Cost of Capital in the Current Environment

May 2026 Update

> The U.S. economy remains resilient, supported by steady growth, recovering business sentiment, and strong equity market performance driven in part by AI-related productivity expectations, despite elevated geopolitical tensions and rising inflation pressures tied to higher energy prices. In contrast, Eurozone growth remains comparatively weaker and more exposed to the economic effects of the situation in the Middle East, although market volatility has remained relatively contained. Across both regions, inflation is trending higher, consumer confidence remains subdued, and businesses are cautiously optimistic as markets continue to stabilize.
>
> **– The Valuation Digital Solutions Team at Kroll**

Kroll Cost of Capital Inputs

Data as of April 30, 2026

	Normalized Risk-Free Rate	Kroll Recommended Equity Risk Premium
U.S. (in USD)	Higher of 3.5% or Spot*	5.0%*
Eurozone *** (in EUR)	Higher of 2.5% or Spot**	5.0% to 5.5%**

* We recommend using the spot 20-year U.S. Treasury yield as the proxy for the risk-free rate, if the prevailing yield as of the valuation date is higher than our U.S. normalized risk-free rate of 3.5%. This guidance is effective when developing USD-denominated discount rates as of June 16, 2022, and thereafter. Based on current economic indicators and financial market conditions, the Kroll Recommended U.S. ERP is 5.0% when developing USD-denominated discount rates as of September 2, 2025, and thereafter.

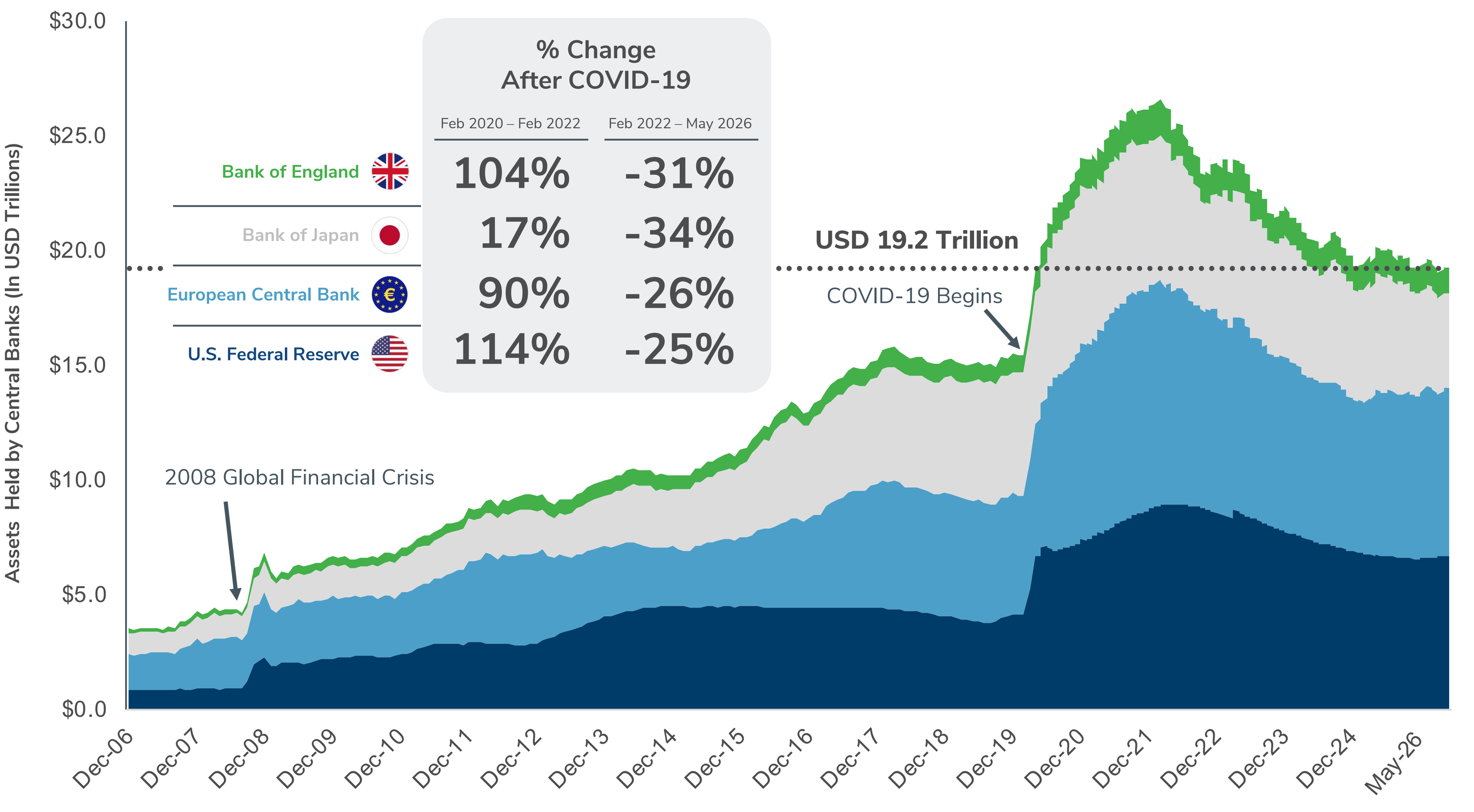
** We recommend using the spot 15-year German government bond yield as the proxy for the risk-free rate, if the prevailing yield as of the valuation date is higher than our German normalized risk-free rate of 2.5%. This guidance is effective when developing EUR-denominated discount rates as of March 31, 2024, and thereafter. Based on current economic and financial market conditions, the Kroll Recommended Eurozone ERP has decreased to a range of 5.0% to 5.5%, but we believe that an ERP towards the higher end of the range (i.e., closer to 5.5%) is likely more appropriate when developing EUR-denominated discount rates as of January 30, 2026, and thereafter.

