

Valvoline

Third Quarter Fiscal 2025 Earnings

Lori Flees, CEO & President
Kevin Willis, CFO
Elizabeth Clevinger, Investor Relations

08.06.2025



SAFE HARBOR

Forward-Looking Statements

Certain statements herein, other than statements of historical fact, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may include, without limitation, statements about the proposed transaction to acquire Breeze Autocare, including its Oil Changers stores, the expected timetable for obtaining regulatory approval and completing the proposed transaction, and the benefits and synergies of the proposed transaction; executing on the growth strategy to create shareholder value by driving the full potential in Valvoline's core business, accelerating network growth and innovating to meet the needs of customers and the evolving car parc; realizing the benefits from acquisitions and refranchising transactions; and future opportunities for the stand-alone retail business; and any other statements regarding Valvoline's future operations, financial or operating results, capital allocation, debt leverage ratio, anticipated business levels, dividend policy, anticipated growth, market opportunities, strategies, competition, and other expectations and targets for future periods. Valvoline has identified some of these forward-looking statements with words such as "anticipates," "believes," "expects," "estimates," "is likely," "predicts," "projects," "forecasts," "may," "will," "should," and "intends," and the negative of these words or other comparable terminology. These forward-looking statements are based on Valvoline's current expectations, estimates, projections, and assumptions as of the date such statements are made and are subject to risks and uncertainties that may cause results to differ materially from those expressed or implied in the forward-looking statements. Additional information regarding these risks and uncertainties are described in Valvoline's filings with the Securities and Exchange Commission (the "SEC"), including in the "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Quantitative and Qualitative Disclosures about Market Risk" sections of Valvoline's most recently filed periodic reports on Forms 10-K and 10-Q, which are available on Valvoline's website at http://investors.valvoline.com/sec-filings or on the SEC's website at http://www.sec.gov. Valvoline assumes no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future, unless required by law.

Regulation G: Adjusted Results

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

3Q 2025 KEY HIGHLIGHTS[1]

$890M
System-wide Store Sales[2]
↑ 10%

4.9%
System-wide Same Store Sales[2] Growth

$439M
Net Sales
↑ 12%[3]

46
Gross Store Additions
19 Franchise; 27 Company

$130M
Adjusted EBITDA[4]
↑ 12%[3]

2,124
System locations[2]
↑ 8%

$0.47
Adjusted EPS [4]
↑ 18%[3]



1. All comparisons are year over year unless otherwise noted.
2. Refer to the Appendix for further information regarding management's use of key business measures.
3. Comparison to prior year is to recast amounts which represent as reported results adjusted to present as-if the refranchising transactions completed in fiscal 2024 and early fiscal 2025 had occurred immediately prior to October 1, 2023. Second quarter of fiscal 2024 recast Adjusted EPS was determined utilizing the adjusted effective tax rate in the period and did not assume any changes in interest expense from reported results that may have occurred if the refranchising transactions had occurred earlier as the recast results assume.
4. For a reconciliation of adjusted amounts to amounts reported under GAAP, please refer to the Appendix.

