

Cost of Capital in the Current Environment

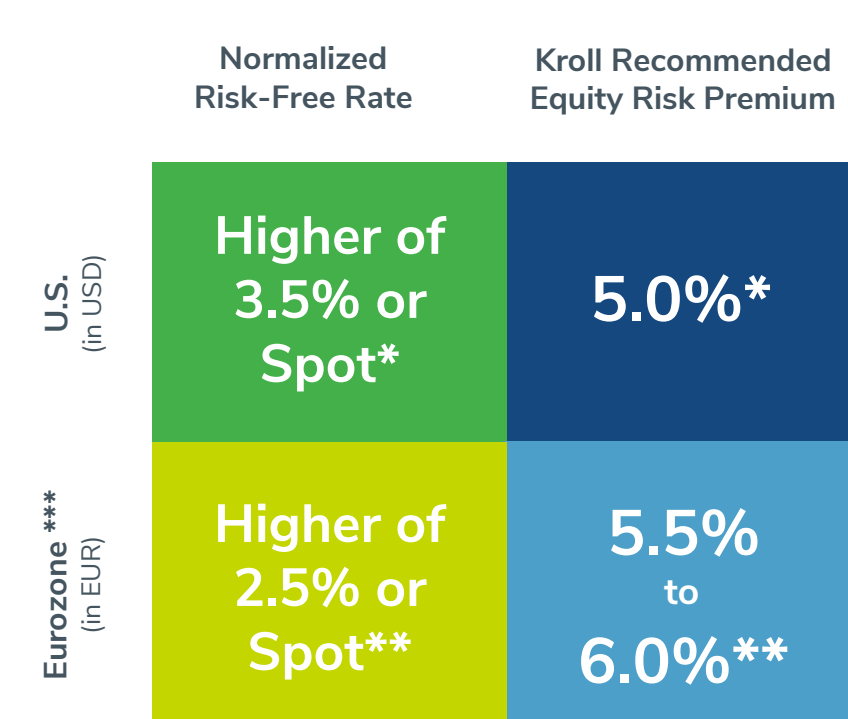
September 2025 Update

The black swan scenario feared by many economists and market analysts following the announcement of reciprocal tariffs by the U.S. administration on "Liberation Day" turned out to be too pessimistic. Since then, several trading partners have signed or are in process of negotiating bilateral trade agreements with the U.S. The de-escalation of trade tensions, along with the support of fiscal and monetary policies, has helped economies stay afloat. The global economy is expected to grow for the next two years at a pace slightly below 2024. An imminent recession in the U.S. is no longer expected, with economists upgrading their outlook, although real GDP growth projections are still below the forecasts at the beginning of the year. Trade uncertainty and the possibility of a continued rise in the budget deficit and national debt may keep long-term U.S. interest rates high and volatile. Meanwhile, a cooling U.S. labor market is creating expectations that the Fed will continue to cut its short-term policy rate further in 2025 and into 2026, which will be positive for M&A activity. In Europe, a modest recovery is underway, but inflation trends are diverging between the Eurozone and the UK. A resurgence of inflation in the UK means that the Bank of England is expected to hold rates steady for the next few months. The ECB is also expected to keep policy rates unchanged in 2025 and most of 2026, but for a different reason: inflation in the Eurozone is hovering around the ECB's 2.0% target, signaling that inflation is now under control. Elsewhere, China continues to suffer from lackluster domestic demand and a deflationary environment, but the government has implemented several fiscal and monetary measures to revive the economy. Looking forward, recent court rulings pertaining to the validity of certain U.S. tariff does not necessarily mean that they will not resurface in revised form. For now, equity investors appear to think that much of the tariff-driven uncertainty is over, even though companies will continue to face challenges in the coming months. That optimism, combined with strong earnings and a surge in investment in AI and AI infrastructure, is helping lead equity markets to new record highs.

Carla S. Nunes, CFA – Managing Director, Valuation Digital Solutions/Office of Professional Practice, Kroll

Kroll Cost of Capital Inputs

Data as of September 25, 2025



* 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.