*** German normalized risk-free rate and Eurozone equity risk premium (ERP) for use in EUR-denominated discount rates from a German investor perspective. Additional country risk adjustments may be warranted when estimating discount rates for other countries in the Eurozone.

For more information, visit: https://www.kroll.com/costofcapitalnavigator

Total Assets Held by Major Central Banks Over Time

Data as of May 13, 2026



Sources: Capital IQ, FRED® Economic Data (for Federal Reserve Bank, Bank of Japan and European Central Bank data), and Bank of England. Data translated into U.S. dollars (USD), to allow for the balance sheet of these central banks to be aggregated. The percentage change after COVID-19 (until the present) in the balance sheet of each bank would be different in local currency.

Global 10-Year Government Bond Yields

Data as of May 19, 2026

North America

U.S.	Canada
4.67%	3.72%

Eurozone

Eurozone	Germany	Netherlands	France	Spain	Italy
3.22%	3.41%	3.31%	3.96%	3.62%	3.98%

Asia Pacific

Australia	China	India	Japan	Singapore	South Korea
5.07%	1.76%	7.06%	2.85%	2.18%	4.37%

Latin America

Brazil	Chile	Mexico
14.51%	5.58%	9.45%

Europe – Other

UK	Switzerland	Sweden
5.34%	0.58%	2.95%

Sources: *Refinitiv* (Brazil, Chile, India, Mexico), *European Central Bank* (Eurozone aggregate yield) and *Capital IQ* (other countries)

Global Credit Spreads

Data as of May 19, 2026

	U.S. Corporate Credit Spreads	Euro-Denominated Corporate Credit Spreads
Max during 2008 global financial crisis	14.9%	18.8%
Max during COVID-19 crisis	6.7%	7.7%
Max during Tariff turmoil	3.2%	2.8%
Long-term average	3.6%	4.9%
Current level	2.3%	2.2%

Sources: *FRED® Economic Data, Bloomberg*

U.S. corporate credit spreads are based on the difference in effective yields between the ICE BofA U.S. High Yield Index and the ICE BofA U.S. Corporate Index. Euro-denominated corporate credit spreads are based on the difference in effective yields between the Bloomberg Pan-European High Yield Index (EUR) and the Bloomberg Euro Aggregate Corporate Bond Index. Long-term averages are based on 1996 to present for U.S. credit spread daily series, and 1998 to present for EUR-denominated credit spread monthly series.