STRATEGIC PRIORITIES

Long Runway For **Delivering Shareholder Value**



DRIVE FULL POTENTIAL FOR OUR CORE BUSINESS



ACCELERATE NETWORK GROWTH

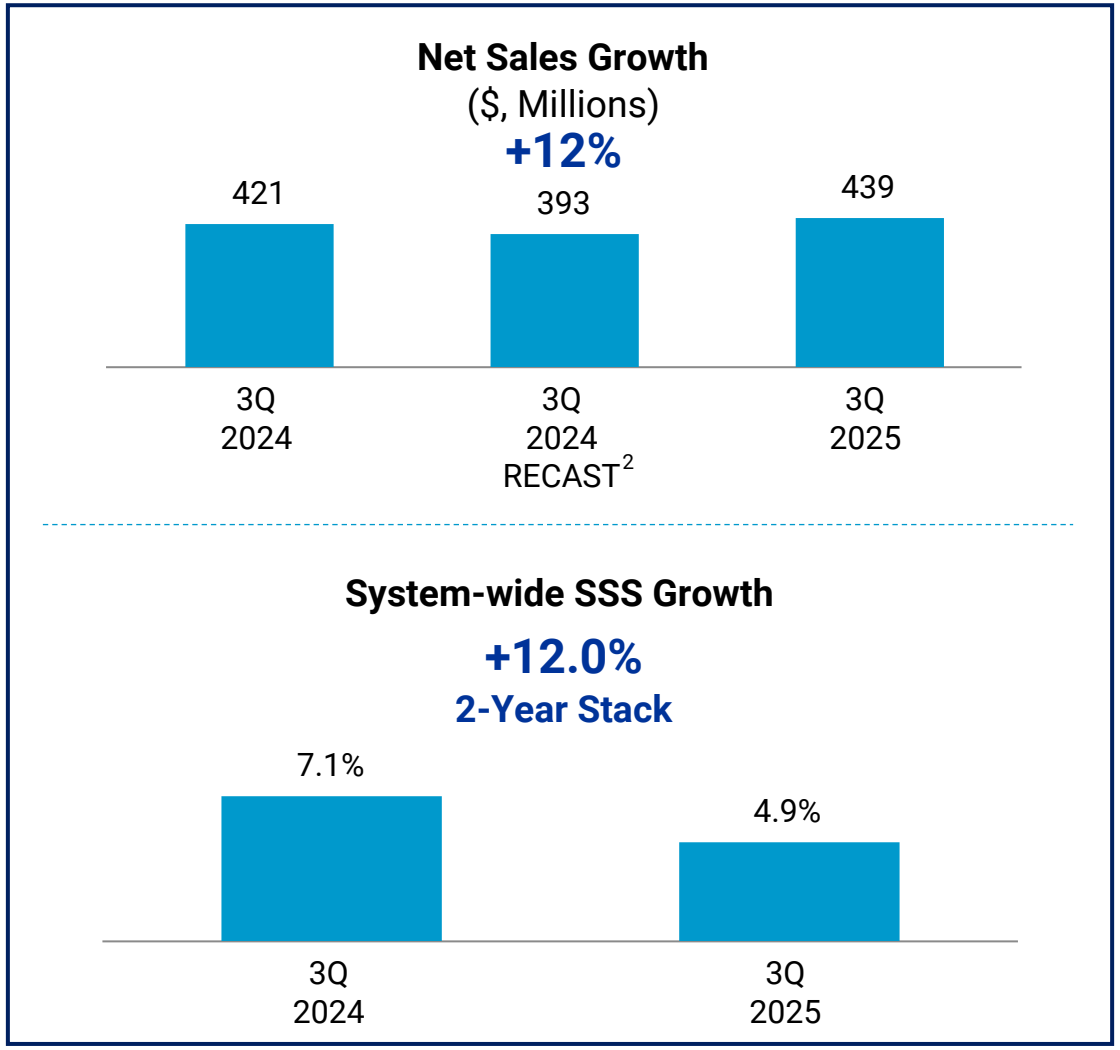


TARGET CUSTOMER & SERVICE EXPANSION



Q3 FINANCIAL PERFORMANCE

3Q 2025 TOP-LINE PERFORMANCE[1]



163 net new system-wide stores YoY

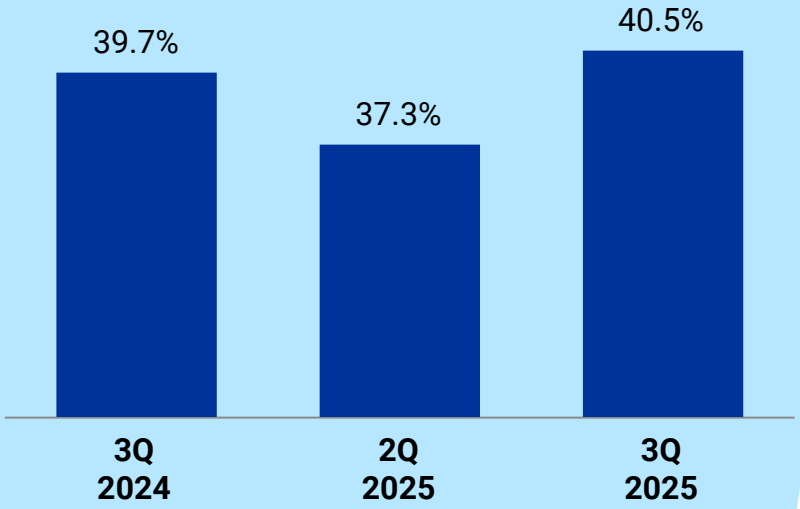
Primary driver was ticket with premiumization, net price, and NOCR all positively contributing

