Risk Factors Comparison 2023-11-20 to 2022-11-23 Form: 10-K

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The following risks could materially and adversely affect Valvoline’ s business, operations, financial position or future financial performance. This information should be considered when reviewing this Annual Report on Form 10- K, including Management’ s Discussion and Analysis of Financial Condition and Results of Operations, in addition to the consolidated financial statements and related notes thereto. These risk factors could cause future results to differ from those in forward-looking statements and from historical trends. Risks related to the industries in which Valvoline operates Valvoline faces significant competition from other companies, which places downward pressure on prices and margins and may adversely affect Valvoline’ s business and results of operations. Valvoline operates in a highly competitive market, competing against a wide variety of companies across the automotive services industry. Competition is based on several key criteria, including brand recognition, quality, price, customer service, and the ability to bring innovative services to the marketplace. Competitors include international, national, regional and local **automotive** repair and maintenance shops, automobile dealerships, and oil change shops. Certain competitors are larger than Valvoline and have greater financial resources and more ~~diverse~~ **diversified** portfolios, leading to greater operating and financial flexibility. As a result, these competitors may be better able to withstand adverse changes in conditions within the industry, market dynamics, the price of supplies or general economic conditions. In addition, competitors’ pricing decisions could compel Valvoline to decrease its prices, which could negatively affect Valvoline’ s margins and profitability. Rising and volatile supply costs and supply chain constraints or disruptions could adversely affect Valvoline’ s results of operations. Valvoline’ s service center locations require large quantities of automotive products and supplies. The Company’ s success depends in part on the ability to anticipate and react to changes in supply costs, and the Company is susceptible to increases in primary and secondary supply costs as a result of factors beyond its control. These factors include general economic conditions, including recessions, significant variations in supply and demand, pandemics **, armed conflicts, war** , weather conditions, currency fluctuations where Valvoline operates, commodity market speculation, labor strikes, including rail strikes, and government regulations. Higher product and supply costs could reduce the Company’ s profits, which in turn may adversely affect the business and results of operations for both company- operated and franchised stores. Additionally, should conditions such as supply chain congestion or availability related to severe weather or climate conditions become severe or last for an extended period of time, Valvoline' s inventory of supplies ~~could impact its ability~~ **may not be sufficient** to meet customer demands. Government regulations related to the manufacture or transport of products provided by the supplier may also impede Valvoline’ s ability to obtain those supplies on commercially reasonable terms. If Valvoline is unable to obtain and retain product supply under commercially acceptable terms, its ability to deliver services in a competitive and profitable manner or grow its business successfully could be adversely affected. Demand for Valvoline’ s services could be adversely affected by spending trends, declining economic conditions, industry trends and a number of other factors, all of which are beyond its control. Demand for Valvoline’ s services may be affected by a number of factors it cannot control, including the number and age of vehicles in current service, regulation and legislation, technological advances in the automotive industry and changes in engine technology, including the adoption rate of electric or other alternative engine technologies, changing automotive OEM specifications and longer recommended intervals between **services** ~~oil changes~~ . In addition, during periods of declining economic conditions, including recessions, customers may defer vehicle maintenance. Similarly, increases in energy prices or other factors may cause miles driven to decline, resulting in less vehicle wear and tear and lower demand for maintenance, which may lead to customers deferring purchases of Valvoline’ s services. All of these factors, which impact metrics such as drain intervals and vehicles served per day, could result in a decline in the demand for Valvoline’ s services and adversely affect its sales, cash flows and overall financial condition. Failure to develop and market new services and technologies could impact Valvoline’ s competitive position and have an adverse effect on its business and results of operations. Valvoline’ s efforts to respond to changes in customer demand in a timely and cost- efficient manner to drive growth could be adversely affected by difficulties or delays in service innovation, including the inability to identify or gain market acceptance of new service techniques. Due to the ~~lengthy~~ **rigorous** development process and intense competition, there can be no assurance that any of the services Valvoline is currently developing, or could develop in the future, will achieve substantial commercial success. Moreover, Valvoline may experience operating losses for new services after they are introduced and commercialized because of start- up costs or lack of demand. The automotive maintenance service industry is subject to periodic technological change and ongoing product improvements. The adoption of electric vehicles is increasing, which reduces demand for lubricant services, but expands the opportunity for other services required by electric vehicles, including coolants, fluids and greases. If Valvoline is unable to develop and market services for electric vehicles, its business and results of operations could be adversely impacted. As automotive technologies evolve, Valvoline could be required to comply with any new or stricter laws or regulations, which could require additional expenditures by Valvoline that could adversely impact business results. Damage to Valvoline’ s brand and reputation could have an adverse effect on its business. Maintaining Valvoline’ s strong reputation with customers is a key component of its business. Liability claims, false advertising claims, service complaints, and governmental investigations could result in substantial and unexpected expenditures and affect consumer or customer confidence in Valvoline' s services, which may materially and adversely affect its business operations, decrease sales and increase costs. Additionally, as customers are shifting to more environmentally- conscious electric and hybrid vehicles, the inability of Valvoline to continue its development of new services to adapt to those changing demands could affect the Company' s reputation as an environmentally friendly choice for vehicle care and could reduce demand for its services.