Global Market Volatility

Data as of May 19, 2026

	VIX Index (U.S.)	VSTOXX® (Europe)
Max during 2008 global financial crisis	80.9	87.5
Max during COVID-19 crisis	82.7	85.6
Max during Tariff turmoil	52.3	46.7
Long-term average	19.9	23.2
Current level	18.1	23.0

Source: *Capital IQ*

Long-term averages are based on 1995 to present for VIX daily series, 1999 to present for VSTOXX daily series.

Stock Market Performance

Data as of May 19, 2026

Calendar Year 2024

S&P 500 (U.S.)	23.3%
DAX (Germany)	18.8%
S&P TSX (Canada)	18.0%
TOPIX (Japan)	17.7%
MSCI ACWI (World)	15.7%
IBEX 35 (Spain)	14.8%
CSI 300 (China)	14.7%
BSE Sensex (India)	8.2%
S&P/ASX 200 (Australia)	7.5%
STOXX® Europe 600 (Europe)	6.0%
FTSE 100 (UK)	5.7%
CAC 40 (France)	-2.2%
IBOVESPA (Brazil)	-10.4%

Calendar Year 2025

IBEX 35 (Spain)	49.3%
IBOVESPA (Brazil)	34.0%
S&P TSX (Canada)	28.2%
DAX (Germany)	23.0%
TOPIX (Japan)	22.4%
FTSE 100 (UK)	21.5%
MSCI ACWI (World)	20.6%
CSI 300 (China)	17.7%
STOXX® Europe 600 (Europe)	16.7%
S&P 500 (U.S.)	16.4%
CAC 40 (France)	10.4%
BSE Sensex (India)	9.1%
S&P/ASX 200 (Australia)	6.8%

Since the Beginning of 2026

TOPIX (Japan)	13.0%
IBOVESPA (Brazil)	8.2%
MSCI ACWI (World)	7.6%
S&P 500 (U.S.)	7.4%
S&P TSX (Canada)	6.4%
CSI 300 (China)	4.8%
FTSE 100 (UK)	4.0%
STOXX® Europe 600 (Europe)	3.2%
IBEX 35 (Spain)	2.1%
DAX (Germany)	-0.4%
S&P/ASX 200 (Australia)	-1.3%
CAC 40 (France)	-2.1%
BSE Sensex (India)	-11.8%

Source: Capital IQ

U.S. and Eurozone Consumer Sentiment vs. Business Confidence

Data as of May 19, 2026

		Pre-COVID-19 (February 2020)	Post-COVID-19 (May 2026)	Long-Term Avg.
Consumer Sentiment	U.S.	101.0	↓ 48.2	(1952–2026) 84.5
	Eurozone	108.3	↓ 79.0*	(1985–2026) 100.0
Business Confidence	U.S.	99.1	↑ 100.0*	(1950–2026) 100.0
	Eurozone	100.7	↓ 97.2*	(1985–2026) 100.0

* Latest data available is as of April 2026 (preliminary)

Sources: *Michigan University's Index of Consumer Sentiment, OECD's Business Confidence Index and European Commission business and consumer surveys* [The same methodology that the European Commission uses to standardize its Economic Sentiment Indicator (ESI) was applied to the Eurozone Consumer Confidence and Business Climate Indicator series.]

Long-Term Inflation Expectations and Real GDP Growth (Median)

Data as of April 2026

	U.S.	Germany
Long-Term Inflation Expectations	2.4%	2.1%
Long-Term Real GDP Projected Growth	2.0%	1.3%

Inflation estimates over the long term have remained stable at **2.4%** from December 2025 to April 2026, suggesting forecasters continue to view recent price pressures as cyclical rather than a structural shift in inflation. Projected U.S. long-term real GDP growth has also stayed flat at **2.0%** comparing December 2025 to April 2026.