Pricing remains a key driver of strong Franchise comp

1. Refer to the Appendix for further information regarding management's use of key business measures. Management revised its approach to determining SSS beginning in fiscal 2025 to define same stores as those that have been in operation within the system for at least 12 full months.
2. Recast amounts represent as reported results adjusted to present as-if the refranchising transactions completed in fiscal 2024 and early fiscal 2025 had occurred immediately prior to October 1, 2023. Where applicable, comparisons are to the recast amount in the prior year.

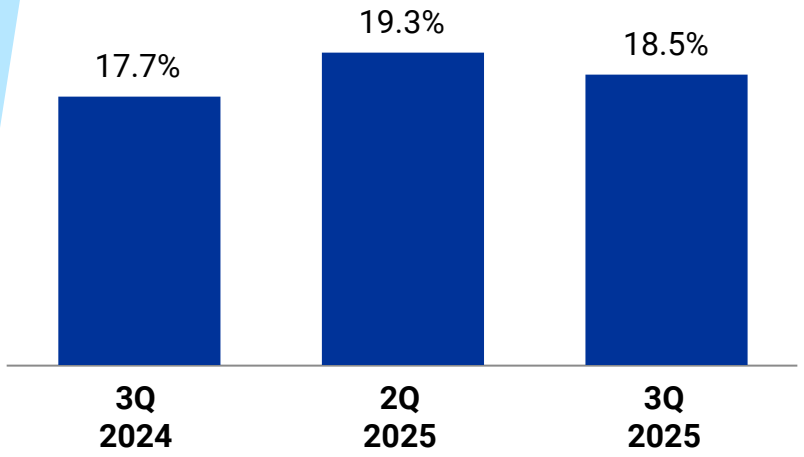
3Q 2025 FINANCIAL DRIVERS[1]

Gross Margin
as a % of Net sales
80 bps increase YoY



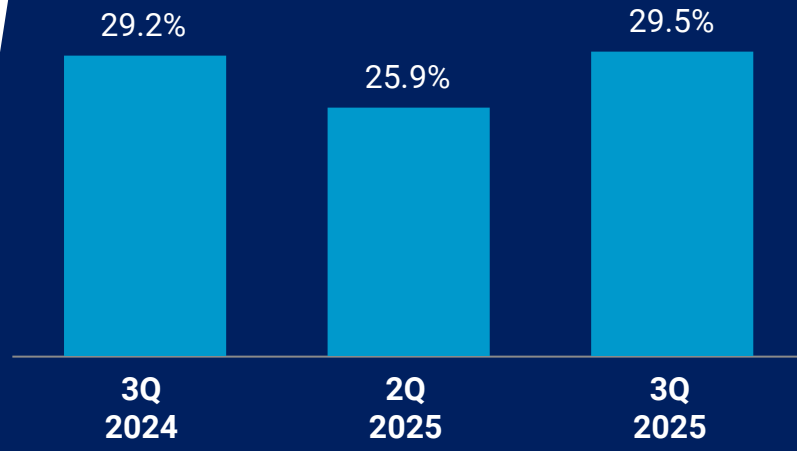
- ~100 bps improvement in labor leverage

SG&A Expense
as a % of Net sales
80 bps increase YoY



- Ongoing technology investments contributing about one-third of additional SG&A spend YoY