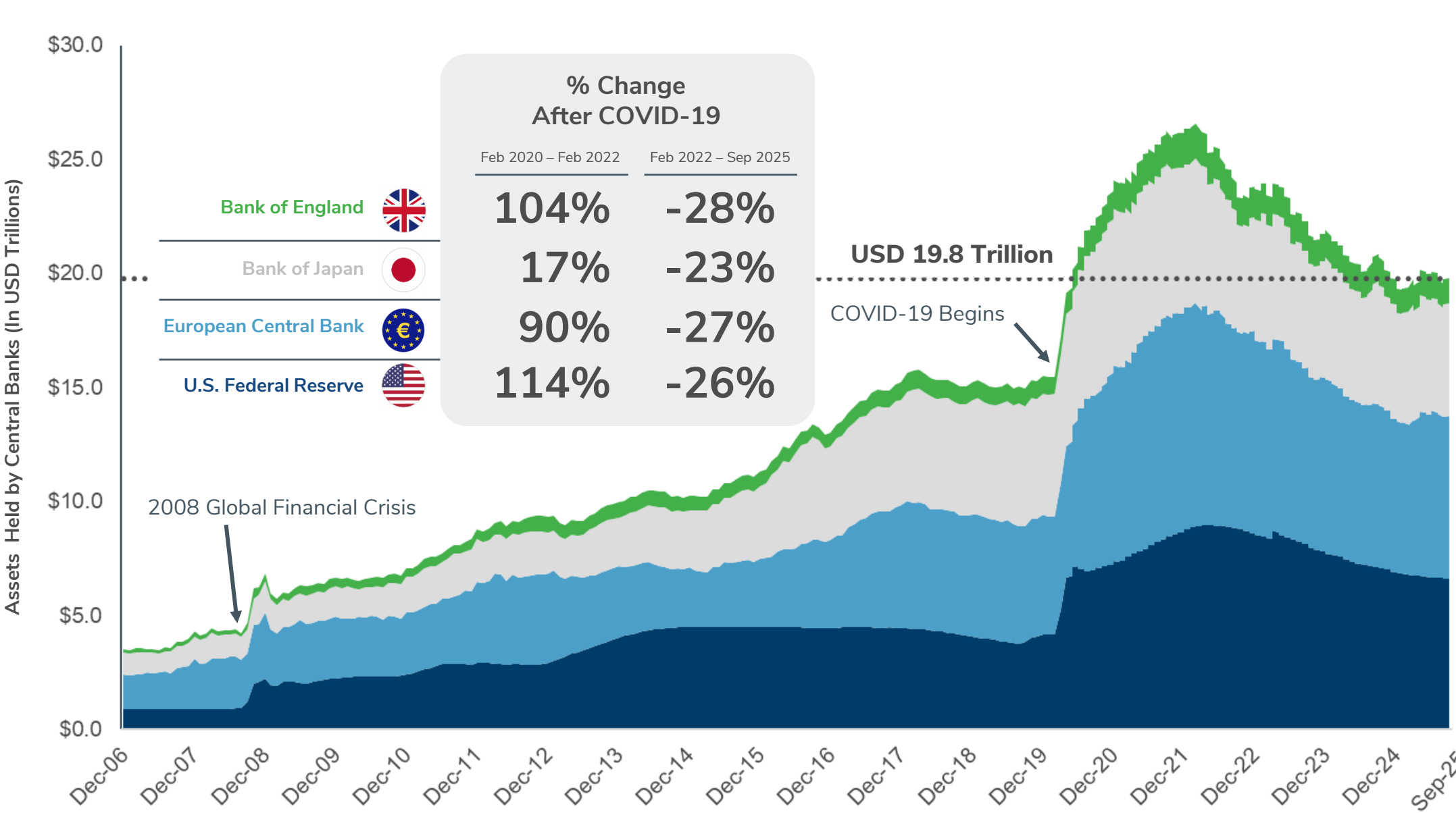
** We recommend using the spot 15-year German government bond yield as the proxy for the risk-free rate, if the prevailing yield as of the valuation date is higher than our Eurozone normalized risk-free rate of 2.5%. This guidance is effective when developing EUR-denominated discount rates as of March 31, 2024, and thereafter. Based on current economic indicators and financial market conditions, the Kroll Recommended Eurozone ERP remains in the range of 5.5% to 6.0%, and we believe that an ERP towards the lower end of the range (i.e., closer to 5.5%) is likely more appropriate when developing EUR-denominated discount rates as of September 2, 2025, 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