Long-term inflation expectations in Germany reached **2.1%**, which is a slight increase from 2.0% in December 2025, likely reflecting more persistent energy-related price pressures. Long-term real GDP growth expectations in Germany have decreased to **1.3%** from 1.4% in December 2025.

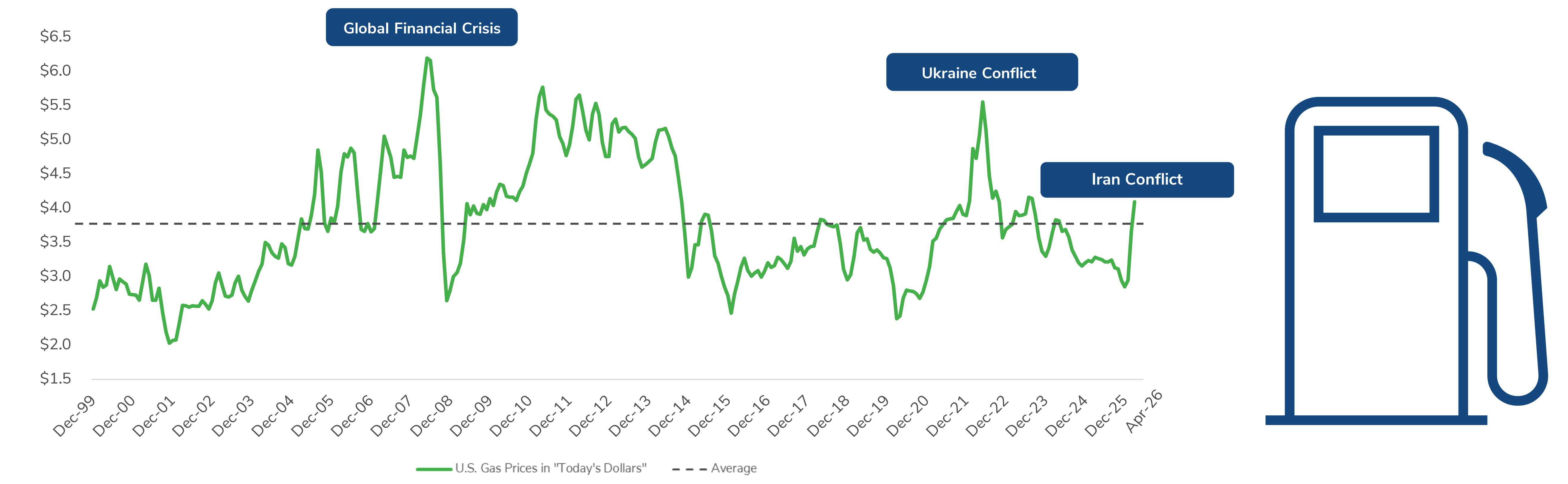
Sources of underlying U.S. data: 1) Real GDP growth data was sourced from Blue Chip Economic Indicators, Blue Chip Financial Forecasts, BMI, A Fitch Solutions Company, Consensus Economics, S&P Global Market Intelligence (formerly IHS Markit), and Federal Reserve Bank of Philadelphia (Livingston Survey, and Survey of Professional Forecasters), 2) Inflation expectations relied on the sources already listed under real GDP growth data, as well as data from the Federal Reserve Bank of Cleveland, the Federal Reserve Bank of Philadelphia (Aruoba Term Structure of Inflation Expectations), and the University of Michigan's Surveys of Consumers Inflation Expectations.

Sources of underlying German real GDP growth and inflation data: BMI, A Fitch Solutions Company, *Consensus Economics, Economist Intelligence Unit*, S&P Global Market Intelligence (formerly IHS Markit), *International Monetary Fund, and PwC.*

U.S. Gas Prices in "Today's Dollars"

Data as of May 19, 2026

The nominal price of gasoline is a poor measure of economic stress because it tells you what a gallon costs today, but not what it's actually worth. Once you adjust for inflation, today's $3–$4 gas prices are relatively moderate by historical standards. A gallon that cost roughly $4 after the Global Financial Crisis translates to well over $6 in today's dollars, and inflation-adjusted gas prices were often higher during the 1970s oil embargo, the early 1980s energy crisis, and parts of 2022 during the war in Ukraine. There is also an important structural difference today: the U.S. economy is much less gasoline-intensive than it used to be, with more fuel-efficient vehicles and lower energy consumption per dollar of GDP. That does not mean high gas prices are painless — cost-of-living pressure is real for many households — but historically speaking, current inflation-adjusted gas prices are not outside the range that the U.S. economy has experienced before and successfully absorbed.