Adjusted EBITDA
as a % of Net sales
30 bps increase YoY

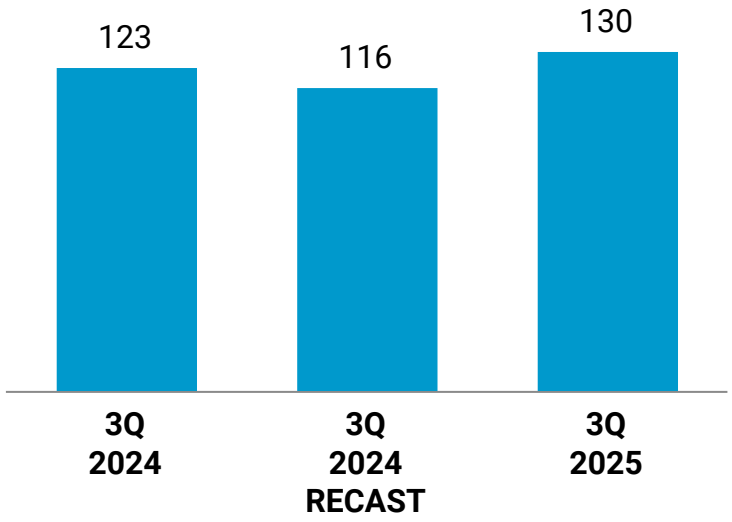


- Sequential improvement driven by SG&A leverage and volume increases

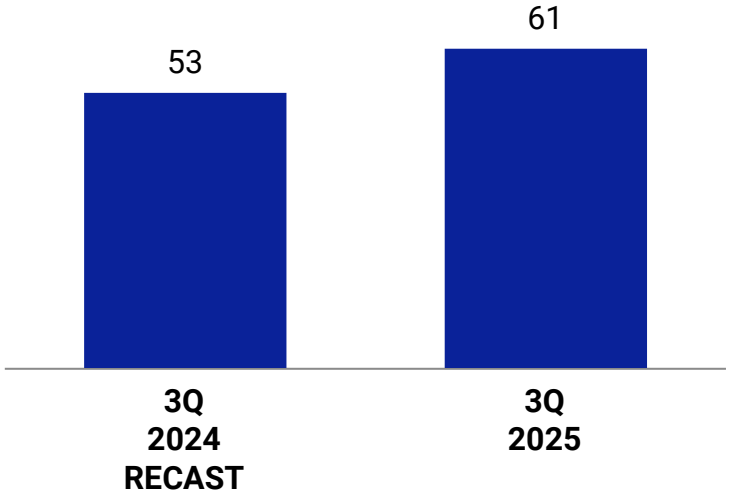
1. For a reconciliation of adjusted amounts to amounts reported under GAAP, please refer to the Appendix.

3Q 2025 PROFITABILITY[1,2]