Further, legislators, customers, investors and other stakeholders are increasingly focusing on environmental, social and governance policies of companies. This focus could result in new or increased legislation or disclosure requirements. In the event that such requirements result in increased costs or a negative perception of the Company, there could be an adverse effect on the business or its results of operations. If allegations are made that Valvoline' s automotive maintenance services were not provided in a manner consistent with its vision and values, the public may develop a negative perception of Valvoline ~~and~~ **,** its brands **, image and reputation** . In addition, if Valvoline' s franchise or Express Care operators experience service failures or do not successfully operate their service centers in a manner consistent with Valvoline' s standards, its brand, image and reputation could be harmed, which in turn could negatively impact its business and operating results. A negative public perception of Valvoline' s brands, whether justified or not, could impair its reputation, involve it in litigation, damage its brand equity and have a material adverse effect on its business. In addition, damage to the reputation of Valvoline' s competitors or others in ~~its~~ **the automotive maintenance services** industry could negatively impact Valvoline' s reputation and business. In connection with the ~~Transaction~~ **sale of Global Products** , the parties ~~have agreed to enter~~ **entered** into a brand agreement (the " Brand Agreement "). Pursuant to the Brand Agreement, Valvoline ~~will retain~~ **retains** ownership of the Valvoline brand for generally all retail services purposes, and Global Products ~~will own~~ **owns** the brand for all product uses. The brand sharing arrangement may increase the risk of inconsistency in its use, messaging, or overall damage to the brand, which could have an adverse impact on Valvoline' s reputation and business **and result in lengthy and expensive litigation or settlements** . Risks related to executing Valvoline' s strategy Valvoline has set aggressive growth goals for its business, including increasing sales, cash flow, market share, margins and number of service center stores, to achieve its long- term strategic objectives. Execution of Valvoline' s growth strategies and business plans to facilitate that growth involves a number of risks. Valvoline has set aggressive growth goals for its business to meet its long- term strategic objectives and improve shareholder value by aggressively growing ~~Retail Services organically and~~ through **new store development, opportunistic** acquisitions and **increased emphasis on** franchise development. Valvoline' s failure to meet one or more of these goals or objectives could negatively impact its business. Aspects of that risk include, among others, changes to the global economy, **availability of or** failure to identify acquisition targets or real estate for new stores to grow the Company' s network of retail service center stores, **real estate and** construction costs or delays limiting new store growth, changes to the competitive landscape, including those related to automotive maintenance recommendations and customer preferences, entry of new competitors, attraction and retention of skilled employees, failure to successfully develop and implement digital platforms to support the Company' s growth initiatives, failure to comply with existing or new regulatory requirements, failure to maintain a competitive cost structure and other risks outlined in greater detail in this " Risk Factors " section. Valvoline' s performance is highly dependent on attracting and retaining appropriately qualified employees in its service center stores and corporate offices. A tight labor market in recent years has led to challenges in staffing service center stores due to labor shortages as a number of trends conflate reflecting changing demographics, governmental policies, employee sentiment, and technological change. In response, Valvoline made labor investments and enhanced its recruiting programs to attract new employees. As trends in the labor market evolve, the Company may experience future challenges in recruiting and retaining talent in various locations. Valvoline operates in a competitive labor market, and failure to recruit or retain qualified employees in the future, or the Company' s inability to implement corresponding adjustments to its labor model, including compensation and benefit packages, could impair the Company' s ability to grow and meet its strategic goals. Valvoline may be unable to execute its growth strategy, and acquisitions, investments and strategic partnerships could result in operating difficulties, dilution and other harmful consequences that may adversely impact Valvoline' s business and results of operations. Acquisitions are an important element of Valvoline' s overall growth strategy. Valvoline ~~had strong~~ **has completed a significant number of** ~~acquisition~~ **acquisitions** ~~growth~~ in **recent years** ~~fiscal 2021 and 2022~~ and has developed a pipeline of future viable targets expected to complement the Company' s ~~strong~~ growth initiatives. An insufficient quantity of strategic acquisition targets in the marketplace with limited targets remaining, or the inability of Valvoline to successfully acquire those targets, may have a negative impact on Valvoline' s ability to achieve **its** future growth projections. Valvoline expects to continue to evaluate and enter into discussions regarding a wide array of potential strategic transactions and to continue to grow organically and through acquisitions. An inability to execute these plans could have **an** ~~a material~~ adverse impact on Valvoline' s financial condition and results of operations. In addition, the anticipated benefits of Valvoline' s acquisitions may not be realized and the process of integrating an acquired company, business, or product may create unforeseen operating difficulties or expenditures. Valvoline' s acquisitions, investments and strategic partnerships could also result in dilutive issuances of its equity securities, the incurrence of debt, contingent liabilities or amortization expenses, impairment of goodwill or purchased long- lived assets and restructuring charges, any of which could harm its financial condition, results of operations and cash flows. The business model for Valvoline is affected by the financial results of its franchisees. Valvoline' s business is made up of a network of both company- operated and franchised stores. Valvoline' s success relies in part on the operational and financial success, as well as the cooperation of, its franchisees to implement the Company' s **growth** ~~strategic~~ **strategy** ~~plans and~~ **, which may be dependent upon** their ability to secure adequate financing **to meet store development requirements** . However, Valvoline has limited influence over ~~their~~ **its franchisees'** operations and the quality of franchised store operations may be diminished by a number of factors beyond the Company' s control. Valvoline' s franchisees manage their businesses independently and are