Sources: FRED® Economic Data

Cost of Capital in the Current Environment

May 2026 Update

U.S. vs. Eurozone Unemployment Rate

Data as of May 19, 2026

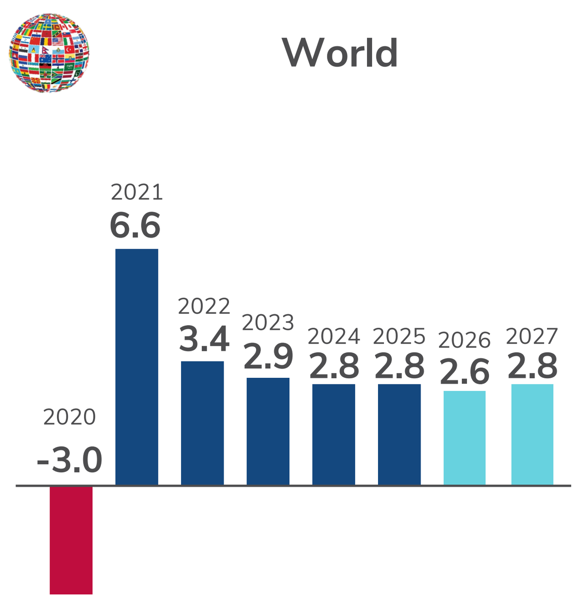
	U.S.	Eurozone
2020		
March	4.4%	7.2%
June	11.0%	8.1%
September	7.8%	8.6%
December	6.7%	8.2%
2021		
March	6.1%	8.2%
June	5.9%	7.9%
September	4.7%	7.4%
December	3.9%	7.1%
2022		
March	3.7%	6.9%
June	3.6%	6.8%
September	3.5%	6.7%
December	3.5%	6.7%
2023		
March	3.5%	6.6%
June	3.6%	6.5%
September	3.7%	6.6%
December	3.8%	6.5%
2024		
March	3.9%	6.5%
June	4.1%	6.4%
September	4.1%	6.3%
December	4.1%	6.3%
2025		
March	4.2%	6.4%
June	4.1%	6.3%
September	4.4%	6.3%
December	4.4%	6.3%
2026		
Latest Available*	4.3%	6.2%

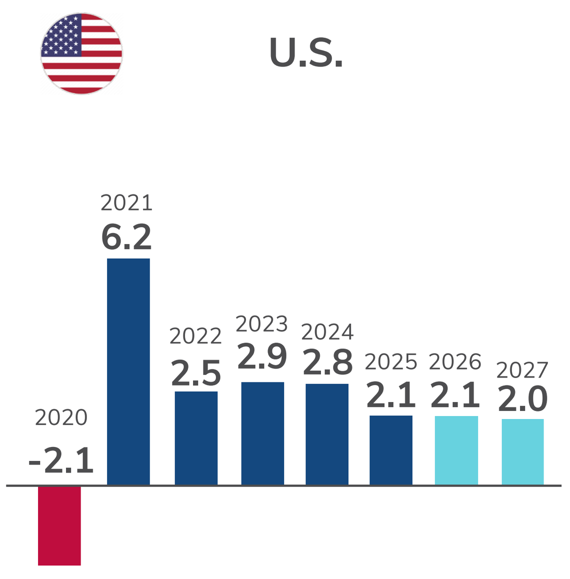
Source: *U.S. Bureau of Labor Statistics and Eurostat*

