment, or fiduciary relationship between the Parties, and neither Party has authority to contract for or bind the other Party in any manner whatsoever.

(c) No Public Announcements. Neither Party shall, nor shall it permit its Affiliates to, issue or release any announcement, statement, press release, or other publicity or marketing materials relating to this Agreement, or, unless expressly permitted under this Agreement, otherwise use the other Party's or the other Party's Affiliates' trademarks, service marks, trade names, logos, domain names, or other indicia of source, association or sponsorship, in each case, without the prior written consent of the other Party, which may not be unreasonably withheld, conditioned, or delayed.

(d) Notices. All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand or sent, postage prepaid, by registered, certified or express mail or overnight courier service at the address below, provided, that either Party may change the mailing address or other information provided for it by written notice given in accordance with this Section 14(d). Any such notice shall be deemed given (i) when so delivered by hand or (ii) if mailed, three calendar days after mailing (or one business day in the case of express mail or overnight courier service). Each Party is a separate entity and requires individual notice if a notifying Party intends on notifying both entities.

If to Valvoline Inc.: [***]
If to Valvoline, LLC: [***]
If to Valvoline Licensing and Intellectual Property LLC: [***]
If to VGP Holdings LLC: [***]

with a copy to (which copy alone shall not constitute notice):

Aramco Overseas Company B.V.
[***]

and:

Saudi Arabian Oil Company
[***]

If to VGP IPCo LLC: [***]

with a copy to (which copy alone shall not constitute notice):

Aramco Overseas Company B.V.
[***]

and:

Saudi Arabian Oil Company
[***]

(e) Interpretation. For purposes of this Agreement, (a) the words “include,” “includes,” and “including” will be deemed to be followed by the words “without limitation”; (b) the word “or” is not exclusive; and (c) the words “herein,” “hereof,” “hereby,” “hereto,” and “hereunder” refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to Sections, Schedules, and Exhibits refer to the Sections of, and Schedules and Exhibits attached to, this Agreement; (y) to an agreement, instrument, or other document means such agreement, instrument, or other document as amended, supplemented, and modified from time to time to the extent permitted by the provisions thereof; and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement will be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting an instrument or causing any instrument to be drafted. Any Schedules and Exhibits referred to herein will be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

(f) Headings. The headings in this Agreement are for reference only and do not affect the interpretation of this Agreement.

(g) Entire Agreement. This Agreement, together with all Schedules and Exhibits hereto, the EPA and any other documents incorporated herein by reference, constitutes the sole

and entire agreement of the Parties to this Agreement with respect to the subject matter contained herein.

(h) No Third-Party Beneficiaries. Except as expressly set forth in Section 12(a) with respect to Indemnified Parties, this Agreement is for the sole benefit of the Parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or will confer upon any other Person any legal or equitable right, benefit, or remedy of any nature whatsoever, under or by reason of this Agreement.

(i) Binding Agreement. This Agreement is binding upon and inures to the benefit of the Parties hereto and their respective permitted successors and assigns.

(j) Amendment and Modification; Waiver. This Agreement may only be amended, modified, or supplemented by an agreement in writing signed by both Parties. No waiver by either Party of any of the provisions hereof will be effective unless explicitly set forth in writing and signed by the waiving Party. Except as otherwise set forth in this Agreement, no failure to exercise, or delay in exercising, any rights, remedy, power, or privilege arising from this Agreement will operate or be construed as a waiver thereof; nor will any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege.

(k) Severability. If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability will not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon a determination that any term or other provision is invalid, illegal, or unenforceable, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent permitted under applicable Law.

(l) Equitable Relief. The Parties acknowledge that a material breach of this Agreement may cause irreparable harm, for which an award of damages would not be adequate compensation and agrees that, in the event of such a breach or threatened breach, the non-breaching Party will be entitled to equitable relief, including in the form of a restraining order, orders for preliminary or permanent injunction, specific performance, and any other relief that may be available from any court, and the breaching Party hereby waives any requirement for the securing or posting of any bond or the showing of actual monetary damages in connection with such relief. These remedies will not be deemed to be exclusive but are in addition to all other remedies available under this Agreement at Law or in equity, subject to any express exclusions or limitations in this Agreement to the contrary.