responsible for the day- to- day operations of approximately ~~54~~ **53** % of the Company' s system- wide service center stores as of September 30, ~~2022~~ **2023** . Valvoline' s royalty, product, and other revenues from franchised stores are largely dependent on franchisee sales and compliance with franchise agreements. Valvoline' s revenues and margins could be negatively affected should franchisees experience limited or no sales growth, or if the franchisee fails to renew its franchise agreements or otherwise fulfill its obligations under negotiated business development, franchise, or supply agreements with Valvoline. Additionally, if the franchisees are impacted by weak economic conditions and are unable to secure adequate sources of financing, their financial health may worsen, and Valvoline’ s revenues may decline. If sales or business performance trends worsen for franchisees, their financial results may deteriorate, which could result in, among other things, store closures, delayed or reduced royalties and purchases and reduced growth in the number of service center stores. Valvoline’ s success also depends on the willingness and ability of its independent franchisees to implement major initiatives, which may require additional investment by them, and to remain aligned with Valvoline on operating, promotional and capital- intensive reinvestment plans. The ability of Valvoline’ s franchisees to contribute to the achievement of Valvoline’ s overall plans is dependent in large part on the availability of ~~funding~~ **financing** to its franchisees at reasonable interest rates and may be negatively impacted by the financial markets in general or the creditworthiness of individual franchisees. The size of Valvoline’ s largest franchisees creates additional risk due to their importance to the Company’ s growth strategy, requiring their cooperation and alignment with Valvoline’ s initiatives. Furthermore, if the franchisees are not able to obtain the financing necessary to complete planned remodel and construction projects, they may be forced to postpone or cancel such projects, impacting the Company’ s ability to grow and expand the Valvoline retail footprint. Risks related to operating Valvoline' s business Changes in economic conditions that impact customer spending could harm Valvoline’ s business. Economic downturns, including a recession, may reduce customer demand or inhibit Valvoline’ s ability to provide its services. Valvoline’ s business and operating results are sensitive to declining economic conditions, credit market tightness, declining customer and business confidence, volatile exchange and interest rates, **continuing inflation** and other challenges, including those related to acts of aggression or threatened aggression that can affect the economy and financial markets. In the event of adverse developments or stagnation in the economy or financial markets, Valvoline’ s customers may defer vehicle maintenance, oil changes, or other services, **may** ~~be unable to obtain credit, or~~ repair and maintain their vehicles themselves **or be unable to obtain credit reducing their ability to spend**. In a prolonged economic downturn or recession, these risks and uncertainties could have a material negative impact on Valvoline’ s business, financial condition and results of operations. The severity and duration of a downturn in economic and financial market conditions, as well as the timing, strength, and sustainability of a recovery, are unknown and are not within the Company’ s control. **If** ~~There are predictions that~~ the U. S. economy ~~may~~ **were to** enter a recession ~~; therefore~~, the recessionary risks discussed above and elsewhere within these risk factors could be more pronounced in such an economic climate. Economic weakness and uncertainty may cause changes in customer preferences and habits, and if such economic conditions persist for an extended period of time, this may result in customers making long- lasting changes to their spending behaviors, which could unfavorably impact Valvoline’ s business, its results of operations and cash flows. Additionally, during periods of favorable economic conditions, customers may be more likely to purchase new vehicles rather than maintaining and servicing older vehicles, which could also have an adverse impact on Valvoline’ s business, results of operations, cash flows and strategic objectives. If Valvoline does not attract, train and retain quality employees in appropriate numbers, including key employees and management, performance could be adversely affected. Valvoline’ s performance is dependent on recruiting, developing, training **,** and retaining quality **and diverse** service center employees in large numbers ~~, as well as experienced management personnel~~. Valvoline’ s service centers positions are subject to high rates of turnover. Valvoline’ s ability to meet labor needs while controlling costs is subject to external factors, such as unemployment levels, prevailing wage rates, wage legislation, and changes in rules governing eligibility for overtime and changing demographics. In the event of increasing wage rates, if Valvoline does not increase wages competitively, staffing levels and customer service could suffer because of declining workforce quality. Valvoline’ s earnings could decrease if wage rates increase, whether in response to market demands or new wage legislation **, and Valvoline is unable to adjust pricing to offset the additional costs**. In addition, inflation and economic uncertainty may negatively impact Valvoline’ s ability to attract and retain employees. **Valvoline’ s success also depends on the efforts of key management personnel. Valvoline’ s failure to develop an adequate succession plan for one or more of these key positions could reduce Valvoline’ s institutional knowledge base and competitive advantage during a transition. The loss or limited availability of the services of one or more key management personnel, or Valvoline’ s inability to recruit and retain qualified diverse candidates in the future, could, at least temporarily, have an adverse effect on Valvoline’ s operating results and financial condition. Additionally, turnover in other key positions can disrupt progress in implementing business strategies, result in a loss of institutional knowledge, cause greater workload demands for remaining team members and divert attention away from key areas of the business, or otherwise negatively impact the Company’ s growth prospects or future operating results.