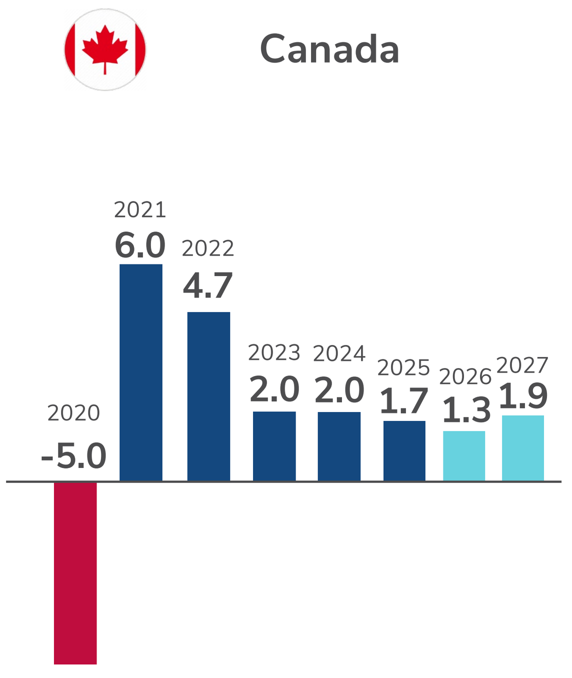
* Data through April 2026 for U.S. and March 2026 for the Eurozone.

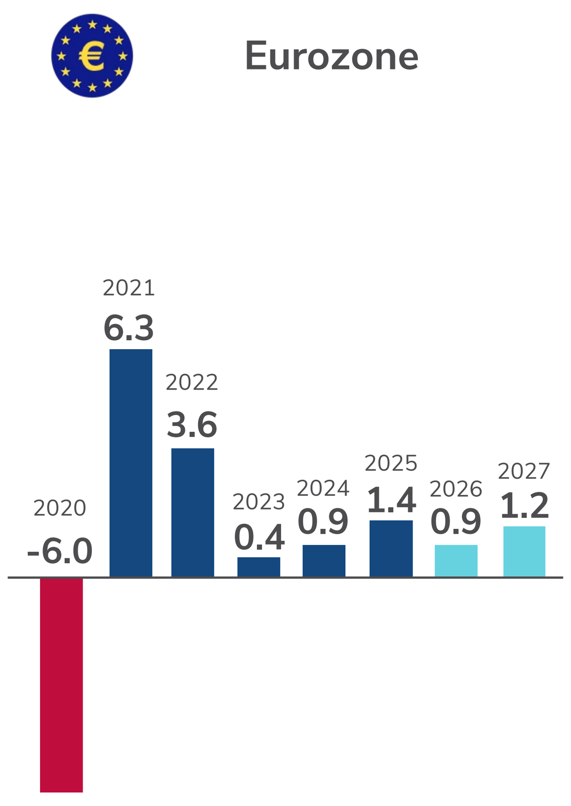
Real GDP Growth (%) Estimates (Median)