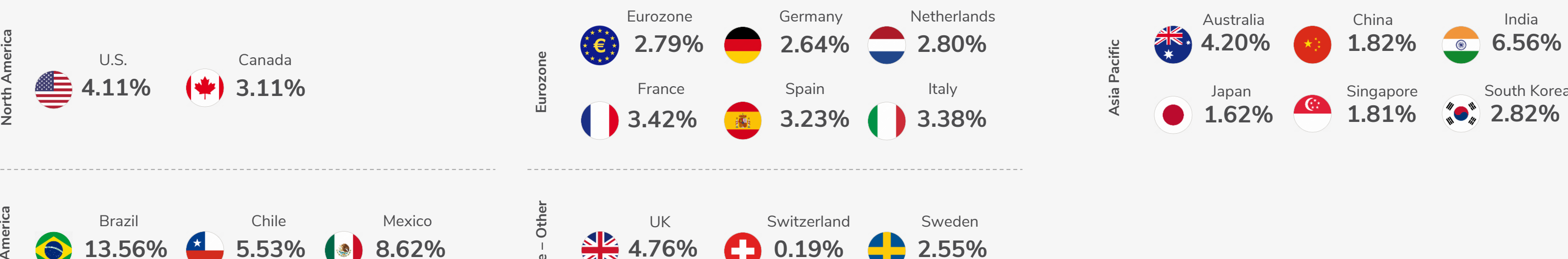
Data as of September 12, 2025



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

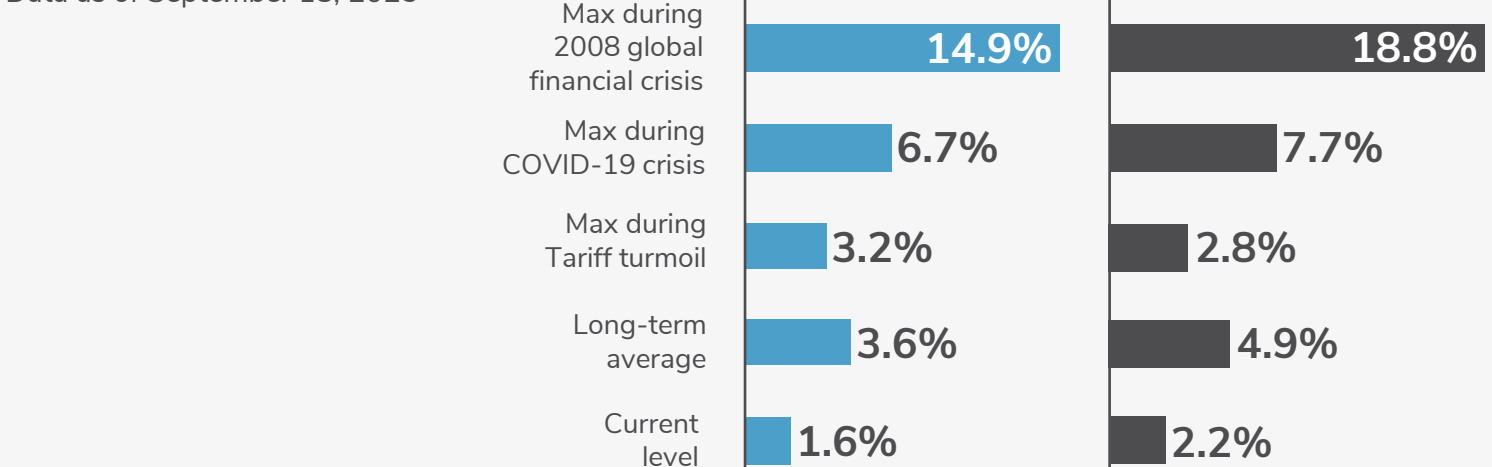
Data as of September 18, 2025



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

Global Credit Spreads