(m) Notice and Cure. Notwithstanding the foregoing in Section 14(l), prior to seeking equitable relief for a breach of this Agreement or any other legal action to enforce this Agreement:

(i) If either Party perceives a breach of this Agreement that could have the effect of tarnishing or bringing into disrepute the reputation, image, premium nature or prestige of or goodwill associated with the Valvoline Marks, that Party shall promptly notify the other Party of such perceived breach in writing, under the terms of Section 14(d). The Party receiving such notice shall then have twenty (20) calendar days from receiving such notice to cure such breach or to negotiate a resolution with the complaining Party. If after the twenty (20) calendar days the breach has not been cured or otherwise resolved, then the non-breaching Party shall cause its Brand Ambassador to use commercially reasonable efforts to resolve such

breach with the breaching Party's Brand Ambassador. If the Brand Ambassadors, working in good faith to resolve such breach, cannot resolve such breach within fifteen (15) calendar days after the matter was first elevated to the Brand Ambassadors, each of VRS's and VGP's chief executive officers shall use commercially reasonable efforts to resolve such breach. If each Party's chief executive officers, working in good faith to resolve such breach, cannot resolve such breach within ten (10) calendar days after the matter is escalated to the chief executive officers, then and only then shall the non-breaching Party be entitled to seek all legal rights and remedies available to it to address the breach, including equitable relief for such breach pursuant to Section 14(l).

(ii) If either Party perceives any breach of this Agreement that is not the subject of Section 14(m)(i), that Party shall promptly notify the other Party of such perceived breach in writing, under the terms of Section 14(d). The Party receiving such notice shall then have thirty (30) calendar days from receiving such notice to cure such breach or to negotiate a resolution with the complaining Party. If after the thirty (30) calendar days the breach has not been cured or otherwise resolved, then the non-breaching Party shall cause its Brand Ambassador to use commercially reasonable efforts to resolve such breach with the breaching Party's Brand Ambassador. If the Brand Ambassadors, working in good faith to resolve such breach, cannot resolve such breach within the thirty (30) calendar days after the matter was first elevated to the Brand Ambassadors, each of VRS's and VGP's chief executive officers shall use commercially reasonable efforts to resolve such breach. If each Party's chief executive officers, working in good faith to resolve such breach, cannot resolve such breach within thirty (30) calendar days after the matter is escalated to the chief executive officers, then and only then shall the non-breaching Party be entitled to seek all legal rights and remedies available to it to address the breach, including equitable relief for such breach pursuant to Section 14(l).

The Parties acknowledge and agree that compliance with the escalation waiting periods in this Section 14(m) shall not preclude the non-breaching Party from seeking equitable relief pursuant to Section 14(l). For the avoidance of doubt, the breaching Party shall not assert that by complying with this Section 14(m), the non-breaching Party demonstrated it is not subject to immediate harm from the breaching Party's breach.

(n) Jurisdiction; Governing Law. Any dispute, claim or controversy arising out of or related to this Agreement or breach, termination or validity thereof ("**Dispute**"), may be, by mutual consent of the Parties, settled by arbitration conducted expeditiously in accordance with the commercial Arbitration Rules of the American Arbitration Association ("**AAA**"). Within ten (10) business days of the filing of arbitration (if arbitration is chosen), the Parties shall select a sole independent and impartial arbitrator in accordance with such rules. If the Parties mutually agree to arbitration, but are unable to agree upon an arbitrator within such period, on or after the eleventh (11th) day, either Party may request the AAA to appoint an arbitrator, which arbitrator shall be experienced in trademark and commercial matters. The arbitrator will issue findings of fact and conclusions of law to support his/her opinion and is not empowered to award damages in excess of compensatory damages (including interest). The place of arbitration shall be New York, New York. Judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction. NOTWITHSTANDING ANY OF THE FOREGOING, EITHER PARTY MAY SEEK REMEDY THROUGH THE SUPREME COURT OF THE STATE OF NEW YORK, NEW YORK COUNTY, THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND ANY APPELLATE COURTS THEREOF WITH RESPECT TO ANY APPEALS THEREFROM, WHICH SHALL BE THE EXCLUSIVE COURTS FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING RELATED TO OR ARISING OUT OF THIS AGREEMENT OR THE TRANSACTIONS HEREUNDER, INCLUDING, WITHOUT LIMITATION, INJUNCTIVE RELIEF,