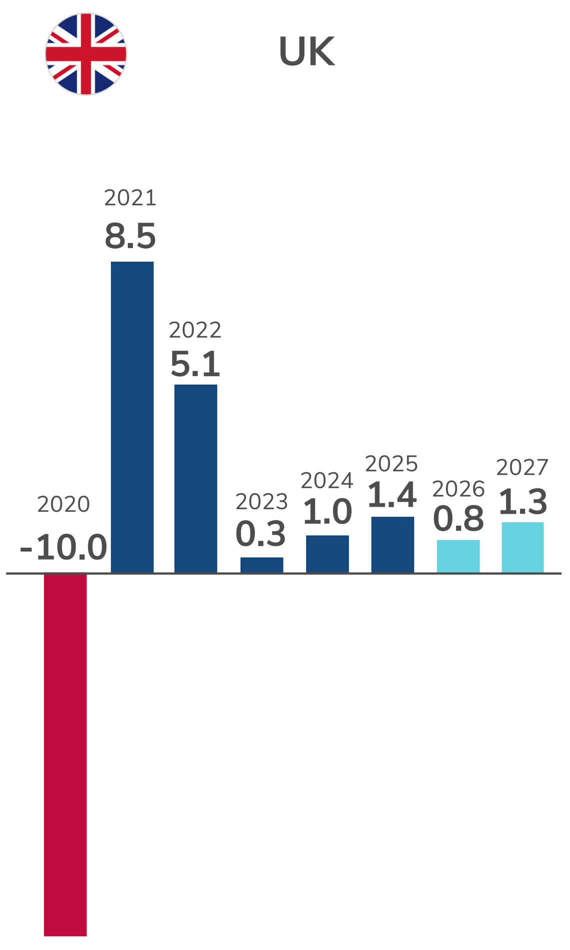
Data as of May 18, 2026

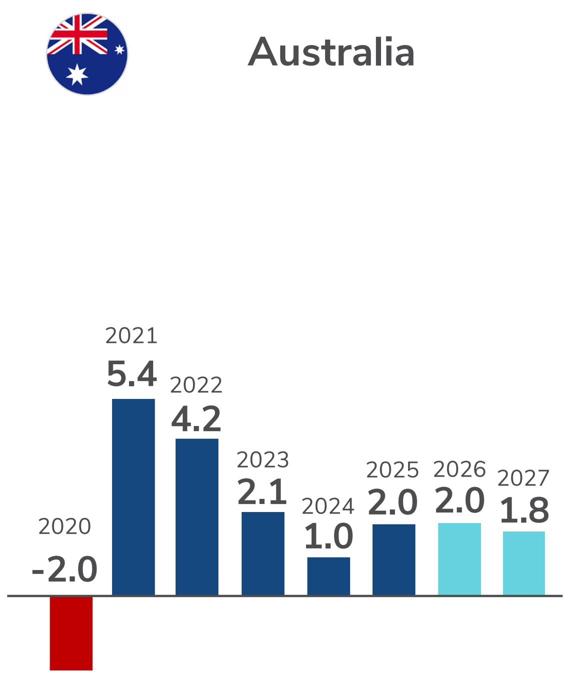


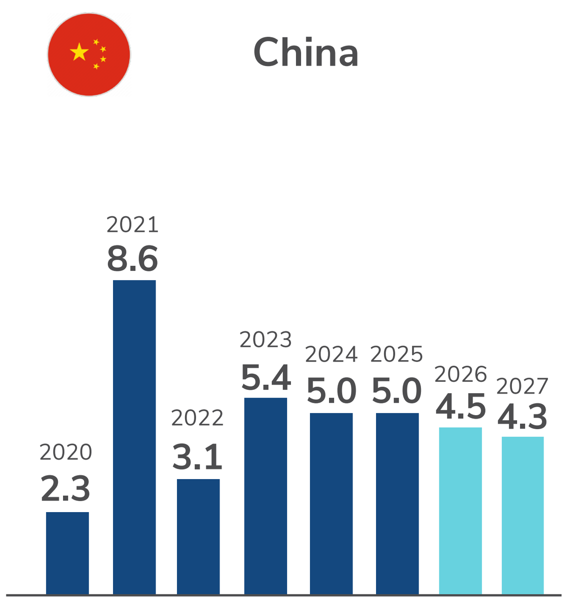


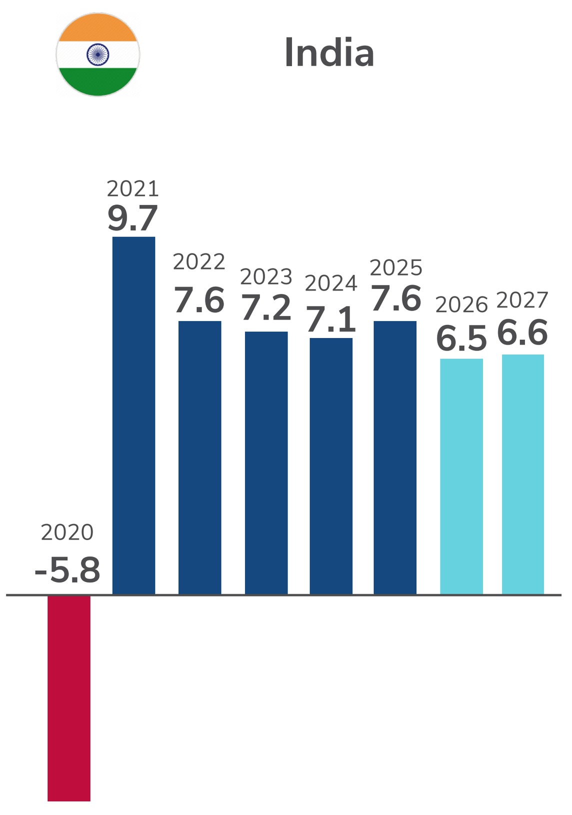


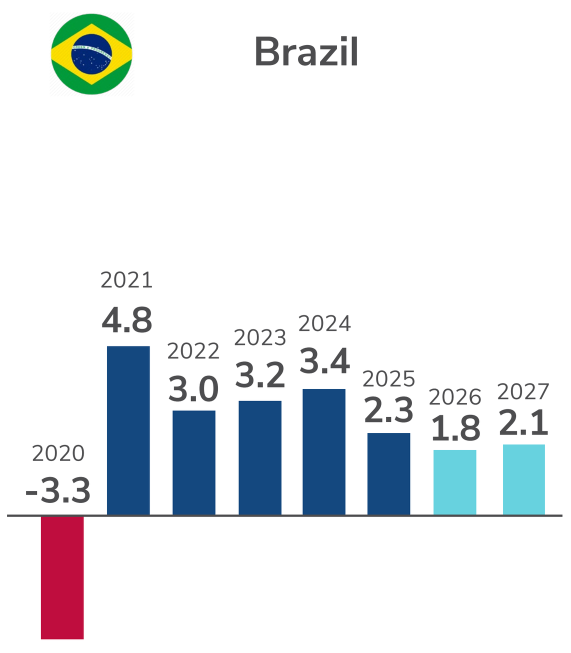


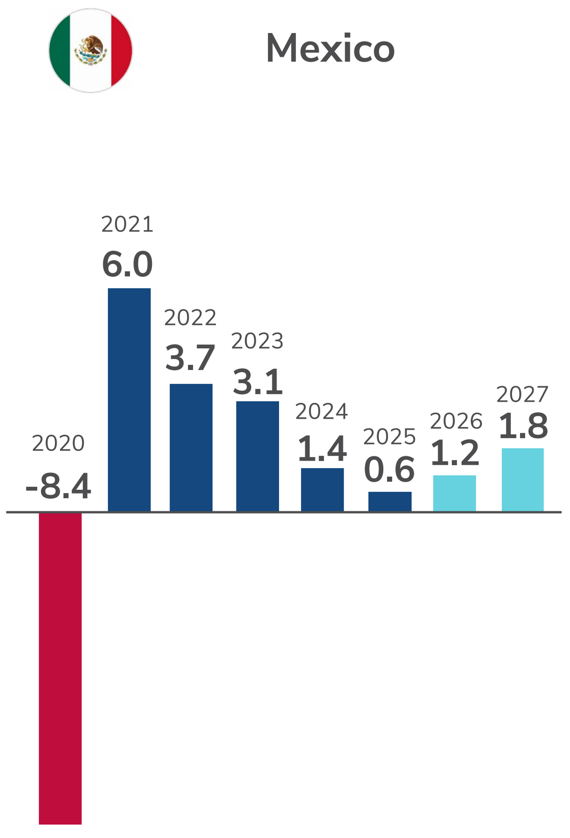












Sources: *OECD, International Monetary Fund, World Bank, Blue Chip Economic Indicators, Consensus Economics, BMI, A Fitch Solutions Company, Economic Intelligence Unit, Fitch Ratings,* S&P Global Market Intelligence (formerly IHS Markit), *Oxford Economics and S&P Global Ratings. Some sources did not have data available for all countries and regions.*

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