** Business disruptions from natural, operational and other catastrophic risks could seriously harm Valvoline’ s operations and financial performance. In addition, a catastrophic event at one of Valvoline’ s service center stores or involving its services or employees could lead to liabilities that could further impair its operations and financial performance. Business disruptions, including those related to operating hazards inherent in servicing vehicles ~~with lubricants~~, natural disasters, severe weather conditions, climate change, supply or logistics disruptions, increasing costs for energy, temporary store and / or power outages, information technology systems and network disruptions, ~~cyber- security~~ **cybersecurity** breaches, terrorist attacks, armed conflicts, war, pandemic diseases, fires, floods or other catastrophic events, could seriously harm Valvoline’ s operations, as well as the operations of Valvoline’ s customers and suppliers, and may adversely impact Valvoline’ s financial performance. Although it is impossible to predict the occurrence or consequences of any such events, they could result in reduced demand for Valvoline’ s services or make it difficult or impossible for Valvoline to deliver services to its customers. In addition to leading to a serious disruption of Valvoline’ s businesses, a catastrophic event at one of Valvoline’ s service center stores or involving its employees could lead to substantial legal liability to or claims by parties allegedly harmed by the event. While Valvoline maintains business continuity plans that are intended to allow it to continue operations or mitigate the effects of events that could disrupt its business, Valvoline cannot provide assurances that its plans would fully protect it from all such events. In addition, insurance maintained by Valvoline to protect against property damage, loss of business and other related consequences resulting from catastrophic events is subject to significant retentions and coverage limitations, depending on the nature of the risk insured. This insurance may not be sufficient to cover all of Valvoline’ s damages or damages to others in the event of a catastrophe. In addition, insurance related to these types of risks may not be available now or, if available, may not be available in the future at commercially reasonable rates. The limited ~~diversity~~ **diversification** of Valvoline' s operations ~~subject~~ **subjects** it to risks. **Historically,** Valvoline has been able to take advantage of its size and global reach as a combined products and services company. The Transaction ~~will~~ **has** ~~result~~ **resulted** in Valvoline being a smaller, less diversified company, potentially making it more vulnerable to changing market, regulatory and economic conditions. Following completion of the Transaction, Valvoline **is** ~~will be~~ more concentrated geographically in the U. S. and Canada and in serving the automotive aftermarket through company- operated, independent franchise and Express Care stores that service vehicles with Valvoline products. In addition, as a smaller company, Valvoline may be unable to obtain goods or services at prices or on terms that are as favorable as those obtained by Valvoline prior to the Transaction, and Valvoline' s ability to absorb costs or unexpected expenses whether due to contingencies or other risks as described herein, may be negatively impacted. Any of these factors could have an adverse effect on Valvoline' s business, financial condition, results of operations, or cash flows. Operating in numerous locations in the U. S. and Canada increases the scrutiny on Valvoline' s reputation for safety, quality, friendliness, trustworthy service, integrity and business ethics. Any negative publicity about these or other areas involving the business, including Valvoline' s response or lack thereof to external events involving civil unrest, social justice, and political issues, whether or not based in fact, could damage Valvoline' s reputation and the value of the brand. Pandemics, epidemics or disease outbreaks, such as the novel coronavirus, may disrupt Valvoline' s business and operations, which could materially affect Valvoline' s financial condition, results of operations and forward- looking expectations. Disruptions caused by pandemics, epidemics or disease outbreaks, such as COVID- 19, in the United States or Canada, could materially affect Valvoline' s results of operations, financial condition and forward- looking expectations. ~~The~~ **These events could** ~~ongoing COVID- 19 pandemic continues to~~ impact Valvoline' s business, particularly as it relates to congestion in the supply chain and related cost, as well as ~~the disruption~~ **disruptions** in the labor market. **The** ~~As a result of the ongoing COVID- 19 pandemic, the~~ Company **could** ~~experienced~~ - **experience** reduced traffic and sales volume due to changes in customer behavior as individuals **may** ~~decreased~~ - **decrease** automobile use and ~~practiced~~ - **practice** social distancing and other behavioral changes **which may be** mandated by governmental authorities or independently undertaken out of an abundance of caution. The extent to which ~~the~~ **these events could** ~~pandemic will continue to~~ impact Valvoline' s business results and operations **depends upon** ~~remains uncertain considering~~ the ~~rapidly evolving environment,~~ duration and severity ~~of the spread of COVID- 19~~ , emerging variants, vaccine and booster effectiveness, public acceptance of safety protocols, and ~~government~~ **governmental** measures, including vaccine mandates, ~~implemented at the local and federal levels designed to slow and contain the spread of COVID- 19,~~ among others. Worsening conditions in the severity and spread of ~~COVID- 19, or other~~ pandemics, epidemics, or disease outbreaks, could result in the resurgence of lockdowns or stay- at- home guidelines which could adversely affect Valvoline' s ability to implement its growth plans, including, without limitation, delay the construction or acquisition of service center stores, or negatively impact Valvoline' s ability to successfully execute plans to enter into new markets; reduce demand for Valvoline' s services; affect the ability and cost to attract and retain talent within the labor market; reduce sales or profitability; negatively impact Valvoline' s ability to maintain operations; or lead to significant disruption of financial markets in which the Company operates, and may reduce Valvoline' s ability to access capital and, in the future, negatively affect the Company' s liquidity. Valvoline uses information technology systems to conduct business, and a ~~cyber security~~ **cybersecurity** threat, privacy / data breach, ~~or~~ failure of a key information technology system **, or inability to enhance its capabilities** could adversely affect Valvoline' s business and reputation. Valvoline relies on its information technology systems, including systems which are managed or provided by third- party service providers, to conduct its business. The Company' s point- of- sale platforms for company- operated and franchisee retail stores could be subject to ~~cyber security~~ **cybersecurity** threats or data breaches, which could cause ~~possible~~ business interruptions or negatively impact Valvoline. Any security breach involving the point- of- sale or other systems within the Valvoline network could result in a loss of consumer confidence or costs associated with data recovery or breaches of data security laws. Despite employee training and other measures to mitigate them, ~~cyber security~~ **cybersecurity** threats to its information technology systems, and those of its third- party service providers, are increasing and becoming more advanced and breaches have occurred and could occur as a result of