Adjusted EBITDA
($, Millions)
12% increase

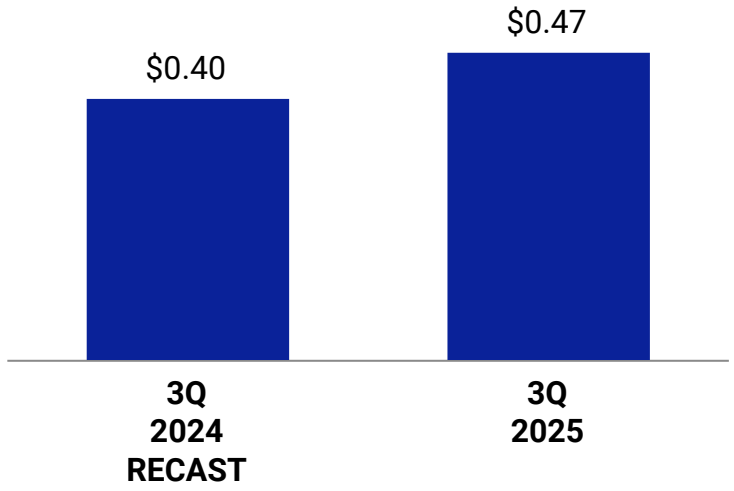


Adjusted Net Income
($, Millions)
16% increase



Adjusted EPS

18% increase



1. For a reconciliation of adjusted amounts to amounts reported under GAAP, please refer to the Appendix.
2. Comparison to prior year is to recast amounts which represent as reported results adjusted to present as-if the refranchising transactions completed in fiscal 2024 and early fiscal 2025 had occurred immediately prior to October 1, 2023. Third quarter of fiscal 2024 recast Adjusted EPS were determined utilizing the adjusted effective tax rate in the period and did not assume any changes in interest expense or share count from reported results that may have occurred if the refranchising transactions had occurred earlier as the recast results assume.

FISCAL YEAR 2025 GUIDANCE

	Updated Outlook	Prior Outlook
Same Store Sales Growth[1]	5.8% - 6.4%	5% - 7%
System-Wide Store Additions[1]	no change	160 - 185
Net Revenues	$1.69B - $1.72B	$1.67B - $1.73B
Adjusted EBITDA[2]	$460M - $470M	$450M - $470M
Adjusted EPS[2]	$1.59 - $1.64	$1.57 - $1.67
Capital Expenditures	no change	$230M - $250M
Share Repurchases[3]	$60M	$40M - $70M

1. For a discussion of management's use of Key Business Measures, please refer to the Appendix.
2. Denotes a forward-looking non-GAAP financial measure that Valvoline is unable to reconcile without unreasonable efforts, as the Company is currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact GAAP results but would not impact non-GAAP adjusted results.
3. Represents the principal value of share repurchases made through Q3. No additional repurchases are expected for the remainder of FY25.



1. **Delivered strong** revenue, profit and store growth in Q3

2. **Narrowing guidance ranges**; Expect to be within original guidance across all metrics

3. **Resilient and durable business model** continues to position us for strong performance and long-term shareholder value

APPENDIX

RETAIL SERVICES – Q3 SYSTEM RESULTS
(Preliminary and unaudited)

	Three months ended June 30		Nine months ended June 30	
	2025	2024	2025	2024
Sales information				
System-wide store sales - in millions (a)	$ 889.6	$ 808.5	$ 2,535.4	$ 2,277.5
Year-over-year growth (a)	*10.0 %*	*12.4 %*	*11.3 %*	*12.6 %*
Same-store sales growth (b)				
Company-operated	4.2 %	7.6 %	5.7 %	7.3 %
Franchised (a)	5.4 %	6.7 %	6.5 %	7.6 %
System-wide (a)	4.9 %	7.1 %	6.2 %	7.5 %

	Number of stores at end of period				
	Third Quarter 2025	Second Quarter 2025	First Quarter 2025	Fourth Quarter 2024	Third Quarter 2024
Company-operated	983	950	932	950	937
Franchised [(a)]	1,141	1,128	1,113	1,060	1,024

	June 30	
	2025	2024
System-wide store count [(a)]	2,124	1,961
Year-over-year growth [(a)]	*8.3 %*	*8.7 %*

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

(b) Beginning in fiscal 2025, Valvoline determines SSS growth as the year-over-year change in net revenues of U.S. VIOC same stores (company-operated, franchised and the combination of these for system-wide SSS) with same stores defined as those that have been in operation within the system for at least 12 full months. Previously, SSS was determined utilizing net revenues of U.S. VIOC stores, with new stores, including franchised conversions, excluded from the metric until the completion of their first full fiscal year in operation. Prior period measures presented herein have been revised to conform with the current approach.