Data as of September 18, 2025

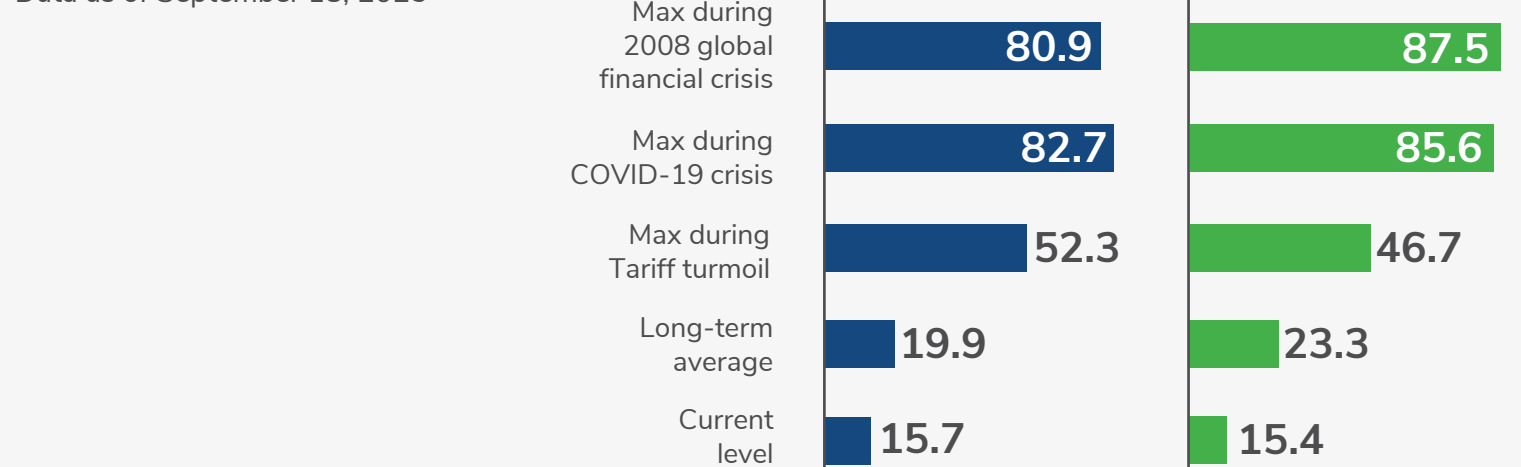


Sources: FRED® Economic Data, Bloomberg

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 September 18, 2025

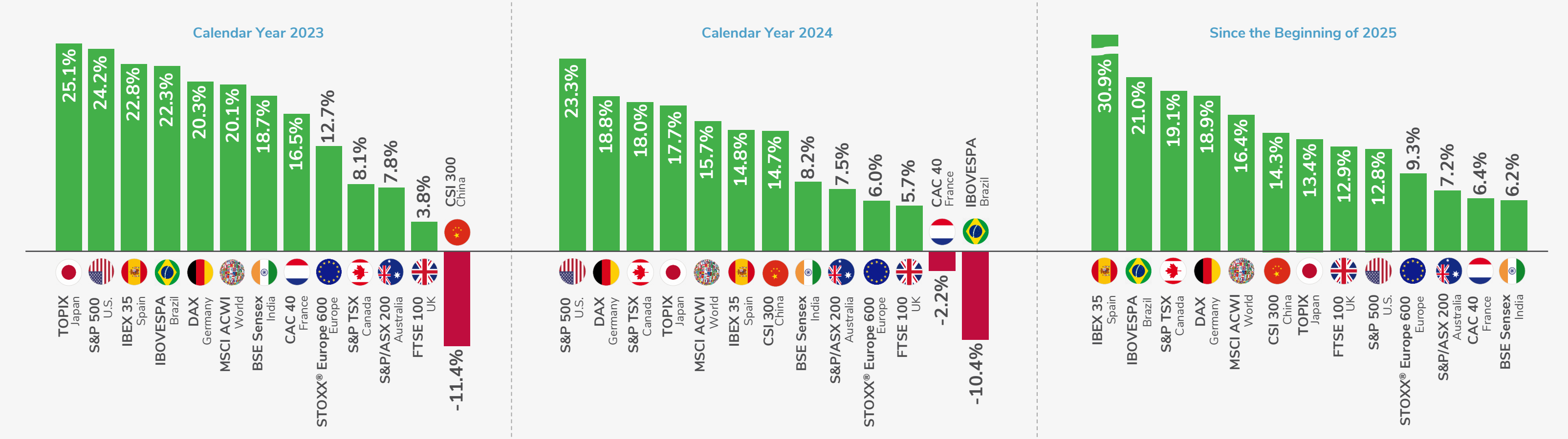


Source: Capital IQ

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