denial- of- service attacks or other cyber- attacks, hacking, phishing, viruses, malicious software, ransomware, computer malware, social engineering, break- ins, security breaches ~~or~~ due to error or misconduct by its employees, contractors or third- party service providers. The data breaches that have occurred have not resulted in a material loss to Valvoline; however, a material breach of or failure of Valvoline' s information technology systems, including systems in which data is stored or may be transferred across third- party platforms, could lead to the loss and destruction of trade secrets, confidential information, proprietary data, intellectual property, customer and supplier data, and employee personal information, and could disrupt business operations which could adversely affect Valvoline' s relationships with business partners and harm its brands, reputation and financial results. Valvoline' s customer and vendor data may include names, addresses, phone numbers, email addresses and payment account information, among other information. Depending on the nature of the customer data that is compromised, Valvoline may also have obligations to notify users, law enforcement or payment companies about the incident and may need to provide some form of remedy, such as refunds for the individuals affected by the incident. Valvoline could also face fines and penalties should it fail to adequately notify affected parties pursuant to new and evolving privacy laws in various jurisdictions in which it does business, as outlined in greater detail in the" Regulatory, legal, and financial risks" section below. **Valvoline is continuing to expand, upgrade and develop its information technology capabilities, including, the Company' s core- enterprise resource planning system. If the Company is unable to adequately transition its information technology organization' s skills and capabilities rapidly enough, including the ability to capitalize on the advancements in Artificial Intelligence software and platforms, it may not effectively support the modernization of Valvoline' s technology architecture and environment. This could hinder Valvoline' s ability to keep pace with its growth and digital initiatives for the consumer- oriented, data driven, mobility**

enabled nature of the business. Consequently, this might inhibit Valvoline’ s ability to meet stakeholder needs and preferences. Data protection requirements could increase operating costs and requirements and a breach in information privacy or other related risks could negatively impact operations. Valvoline is subject to federal, state ~~,~~ **and** local laws ~~, directives~~ , and regulations relating to the collection, use, retention, disclosure, security and transfer of personal data relating to its customers and employees. These laws ~~, directives~~ and regulations, and their interpretation and enforcement continue to evolve and may be inconsistent from jurisdiction to jurisdiction. For example, the California Consumer Privacy Act (" CCPA") applies to Valvoline' s activities conducted in the state of California. Complying with the CCPA and similar emerging and changing privacy and data protection requirements may cause Valvoline to incur substantial costs or disruption to its operations. Noncompliance with these legal obligations relating to privacy and data protection could damage Valvoline' s reputation and affect its ability to retain and attract customers. Additionally, any failure or perceived failure by Valvoline or any third parties with which it does business, to comply with these privacy and data protection laws ~~, rules~~ and regulations, or with respect to similar obligations to which Valvoline may be or become subject, may result in actions against Valvoline by governmental entities, private claims and litigation, fines, penalties or other liabilities. Any such action would be expensive to defend, damage Valvoline’ s reputation and adversely affect business, operating results, financial position and cash flows. The impact of changing laws or regulations or the manner of interpretation or enforcement of existing laws or regulations could adversely impact Valvoline’ s financial performance and restrict its ability to operate its business or execute its strategies. New laws or regulations, or changes in existing laws or regulations or the manner of their interpretation or enforcement, could increase Valvoline’ s cost of doing business and restrict its ability to operate its business or execute its strategies. This risk includes, among other things, compliance with a myriad of U. S. tax **laws and regulations; franchise laws and regulations; environmental laws and regulations; labor** laws and regulations; anti- competition laws and regulations; product compliance regulations; anti- corruption and anti- bribery laws, including the Foreign Corrupt Practices Act (“ FCPA ”); anti- money- laundering laws; ~~economic sanctions and export control laws and regulations, including those administered by the U. S. Treasury Department’ s Office of Foreign Assets Control (“ OFAC ”); customs laws;~~ and other laws governing Valvoline’ s operations. Although Valvoline has implemented policies and procedures to ensure compliance with these laws and regulations, it cannot be sure that its policies and procedures are sufficient or that directors, officers, employees, representatives, consultants and agents have not engaged and will not engage in conduct for which Valvoline may be held responsible, nor can Valvoline be sure that its business partners, including franchisees, have not engaged and will not engage in conduct that could materially affect their ability to perform their contractual obligations to Valvoline or even result in Valvoline being held liable for such conduct. Violations of these laws or regulations may result in severe criminal or civil sanctions or penalties, or significant changes in existing laws and regulations may subject Valvoline to other liabilities, which could have a material adverse effect on its business, financial condition, cash flows and results of operations. Valvoline’ s substantial indebtedness may adversely affect its business, results of operations and financial condition. Valvoline has substantial indebtedness and financial obligations. As of September 30, ~~2022~~ **2023** , Valvoline had outstanding indebtedness of $ 1. ~~7~~ **586** billion ~~, which includes $ 105. 0 million required to be repaid in connection with closing the Transaction. Additionally, in connection with the sale of the Global Products business and based on the manner in which the net proceeds are utilized, a portion of the net proceeds may be utilized to reduce incremental debt. Based on the facilities expected to remain in place following the close of the Transaction, Valvoline has an~~ **and** available borrowing capacity of $ ~~470~~ **471. 