RETAIL SERVICES – STORE INFORMATION
(Preliminary and unaudited)

	Company-operated				
	Third Quarter 2025	Second Quarter 2025	First Quarter 2025	Fourth Quarter 2024	Third Quarter 2024
Beginning of period	950	932	950	937	919
Opened	19	12	15	26	12
Acquired	8	6	6	10	6
Net conversions between company-operated and franchised	6	—	(39)	(23)	—
Closed	—	—	—	—	—
End of period	983	950	932	950	937

	Franchised [(a)]				
	Third Quarter 2025	Second Quarter 2025	First Quarter 2025	Fourth Quarter 2024	Third Quarter 2024
Beginning of period	1,128	1,113	1,060	1,024	1,009
Opened	19	17	14	13	15
Acquired (b)	—	—	—	—	—
Net conversions between company-operated and franchised	(6)	—	39	23	—
Closed	—	(2)	—	—	—
End of period	1,141	1,128	1,113	1,060	1,024
Total system-wide stores (a)	2,124	2,078	2,045	2,010	1,961

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

(b) Represents the acquisition of franchise stores that are new to the Valvoline retail store system by Valvoline Inc.

RECONCILIATION OF NON-GAAP DATA – INCOME FROM CONTINUING OPERATIONS & DILUTED EARNINGS PER SHARE
(Preliminary and unaudited)

(in millions, except per share amounts)	Three months ended June 30		Nine months ended June 30	
	2025	2024	2025	2024
Reported income from continuing operations	$ 57.0	$ 48.2	$ 189.2	$ 125.4
Adjustments:				
Net pension and other postretirement plan (income) expenses	(0.9)	3.4	(2.7)	10.4
Net legacy and separation-related expenses	0.4	0.1	1.6	0.2
Information technology transition costs	2.1	1.9	8.5	7.7
Debt extinguishment and modification costs	—	7.3	—	7.3
Investment and divestiture-related costs (income)	3.5	0.9	(64.0)	0.9
Total adjustments, pre-tax	5.1	13.6	(56.6)	26.5
Income tax (benefit) expense of adjustments	(1.3)	(3.5)	14.3	(6.8)
Total adjustments, after tax	3.8	10.1	(42.3)	19.7
Adjusted income from continuing operations [(a) (b)]	$ 60.8	$ 58.3	$ 146.9	$ 145.1
Reported diluted earnings per share from continuing operations	$ 0.44	$ 0.37	$ 1.47	$ 0.96
Adjusted diluted earnings per share from continuing operations [(b) (c)]	$ 0.47	$ 0.45	$ 1.14	$ 1.11
Weighted average diluted common shares outstanding	128.2	130.2	128.7	131.2

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

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

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

RECONCILIATION OF NON-GAAP DATA – Q3 ADJUSTED EBITDA
(Preliminary and unaudited)

(in millions)	Three months ended June 30		Nine months ended June 30	
	2025	2024	2025	2024
Reported net revenues [a]	$ 439.0	$ 421.4	$ 1,256.5	$ 1,183.5
Adjusted EBITDA - Continuing operations				
Income from continuing operations	$ 57.0	$ 48.2	$ 189.2	$ 125.4
Add:				
Income tax expense	20.0	17.0	65.9	42.9
Net interest and other financing expenses	18.6	24.8	53.0	53.9
Depreciation and amortization	30.2	26.9	86.6	77.1
EBITDA from continuing operations [b] [c]	125.8	116.9	394.7	299.3
Key items:				
Net pension and other postretirement plan (income) expenses	(0.9)	3.4	(2.7)	10.4
Net legacy and separation-related expenses	0.4	0.1	1.6	0.2
Information technology transition costs	2.1	1.9	8.5	7.7
Investment and divestiture-related costs (income)	2.1	0.9	(65.4)	0.9
Key items - subtotal	3.7	6.3	(58.0)	19.2
Adjusted EBITDA from continuing operations [b] [c]	$ 129.5	$ 123.2	$ 336.7	$ 318.5
Net profit margin [d]	13.0 %	11.4 %	15.1 %	10.6 %
Adjusted EBITDA margin [b] [e]	29.5 %	29.2 %	26.8 %	26.9 %

(a) Net revenues do not have any key item adjustments in the periods presented herein; therefore, GAAP net revenues and Adjusted net revenues are the same.

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

(c) EBITDA from continuing operations is defined as Income from continuing operations, plus Income tax expense (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.