Stock Market Performance

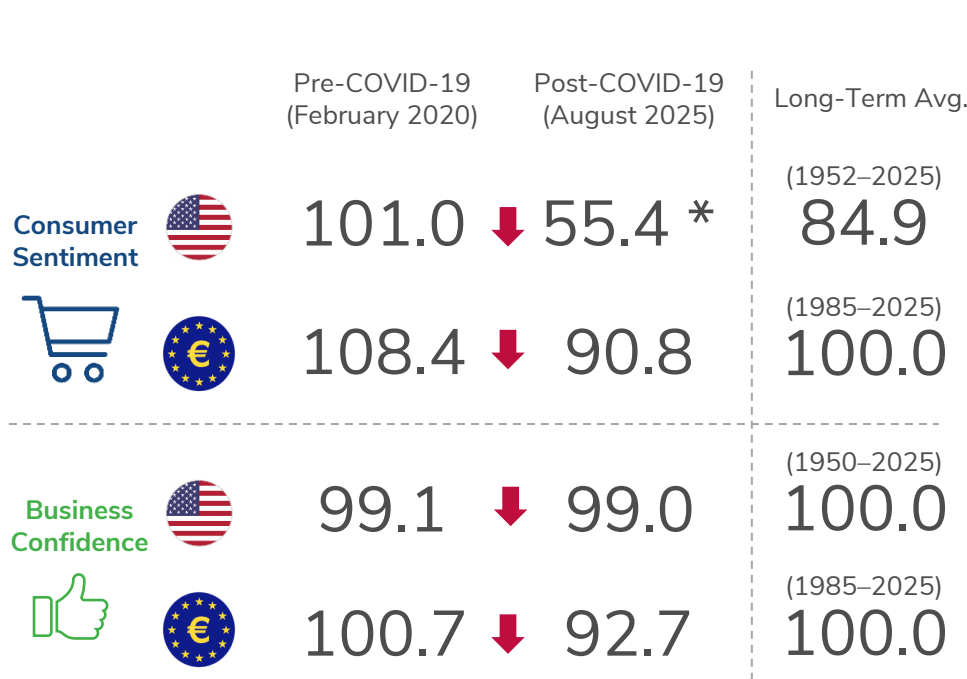
Data as of September 18, 2025



Source: Capital IQ

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

Data as of September 18, 2025

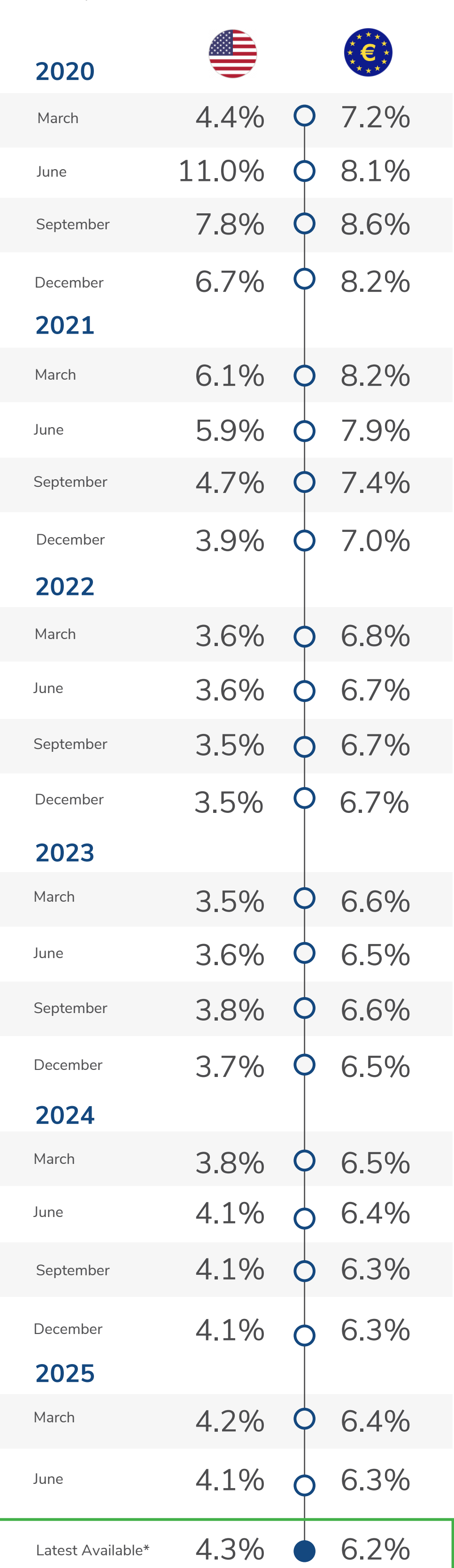


* Latest data available is as of September 2025 (preliminary)