6** million **under its revolving credit facility** ~~as of September 30, 2022~~ . Valvoline may incur substantial additional debt from time to time to finance working capital, capital expenditures, investments or acquisitions, or for other general corporate purposes. Valvoline' s substantial indebtedness could adversely affect its business, results of operations and financial condition by, among other things: requiring Valvoline to dedicate a substantial portion of its cash flows to pay principal and interest on its debt, which would reduce the availability of its cash flow to fund working capital, capital expenditures, acquisitions, execution of its growth strategy and other general corporate purposes; limiting Valvoline’ s ability to borrow additional amounts to fund working capital, capital expenditures, acquisitions, debt service requirements, execution of its growth strategy and other general corporate purposes; making Valvoline more vulnerable to adverse changes in general economic, industry and regulatory conditions and in its business by limiting its flexibility in planning for or reacting to changing conditions; placing Valvoline at a competitive disadvantage compared with its competitors that have less debt and lower debt service requirements; making Valvoline more vulnerable to increases in interest rates since some of its indebtedness is subject to variable rates of interest; and making it more difficult for Valvoline to satisfy its financial obligations. In addition, Valvoline may not be able to generate sufficient cash flows to repay its indebtedness when it becomes due and to meet its other cash needs. If Valvoline is not able to pay its debts as they become due, it could be in default under the terms of its indebtedness. Valvoline might also be required to pursue one or more alternative strategies to repay indebtedness, such as selling assets, refinancing or restructuring its indebtedness or selling additional debt or equity securities. Valvoline may not be able to refinance its debt or sell additional debt or equity securities or its assets on favorable terms, if at all, and if it must sell its assets, it may negatively affect Valvoline’ s ability to generate revenues **. 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 bank failures and actions to reduce inflation. The Company utilizes and maintains material balances of cash, cash equivalents, and short- term investments and is therefore reliant on banks and financial institutions to safeguard and allow ready access to these assets. Specifically, the Company has $ 409. 1 million of cash and cash equivalents and $ 347. 5 million of short- term investments as of September 30, 2023 held by various financial institutions, the majority of which represent the remaining net proceeds from the sale of Global Products with a significant portion of such investments held in U. S. government securities. 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, its vendors, customers, or lenders could be required to seek additional sources of liquidity to maintain operating and cash requirements. 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
. Valvoline' s pension and other postretirement benefit plan obligations are currently underfunded, and Valvoline may have to make significant cash payments to some or all of these plans, which would reduce the cash available for its business. In connection with Valvoline' s separation from Ashland, Valvoline assumed certain of Ashland' s historical pension and other postretirement benefit plans and related liabilities. The most significant of these plans, the U. S. qualified pension plans, are estimated to be underfunded by $ ~~68~~ **54** . ~~6~~ **2** million as of September 30, ~~2022~~ **2023** . The funded status of Valvoline' s pension plans is dependent upon many factors, including returns on invested assets, the level of certain market interest rates and the discount rate used to determine pension obligations. Valvoline has taken a number of actions to reduce the risk and volatility associated with the pension plans, however, changing market conditions or laws and regulations could require material increases in the expected cash contributions to these plans in future years. Specifically, unfavorable returns on plan assets or unfavorable changes in applicable laws or regulations could materially change the timing and amount of required plan funding. In addition, a decrease in the discount rate used to determine pension obligations could result in an increase in the valuation of pension obligations, which could affect the reported funded status of Valvoline' s pension plans and future contributions. Similarly, an increase in discount rates could increase the periodic pension cost in subsequent fiscal years. If any of these events occur, Valvoline may have to make cash payments to its pension plans, which would reduce the cash available for its business. Finally, Valvoline' s policy to recognize changes in the fair value of the pension assets and liabilities annually and as otherwise required through mark to market accounting could result in volatility in Valvoline' s earnings, which could be material. Valvoline may fail to adequately protect its intellectual property rights or may be accused of infringing the intellectual property rights of third parties. Valvoline relies heavily upon its trademarks, domain names and logos to market its brands and to build and maintain brand loyalty and recognition. The Company' s success depends on the continued ability of Valvoline' s company- ~~owned~~ **operated** and ~~franchise~~ **franchised** service center stores ~~continued ability~~ to use the intellectual property and on the adequate protection and enforcement of such intellectual property. Valvoline also relies on a combination of laws and contractual restrictions with employees, customers, suppliers, affiliates and others, to establish and protect its various intellectual property rights. There can be no assurance that steps taken to protect and maintain the rights in Valvoline' s intellectual property will be adequate, or that third parties will not infringe, misappropriate or violate the intellectual property. If any efforts to protect the intellectual property are not adequate, or if any third party infringes, misappropriates or violates Valvoline' s intellectual property, **or if brand standards are not upheld in connection with the Brand Agreement,** the value of its brands may be harmed. The occurrence of any of these events could result in the erosion of Valvoline' s brands and limit its ability to market its brands using its various trademarks, cause Valvoline to lose such trade secrets, as well as impede its ability to effectively compete against competitors with similar products and services, any of which could adversely affect its business, financial condition and results of operations. From time to time, Valvoline has been subject to legal proceedings and claims, including claims of alleged infringement of trademarks, copyrights, patents and other intellectual property rights held by third parties. In the future, third parties may sue Valvoline for alleged infringement of their proprietary or intellectual property rights ~~. Valvoline may not be aware of whether its products do or will infringe on existing or future patents or other intellectual property rights of others~~ . In addition, litigation may be necessary to enforce Valvoline' s intellectual property rights, protect its trade secrets or determine the validity and scope of proprietary rights