PRIOR AND WITHOUT PREJUDICE TO ANY ARBITRATION IN ACCORDANCE WITH THIS PROVISION. THE TERMS AND PROVISIONS OF THIS AGREEMENT SHALL BE INTERPRETED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. Each Party shall continue to perform its obligations under this Agreement during the resolution of any Dispute. Notwithstanding anything contained in this Agreement, neither Party shall be liable in any arbitration, litigation or other proceeding for anything other than actual, compensatory damages.

(o) Term / Termination. This Agreement begins on the Effective Date and will continue in full force and effect until the expiration or abandonment of all Valvoline Marks or until otherwise agreed between the Parties in writing.

(p) Foreign Investment. All investments made by either Party and any investments received by either Party shall comply with applicable Law in the United States, including United States economic sanctions implemented by the U.S. Department of the Treasury's Office of Foreign Assets Control.

(q) Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail, or other means of electronic transmission (to which a signed PDF copy is attached) will be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

(r) Acknowledgement of Encumbrances. Each Party acknowledges and agrees that any assignment, transfer, exclusive license, or other applicable grant of rights under the Valvoline Marks owned or controlled by such Party and licensed to the other Party under this Agreement (whether by contract or operation of applicable law) shall be subject to any licenses granted pursuant to this Agreement.

(s) Tax Treatment. The Parties intend to treat this Agreement as not constituting a sale or exchange of a capital asset for U.S. federal income tax purposes, pursuant to Section 1253(a) of the Internal Revenue Code of 1986.

(t) Bankruptcy Protection. For avoidance of doubt, the terms of Section 5.26(d) of the EPA regarding the preservation of Party rights and licenses under Section 365(n) of the Bankruptcy Code shall also apply to and cover all of the rights and licenses granted by the Parties under this Agreement, and any agreement supplemental to this Agreement.

[signature page follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the Effective Date by their respective officers thereunto duly authorized.

VALVOLINE INC.

By /s/ Mary E. Meixelsperger

Name: Mary E. Meixelsperger

Title: Chief Financial Officer

VGP Holdings LLC

By /s/ Jamal K. Muashsher

Name: Jamal K. Muashsher

Title: President

VALVOLINE, LLC

By /s/ Julie M. O'Daniel

Name: Julie M. O'Daniel

Title: SVP, Chief Legal Officer and
Corporate Secretary

VGP IPCo LLC

By /s/ Laura I. Pentova

Name: Laura I. Pentova

Title: Secretary

VALVOLINE LICENSING AND INTELLECTUAL PROPERTY LLC

By /s/ Alexis E. Bowling

Name: Alexis E. Bowling

Title: President

CERTIFICATION

I, Samuel J. Mitchell, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Valvoline Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2023

/s/ Samuel J. Mitchell, Jr.

Samuel J. Mitchell, Jr.

Chief Executive Officer and Director

(Principal Executive Officer)

CERTIFICATION

I, Mary E. Meixelsperger, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Valvoline Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2023

/s/ Mary E. Meixelsperger

Mary E. Meixelsperger
Chief Financial Officer
(Principal Financial Officer)

VALVOLINE INC.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Valvoline Inc. (the "Company") on Form 10-Q for the period ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, Samuel J. Mitchell, Jr., Chief Executive Officer of the Company, and Mary E. Meixelsperger, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Samuel J. Mitchell, Jr.

Samuel J. Mitchell, Jr.
Chief Executive Officer
May 10, 2023

/s/ Mary E. Meixelsperger

Mary E. Meixelsperger
Chief Financial Officer
May 10, 2023