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

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

RECONCILIATION OF NON-GAAP DATA – ADJUSTED SG&A & OPERATING INCOME

In millions - preliminary and unaudited	Three months ended June 30			
	Selling, general and administrative expenses		Operating income	
	2025	2024	2025	2024
As reported	$ 85.5	$ 77.2	$ 94.7	$ 93.4
Key items:				
Net legacy and separation-related expenses	—	—	0.4	0.1
Information technology transition costs	2.1	1.9	2.1	1.9
Investment and divestiture-related costs (income)	2.0	0.9	2.1	0.9
As adjusted [(a)]	$ 81.4	$ 74.4	$ 99.3	$ 96.3
% of net revenues as reported [(b)]	*19.5 %*	*18.3 %*	*21.6 %*	*22.2 %*
% of net revenues as adjusted [(c)]	*18.5 %*	*17.7 %*	*22.6 %*	*22.9 %*

In millions - preliminary and unaudited	Nine months ended June 30			
	Selling, general and administrative expenses		Operating income	
	2025	2024	2025	2024
As reported	$ 254.6	$ 224.0	$ 305.4	$ 232.6
Key items:				
Net legacy and separation-related expenses	—	—	1.6	0.2
Information technology transition costs	8.1	7.7	8.5	7.7
Investment and divestiture-related costs (income)	6.2	0.9	(65.4)	0.9
As adjusted [(a)]	$ 240.3	$ 215.4	$ 250.1	$ 241.4
% of net revenues as reported [(b)]	*20.3 %*	*18.9 %*	*24.3 %*	*19.7 %*
% of net revenues as adjusted [(c)]	*19.1 %*	*18.2 %*	*19.9 %*	*20.4 %*

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

(b) Financial measures presented as the activity for the relevant period reported in accordance with US GAAP divided by net revenues for the relevant period as reported in accordance with US GAAP.

(c) Financial measures presented as the activity for the relevant period where the results reported in accordance with US GAAP are adjusted for key items divided by net revenues for the relevant period as reported in accordance with US GAAP adjusted for key items.

RECONCILIATION OF NON-GAAP DATA – FREE CASH FLOWS
(Preliminary and unaudited)

(In millions) Free cash flow [a]	Nine months ended June 30 2025	 2024
Operating cash flows from continuing operations	$ 180.0	$ 170.0
Adjustments:		
Additions to property, plant and equipment from continuing operations	(160.3)	(153.0)
Free cash flow from continuing operations [b]	$ 19.7	$ 17.0

Free cash flow excluding growth capital expenditures [c]	Nine months ended June 30 2025	 2024
Operating cash flows from continuing operations	$ 180.0	$ 170.0
Adjustments:		
Maintenance additions to property, plant and equipment	(35.1)	(23.0)
Free cash flow excluding growth capital expenditures [b]	$ 144.9	$ 147.0

(a) Free cash flow is defined as operating cash flows less additions to property, plant and equipment.
(b) Represents a non-GAAP measure. Refer to "Use of Non-GAAP Measures" and the Appendix for additional details.
(c) Free cash flow excluding growth capital expenditures is defined as operating cash flows less maintenance additions to property, plant and equipment.

CONSOLIDATED GAAP INCOME STATEMENT
(Preliminary and unaudited)

(In millions, except per share amounts)	Three months ended June 30		Nine months ended June 30	
	2025	2024	2025	2024
Net revenues	$ 439.0	$ 421.4	$ 1,256.5	$ 1,183.5
Cost of sales	261.4	253.9	775.5	735.0
Gross profit	177.6	167.5	481.0	448.5
Selling, general and administrative expenses	85.5	77.2	254.6	224.0
Net legacy and separation-related expenses	0.4	0.1	1.6	0.2
Other income, net	(3.0)	(3.2)	(80.6)	(8.3)
Operating income	94.7	93.4	305.4	232.6
Net pension and other postretirement plan (income) expenses	(0.9)	3.4	(2.7)	10.4
Net interest and other financing expenses	18.6	24.8	53.0	53.9
Income before income taxes	77.0	65.2	255.1	168.3
Income tax expense	20.0	17.0	65.9	42.9
Income from continuing operations	57.0	48.2	189.2	125.4
Loss from discontinued operations, net of tax	(0.5)	(2.3)	(3.5)	(6.2)
Net income	56.5	$ 45.9	185.7	$ 119.2
Net earnings per share				
Basic earnings (loss) per share				
Continuing operations	$ 0.45	$ 0.37	$ 1.48	$ 0.96
Discontinued operations	(0.01)	(0.02)	(0.03)	(0.05)
Basic earnings per share	$ 0.44	$ 0.35	$ 1.45	$ 0.91
Diluted earnings (loss) per share				
Continuing operations	$ 0.44	$ 0.37	$ 1.47	$ 0.96
Discontinued operations	—	(0.02)	(0.03)	(0.05)
Diluted earnings per share	$ 0.44	$ 0.35	$ 1.44	$ 0.91
Weighted average common shares outstanding				
Basic	127.6	129.4	128.0	130.3
Diluted	128.2	130.2	128.7	131.2