claimed by others. Any litigation or other intellectual property proceedings of this nature, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, or loss of rights in Valvoline' s intellectual property, any of which could adversely affect Valvoline' s business, financial condition and results of operations. Valvoline has incurred, and will continue to incur, costs as a result of Environmental Health and Safety (" EHS ") compliance requirements, which could adversely impact Valvoline' s cash flow, results of operations or financial condition. Valvoline is subject to extensive federal, state, local and non- U. S. laws, regulations, rules and ordinances relating to pollution, protection of the environment and human health and safety, as well as the storage, handling, treatment, disposal and remediation of hazardous substances and waste materials. Valvoline has incurred, and will continue to incur, costs and capital expenditures to comply with these laws and regulations. EHS regulations change frequently, and such regulations and their enforcement have tended to become more stringent over time. Accordingly, changes in EHS laws and regulations and the enforcement of such laws and regulations could interrupt Valvoline' s operations, require modifications to its facilities or cause it to incur significant liabilities, costs or losses that could adversely affect its profitability. Actual or alleged violations of EHS laws and regulations could result in restrictions or prohibitions on service center operations as well as substantial damages, penalties, fines, civil or criminal sanctions and remediation costs. Valvoline' s business involves the purchase, storage and transportation of hazardous substances. Under some environmental laws, Valvoline may be strictly liable and / or jointly and severally liable for environmental damages caused by releases of hazardous substances and waste materials into the environment. For instance, under relevant laws and regulations Valvoline may be deemed liable for soil and / or groundwater contamination at sites it currently owns and / or operates even though the contamination was caused by a third party such as a former owner or operator, and at sites it formerly owned and operated if the release of hazardous substances or waste materials was caused by it or by a third party during the period it owned and / or operated the site. Valvoline also may be deemed liable for soil and / or groundwater contamination at sites to which it sent hazardous wastes for treatment or disposal, notwithstanding that the original treatment or disposal activity accorded with all applicable regulatory requirements. The

Company’ s Amended and Restated Articles of Incorporation (the “ Articles ”) designate the Fayette County Circuit Court of the Commonwealth of Kentucky as the sole and exclusive forum for substantially all disputes between the Company and its shareholders, which may limit a shareholder’ s ability to bring a claim in a favorable judicial forum for disputes with the Company and its directors, officers or employees. The Company’ s Articles specify that the Fayette County Circuit Court of the Commonwealth of Kentucky shall be the sole and exclusive forum for any derivative action or proceeding brought on behalf of the Company, any action asserting a breach of a fiduciary duty, any action asserting a claim arising pursuant to the Kentucky Business Corporation Act, or any action asserting a claim governed by the internal affairs doctrine. This exclusive forum provision does not apply to suits brought to enforce any duty or liability created by the Exchange Act or by the Securities Act of 1933, as amended. The Company believes that the exclusive forum provision in the Articles benefits the Company by providing increased consistency in the application of Kentucky law for the specified types of actions and may benefit the Company by preventing it from having to litigate claims in multiple jurisdictions (and incur additional expenses) and be subject to potential inconsistent or contrary rulings by different courts, among other considerations. The exclusive forum provision in the Articles, however, may have the effect of discouraging lawsuits against Valvoline' s directors, officers or employees as it could increase a shareholder’ s cost to bring a claim or limit a shareholder’ s ability to bring a claim in a judicial forum that it finds favorable for such claims. In connection with any applicable action brought against the Company, it is possible that a court could find the forum selection provisions contained in the Articles to be inapplicable or unenforceable in such action. If a court were to render such a finding, the Company may incur additional costs to resolve the action in other jurisdictions, which could adversely affect Valvoline’ s business, financial condition or results of operations. Risks related to the ~~pending~~ sale of the Global Products business ~~The pending~~ **Valvoline may be unable to achieve some or all of the strategic and financial benefits that it expects to achieve from the Transaction. In connection with completing the** sale of ~~the Global Products business is subject to various risks, uncertainties and conditions and may not be completed on the terms or timeline currently contemplated, if at all. On July 31, 2022, Valvoline entered into the Purchase Agreement to sell~~ its former Global Products reportable segment ~~to Aramco for~~ **, Valvoline received net proceeds of** $ 2. ~~65~~ **383** billion ~~in cash, subject to certain customary adjustments~~ . **Valvoline** ~~The Purchase Agreement provides that completion of the Transaction~~ is **focused** ~~subject to the satisfaction of standard closing conditions, including, among other things, obtaining certain required regulatory and third- party approvals. The Transaction is expected to close in early calendar year 2023. There can be no assurance regarding the ultimate timing of the Transaction or that the Transaction will be completed. Unanticipated developments could delay, prevent or otherwise adversely affect the Transaction, including but not limited to potential problems or delays in obtaining various regulatory approvals. During the period leading to closing the Transaction, or whether or not the Transaction is completed, the ongoing businesses may be adversely affected, including as a result of one or more of the following: • the diversion of management’ s attention from operating and growing the business as a result of the time and effort required to execute the Transaction; • expenses incurred in connection with the Transaction, including the tax effects of the divestiture, in addition to legal, professional advisory and consulting fees to complete the sale and separation of the legal entities and business processes; • challenges in separating the businesses, including separating the assets and liabilities, infrastructure and personnel, potentially resulting in delays and additional costs in achieving the completion of the Transaction; • disruptions to and potential adverse impacts~~ on ~~relationships with suppliers, customers and others with whom Valvoline does business; • challenges in establishing the desired capital structure for the remaining Valvoline business, including challenges accessing the financial markets; • uncertainty among key employees concerning their future with Valvoline or the Buyer, leading to potential distraction, as well as potential difficulty in attracting, retaining or motivating key employees during the pendency of the Transaction and following its completion; • potential adverse impact on credit ratings; and • potential negative reactions from the financial markets if Valvoline fails to complete the Transaction as currently expected. Valvoline may be unable to achieve some or all of the strategic and financial benefits that it expects to achieve from the Transaction. After giving effect to estimated taxes and other expenses, Valvoline expects to receive net proceeds of approximately $ 2. 