

# Drivers

All figures in USD thousands unless stated

## Driver Switch

Base Case ▼

## Sales Volume Growth

Best Case  
Base Case  
Worst Case

2023F	2024F	2025F	2026F	2027F	Term
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2.0%	1.0%	1.0%	0.5%	0.5%	0.5%
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3.0%	2.0%	2.0%	1.5%	1.5%	1.0%
2.0%	1.0%	1.0%	0.5%	0.5%	0.5%
1.0%	1.0%	0.5%	0.5%	0.5%	0.5%

## Pricing Increases

Best Case  
Base Case  
Worst Case

3.0%	1.0%	1.0%	1.0%	0.5%	0.5%
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3.5%	2.0%	2.0%	2.0%	1.5%	0.8%
3.0%	1.0%	1.0%	1.0%	0.5%	0.5%
1.0%	1.0%	0.5%	0.5%	0.5%	0.5%

## Capital Expenditure

Best Case  
Base Case  
Worst Case

4,550	4,700	4,850	5,000	5,125	5,300
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4,000	4,300	4,400	4,600	4,800	4,900
4,550	4,700	4,850	5,000	5,125	5,300
5,000	5,200	5,400	5,500	5,600	5,800

## Inflation Rate

3.5%	3.0%	3.0%	2.5%	2.5%	1.5%
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## Working Capital '

Accounts Receivable (Days)  
Inventory (Days)  
Accounts Payable (Days)

45	45	45	45	45	45
25	25	25	25	25	25
40	40	40	40	40	40

We have assumed working capital amounts per day in terminal year are equal to the previous year. <sup>(1)</sup>

## Weighted Average Cost of Capital

All figures in USD thousands unless stated

Name	Region	Debt	Equity	Average Tax Rate <sup>1</sup>	Debt/Equity	Debt/Capital	Levered Beta <sup>2</sup>	Unlevered Beta <sup>3</sup>
Surge Batteries Inc.	Europe	63,702	3,75,499	31.5%	17.0%	14.5%	0.85	0.76
Future Energy Co.	Europe	43,422	3,11,425	32.2%	13.9%	12.2%	1.01	0.92
Clean Green Ltd.	Europe	26,211	1,31,996	31.9%	19.9%	16.6%	1.34	1.18
Full Power Solutions Ltd.	Europe	15,109	95,746	33.0%	15.8%	13.6%	0.99	0.90
Earthcor Power Inc.	Europe	95,234	6,66,541	30.2%	14.3%	12.5%	0.88	0.80
Average				31.8%	16.2%	13.9%	1.01	0.91
Median				31.9%	15.8%	13.6%	0.99	0.90

### Risk Premium for Equity

Market Risk Premium	4.7%
Average Unlevered Beta	0.91
Levered Beta <sup>4</sup>	1.03
Equity Risk Premium	4.8%

### Cost of Equity

Risk Free Rate	2.4%
Equity Risk Premium	4.8%
Country Risk Premium	3.6%
Cost of Equity	10.8%

### Capital Structure

		Current	Target
Total Debt	19,102	13.2%	15.0%
Market Capitalization	1,26,120	86.8%	85.0%
Total Capitalization	1,45,222	100.0%	100.0%
Debt / Equity		15.1%	17.6%

### Cost of Debt

Pre-Tax Cost of Debt	5.2%
Tax Rate	30.0%
After-Tax Cost of Debt	3.6%

### Weighted Average Cost of Capital

	Weight	Cost
Debt Capital	15.0%	3.6%
Equity Capital	85.0%	10.8%
Weighted Average Cost of Capital		9.7%

Tax Rate is a 5-Year Average. <sup>(1)</sup>

Levered beta is based on 5-year monthly data. <sup>(2)</sup>

Unlevered Beta = Levered Beta / (1 + (1 - Tax Rate) × Debt-to-Equity) <sup>(3)</sup>

Levered Beta = Unlevered Beta × (1 + (1 - Tax rate) × (Debt-to-Equity)) <sup>(4)</sup>

## Other Inputs

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### Dates

Valuation Date	(YY-MM-DD)	2023-03-31
First Expected Cash Flow	(YY-MM-DD)	2023-06-30
First Fiscal Year End for Forecast	(YY-MM-DD)	2023-12-31
First Year of Forecast	(YYYY)	2023
Incorrect Date Set for Valuation?		No
Incorrect Date Set for First Cash Flow?		No
Days in Period		365

### Valuation

Shares Outstanding	(FD 000)	34,200
Current Stock Price	(US\$/sh)	2.23
Terminal Growth Rate		2.0%
Terminal EBITDA Multiple <sup>1</sup>		7.0x
Weighted Average Cost of Capital (WACC)		9.7%
Terminal Growth Greater Than or Equal To WACC?		No

### End of 2022 Balances

Net Debt	18,642
Property Plant & Equipment	65,014
Tax Basis for PP&E	39,211
Tax Losses	24,128

### Other Inputs

Plant Capacity	(Units/Day)	1,600
Projected Interest Expense		2,520
First Year Tax Depreciation		50%
Blended Tax Depreciation Rate		15.0%
First Year Accounting Depreciation		50%
Useful Life: Existing Assets	(Years)	16.00
Useful Life: New Assets	(Years)	20.00

The Terminal EBITDA multiple should reflect a 'steady-state' industry multiple. <sup>(1)</sup>