USE OF NON-GAAP MEASURES

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

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

Management believes EBITDA measures provide a meaningful supplemental presentation of Valvoline’s operating performance between periods on a comparable basis due to the depreciable assets associated with the nature of the Company’s operations, as well as income tax and interest costs related to Valvoline’s tax and capital structures, respectively. Management uses free cash flow and free cash flow excluding growth capital expenditures as additional non-GAAP metrics of cash flow generation. By including capital expenditures, 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. Free cash flow excluding growth capital expenditures includes maintenance capital expenditures, which are uses of cash that are necessary to maintain the Company's existing business operations, including its retail service center store network, service portfolio, and support functions. Free cash flow excluding growth capital expenditures provides a supplemental view of cash flow generation before investments in growth capital, which expand future business operations, including the opening or expansion of retail service center stores and service capabilities. Free cash flow and free cash flow excluding growth capital expenditures have certain limitations, including that they do not reflect adjustments for certain non-discretionary cash expenditures, such as mandatory debt repayments.

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

USE OF NON-GAAP MEASURES, CONTINUED

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

Net pension and other postretirement plan (income) expenses: 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 these elements are more reflective of changes in current conditions in global markets (in particular, interest rates), outside the operational performance of the business, and are also legacy amounts that are not directly related to the underlying business and do not have an impact on the compensation and benefits provided to eligible employees for current service.

Net legacy and separation-related expenses: Activity associated with legacy businesses, including 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.

Information technology transition costs: Consists of expenses incurred directly related to the Company's information technology transitions, primarily efforts related to implementing stand-alone enterprise resource planning and human resource information systems that generally began in fiscal 2023 following the sale of the former Global Products reportable segment. These expenses include data conversion, training, redundant expenses incurred from duplicative technology platforms, and temporary support, which includes consulting fees and professional services to support certain enhanced manual procedures and material weakness remediation efforts. These incremental costs are directly associated with technology transitions and are not considered to be reflective of the ongoing expenses of operating the Company's technology platforms.

Investment and divestiture-related costs (income): Consists of activity directly associated with specific significant acquisitions, investments and divestitures, including professional and consulting fees for legal and advisory services, in addition to gains or losses recognized upon disposition, temporary financing costs directly associated with expected transactions, and expense recognized to reduce the carrying values of investments determined to be impaired. This activity is not considered to be reflective of the underlying operating performance of the Company's ongoing continuing operations.

Debt extinguishment and modification costs: Consists of accelerated amortization of previously capitalized debt issuance costs as well as third-party fees expensed in connection with the execution of the 2030 Notes redemption during the three months ended June 30, 2024. These expenses are not considered to be indicative of the future servicing costs of the Company's ongoing debt facilities.

KEY BUSINESS MEASURES

Valvoline tracks its operating performance and manages its business using certain key measures, including system-wide, company-operated and franchised store counts and system-wide SSS and 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. For the periods presented herein, SSS is defined as net revenues of U.S. Valvoline Instant Oil Change^{SM} (VIOC^{SM}) stores (company-operated, franchised and the combination of these for system-wide SSS) with same stores defined at the beginning of the month following the completion of 12 full months in operation within the system.

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