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.]

U.S. vs. Eurozone Unemployment Rate

Data as of September 18, 2025

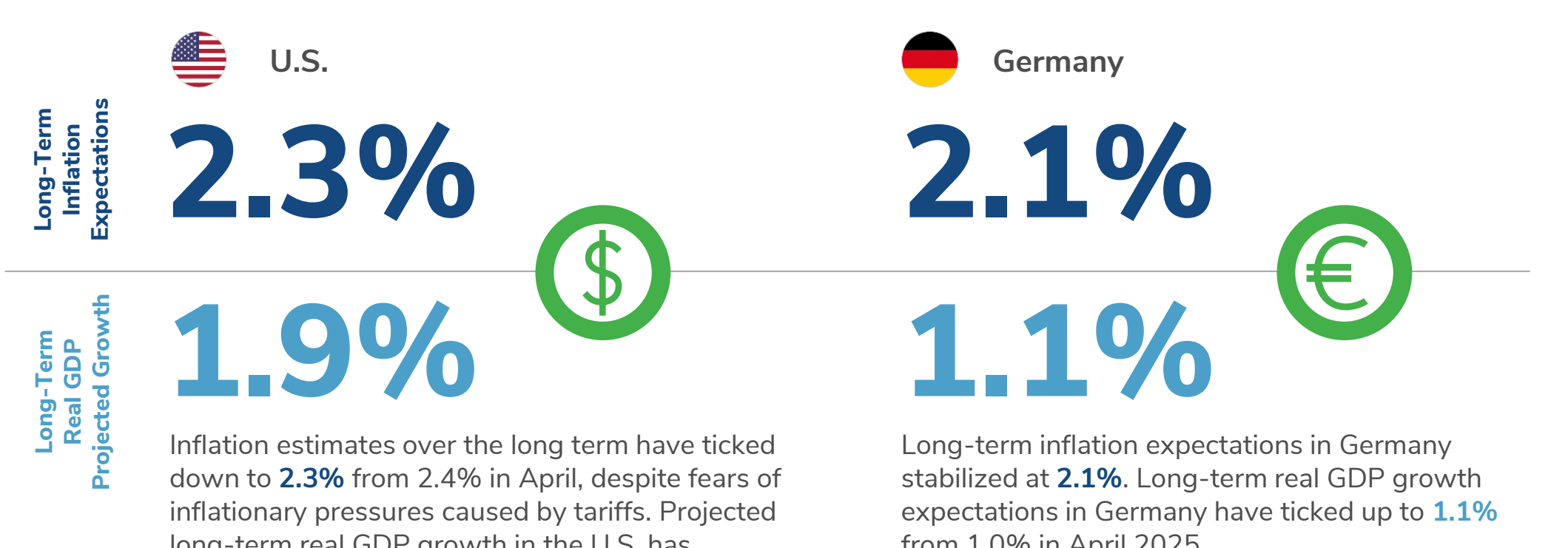


Source: U.S. Bureau of Labor Statistics and Eurostat

* Data through August 2025 for U.S. and July for the Eurozone.

