

PRESIDENT'S LETTER

To Our Distributors, Dealers, VP Teams -

We are in a good place in the third quarter of 2023; as the VP Teams' battle cry proclaims this year, we are "Speedin' To A Record!" Reaching a new sales record will result from hard work by the VP Team, along with you and your organizations. Let's keep the "*peddle*" to the floor for all products and services, Race Fuel, Consumer Products, Lubricants, Specialty Fuels, Branded Retail, and International.

Race Fuels sales are on the fast track at retail and the track. VP is now the Official Sponsor of the AMA Outdoor Nationals, adding to our dominance in motocross as we renew as the 2023 Official Fuel of MotoAmerica and American Flat Track. In addition, on four wheels, the Ferrari Challenge turned to VP again for 2023 as Official Supplier, showcasing VP fuels to the world.

VP Racing's renewable fuel initiative is leading the way again in the racing world. Beginning with the 2023 season, VP fueled IMSA GTP Class racing with its innovative R80 Renewable Fuel after working tirelessly with IMSA and the auto manufacturers. The result has been a success, delivering exciting IMSA GTP racing while improving the environment. Not stopping there, but looking to the future, VP is again collaborating with IMSA and the OEMs to develop an R100 Fuel using 100% renewable feedstocks.

As mentioned last quarter, VP Lubricants' popularity and sales are growing exponentially, with more and more teams turning to VP for their motor oil needs. Drivers turning to VP Motor Oil include those in the fastest growing form of racing, Time Attack. At Time Attack competitions, championship drivers like Feras Qartoumy break records, pushing their cars to the limits on unimpeded road courses to achieve the fastest lap, all on VP Pro Synthetic Grade Motor Oil and VP 622 Break Fluid. Of course, Feras gets his record-setting speed by running on VP X85 Ethanol Fuel!

Our Motor Oil's momentum is unheard of in the industry and has driven us to introduce larger packaging sizes. Available now, VP Lubricants offers our VP ProGrade SAE 10W-40 Full Synthetic Racing Oil and our VP Traditional SAE 60 Racing Oil in 55-gallon drums. As our red-hot momentum continues, we anticipate offering even more motor oil products in drums.

Our Consumer Products (CP) division continues its fast-paced growth with new distribution and OEM partners. This quarter, CP's product line joins Highline-Warren, one of the largest national automotive distributors in the country. Additionally, CP's small engine fuels are now the exclusive testing fuels for Briggs & Stratton's Billy Goat brands' outdoor power equipment tools. These are additional big steps toward Consumer Products' march to marketplace dominance.

As mentioned last quarter, VP International has been building its Team depth, and the results already show. Our International Team member Troy Chakales has expanded our market penetration by adding two outstanding distributors in Latin America, Sarego C.A./Autotrucks in Colombia and NC Racing in Mexico City. These new distributors will sell VP's Race Fuel and Consumer Products. Troy also showcased VP Racing at the largest auto parts exposition in Latin America, the Latin American & Caribbean Tyre Auto Parts Expo in Panama City, Panama - and the sales are adding up.

Across the globe, VP International is seeing significant sales momentum in providing a solution to most countries' poor diesel fuel quality. Supplied in bulk tote packaging, VP Diesel-All-In-One™ is a big hit with

commercial fleets and at petrol stations where it is blended for consumer cars and trucks. VP Diesel-All-In-One now keeps engines running at peak performance while it prevents corrosion, gum, and sediment deposits on all continents. Similarly, in the Dominican Republic, VP Power Boost™ is being blended in unleaded gasoline at the pump, helping drivers overcome the fuel's quality issues, providing an improved driving experience, keeping the engine clean and running smoothly. Successful International strategies like this are on top of the strong sales growth of VP additives like VP Fuel System Cleaner™ and Octanium®, plus Stay Frosty® coolants and VP Lubricants.

Speaking earlier of chasing new records, VP's Branded Retail division has been on a store opening frenzy this year and all over the country. From California to Arkansas in the Midwest, South Texas, and Puerto Rico, VP Racing has 21 stations that have opened or are very close to opening this year, and many more are in the pipeline for 2023.

Now, as we chase a new record with increasing momentum, the uncertainties of the marketplace, their effect on our businesses, and how we react remain a focus. Geopolitical issues and interest rates will continue to be the key drivers for the remainder of the year and possibly longer.

Inflation jumped again to 3.2% in July, and consumer debt continues to hit new weekly records. These two metrics cannot continue. An adjustment will need to happen. Last quarter, I communicated on the debt ceiling and noted that the U.S. credit rating would be negatively impacted even if default were avoided. As predicted, the U.S. credit rating dropped from AAA to AA. All these factors will lead to higher interest rates in the coming weeks and months.

OPEC production and other factors have led to higher crude, subsequently increasing product costs. VP has been managing these expected increases so you, our customers, are not negatively impacted in the near term. With that said, the Gulf is at record temperatures, increasing the risk of intense hurricanes. This threat of storms combined with lower crude and product inventories should keep crude prices elevated through October. It's difficult to predict future prices, but we expect a material decline in the more distant future.

The world markets are clearly dynamic and unpredictable, but I try to provide a thoughtful outlook. So, looking forward, we will hit another debt ceiling if the government doesn't get spending under control, which will continue to drive inflation and interest rates. Eventually, an adjustment will lead to a cooling of the economy. Leading the market and setting new records is our goal. We remain dedicated to delivering the best products and services in the marketplace, as we remain diligent in our cost-containment efforts.

As noted at the outset of this letter, the degree of our success relies on the hard work of us all, your Teams, and the VP Team. Together, we are the most formidable and successful force in the market, and our strong relationship is our bond. Together, we have accomplished a great deal, and we are record-setters. Let's make 2023 another record year for us all.

The best is yet to come!

- Alan