25 billion. Valvoline expects to use the net proceeds to accelerate~~ **accelerating the** return of capital to shareholders through share repurchases, **reductions of** ~~with the remainder used for~~ debt ~~reduction~~ **,** and **investments** ~~to invest~~ in **attractive retail service** growth opportunities ~~in Retail Services~~ . In connection with **the completion of** the sale of Global Products, Valvoline expects to drive growth and shareholder value as a best- in- class, pure- play automotive retail service provider. The anticipated operational, financial, strategic and other benefits may not be achieved **from** ~~upon completion of~~ the Transaction ~~and~~ **, which** could have an adverse impact on Valvoline’ s business, financial condition and results of operations. The anticipated benefits are based on a number of assumptions, some of which may prove incorrect ~~,~~ and could be affected by a number of factors beyond Valvoline’ s control, including ~~,~~ without limitation, general economic conditions, increased operating costs, **challenges in separating the businesses information technology infrastructure and processes,** regulatory developments and the other risks described in these risk factors. ~~Following the Transaction,~~ Valvoline **is** ~~will be~~ dependent on Global Products for its product supply and certain transition services **and certain indemnities have been agreed to with the Buyer,** for which ~~Valvoline~~ **the Company** may be negatively ~~affected~~ **impacted** if Global Products is unable to provide these products ~~or~~ **and** services **or is unable to satisfy its indemnification obligations** . In connection with the Transaction, the parties ~~have agreed to enter~~ **entered** into a Supply Agreement and an agreement for certain transition services. Pursuant to the Supply Agreement, Valvoline ~~will purchase~~ **purchases** substantially all lubricant and certain ancillary products for its stores from Global Products ~~after the Transaction~~ . Additionally, Valvoline ~~will receive~~ **receives** and ~~provide~~ **provides** certain transition services to Global Products ~~following the Transaction~~ . Valvoline **is** ~~will be~~ dependent on Global Products for product supply and each party **is** ~~will be~~ reliant on one another for transition services. Any interruption, delay, quality issue or other failure in product supply or service could result in disputes between the parties ~~or otherwise~~ **. In addition, if either party does not** have **in place its own systems** ~~an~~ **and processes, or if there are not agreements with other providers of these services in place once transition services expire, Valvoline may not be able to operate its business**

effectively which could cause adverse ~~effect~~ **effects to its** ~~on Valvoline' s business,~~ financial condition, results of operations, or cash flows **. Also as part of the Transaction, the parties have agreed to indemnify one another for various matters. If either party is unable to satisfy their indemnification obligations, there are no guarantees that these indemnities will sufficiently protect Valvoline against these exposures or potential liability claims from third parties. There can also be no assurance that Global Products can fulfill its indemnification obligations in the future. Valvoline could experience negative impacts on its business, financial position, and cash flows due to these risks** . Risks related to Valvoline' s separation from Ashland The Distribution could result in significant tax liability to Ashland, and in certain circumstances, Valvoline could be required to indemnify Ashland for material taxes pursuant to indemnification obligations. Ashland obtained a written opinion of counsel to the effect that the Distribution should qualify for non- recognition of gain and loss under Section 355 of the Internal Revenue Code of 1986, as amended (the " Code "). The opinion does not address any U. S. state, local or non- U. S. tax consequences of the Distribution. The opinion assumes that the Distribution is completed according to the terms of certain agreements entered into between Ashland and Valvoline and the accuracy of certain assumptions and representations and covenants made by the parties. The opinion is not binding on the Internal Revenue Service (the " IRS ") or the courts, and thus there can be no assurance that the IRS or a court will not take a contrary position. If the Distribution were determined not to qualify for non- recognition of gain and loss, then Ashland would recognize a gain as if it had sold its Valvoline common stock in a taxable transaction in an amount up to the fair market value of the common stock it distributed in the Distribution. In addition, certain reorganization transactions undertaken in connection with the separation and the Distribution could be determined to be taxable, which could result in additional taxable gain. Under certain circumstances, Valvoline could have joint and several liability for gain recognition relating to the separation from Ashland, and / or a substantial indemnification obligation to Ashland with respect to the tax associated with some or all of such gain, which could have a material adverse impact on Valvoline' s financial condition. Ashland has agreed to indemnify Valvoline for certain liabilities. However, there can be no assurance that the indemnity will be sufficient to insure Valvoline against the full amount of such liabilities, or that Ashland' s ability to satisfy its indemnification obligation will not be impaired in the future. Pursuant to the terms of the Separation Agreement and certain other agreements with Ashland, Ashland agreed to indemnify Valvoline for certain liabilities. However, third parties could also seek to hold Valvoline responsible for any of the liabilities that Ashland agreed to retain, and there can be no assurance that the indemnity from Ashland will be sufficient to protect Valvoline against the full amount of such liabilities, or that Ashland will be able to fully satisfy its indemnification obligations in the future. Even if Valvoline ultimately succeeded in recovering from Ashland any amounts for which Valvoline is held liable, Valvoline may be temporarily required to bear these losses. Each of these risks could negatively affect Valvoline' s business, financial position, results of operations and cash flows.