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

Data as of August 2025

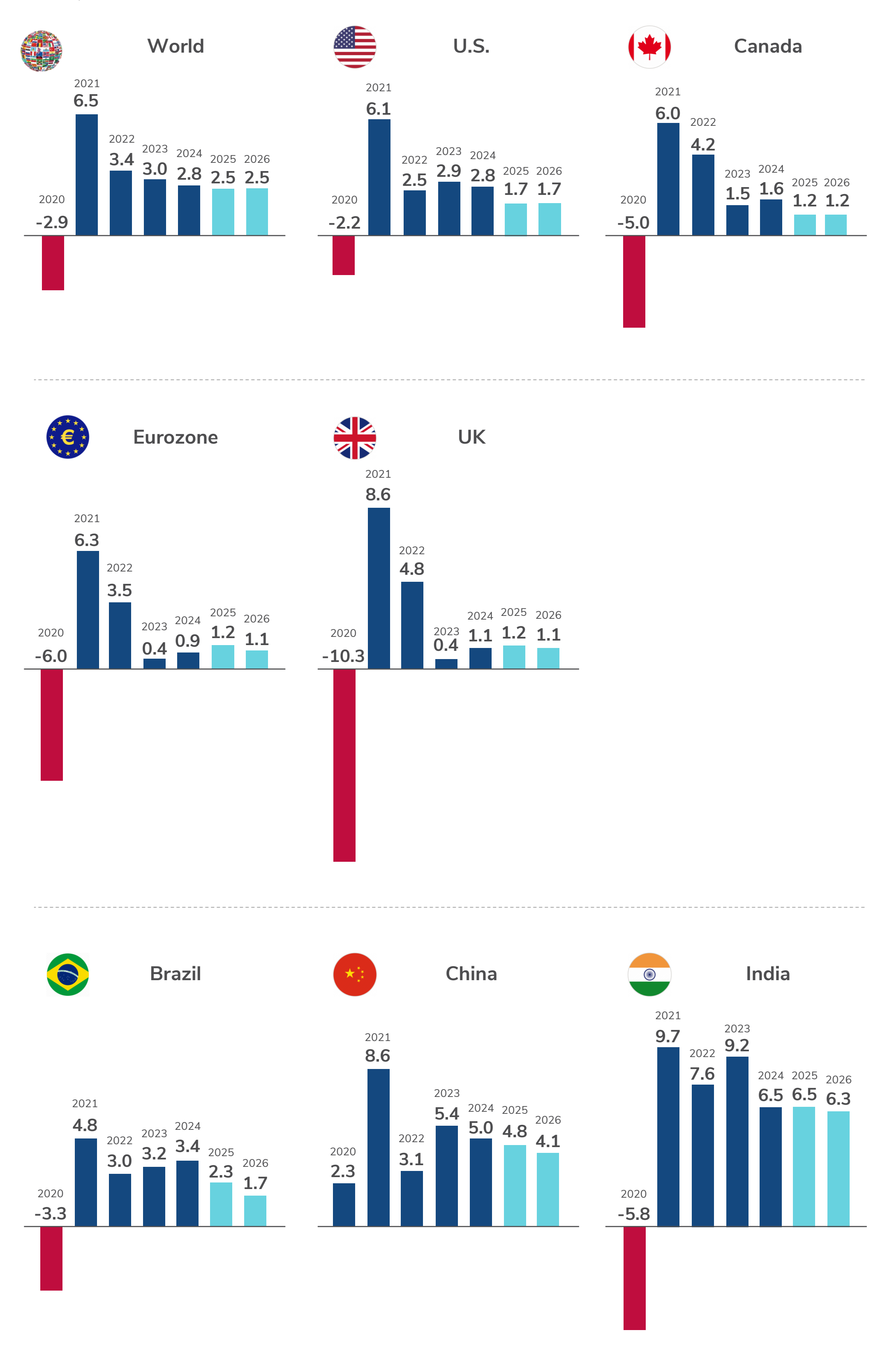


Sources of underlying U.S. data: 1) Real GDP growth data was sourced from Blue Chip Economic Indicators, Blue Chip Financial Forecasts, BMI, A Fitch Solutions Company, Consensus Economics, S&P Global Market Intelligence (formerly IHS Markit), and Federal Reserve Bank of Philadelphia (Livingston Survey, 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 (Aruba 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.

Real GDP Growth (%) Estimates (Median)

Data as of September 25, 2025



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.