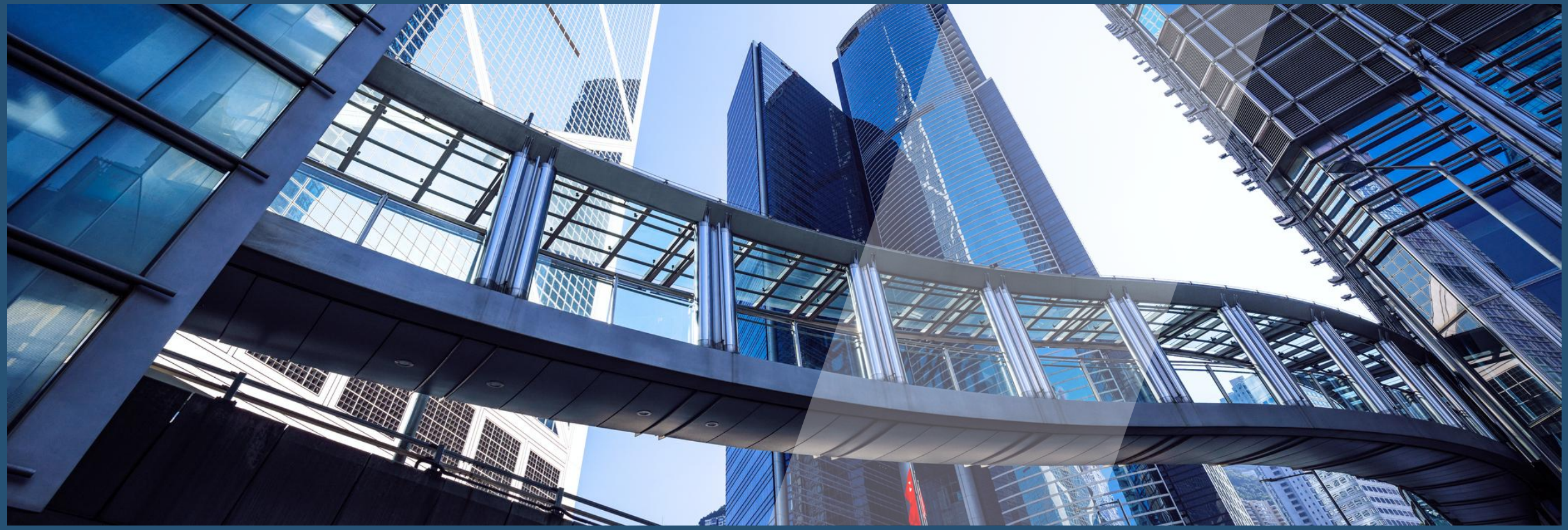


Equity market risk premium

As at 30 September 2026

5 November 2026

Quarterly report – Q3 2026

forvis mazars

Forvis Mazars FA NL estimates an equity market risk premium of 6.0% as at 30 September 2026.

General

- The implied equity market risk premium ('EMRP') has been determined by the Dutch Valuations team of Forvis Mazars Financial advisory ('Forvis Mazars FA NL').
- The EMRP is the extra return investors demand above the risk-free rate to be compensated for the additional risk of investing in equity. Therefore, the EMRP is the difference between the expected return on an investment in equity and the risk-free rate.
- Forvis Mazars FA NL calculates the EMRP by applying an implied approach, which is a forward-looking concept based on the market capitalisation of a well-diversified equity market portfolio and recent expectations regarding the forecast of the equity market portfolio. By applying this approach, the market's expectations are considered as at valuation date.

Methodology

- The implied EMRP is calculated based on a Discounted Cash Flow ('DCF') methodology. A general DCF-calculation is constructed as follows:

$$\mathrm{PV(E)} = \sum_{t=1}^{\infty} \frac{E(FCFE)_t}{(1+k_e)^t}$$

$PV(E)$	= Present value (PV) of equity (E)
$E(FCFE)$	= Expected free cash flows to equity
t	= Time
k_e	= Cost of equity

where the cost of equity is defined as:

$$k_e = r_f + EMRP$$

r_f	= Spot risk-free rate
$EMRP$	= Equity market risk premium

Present value of equity

- The present value of equity is based on the market capitalisation of a well-diversified equity market portfolio, for which Forvis Mazars FA NL uses the S&P 500 as a proxy. The S&P 500 represents the 500 largest public companies in the US. The US market is considered to be a mature and developed market. Additionally, this index is covered by a large number of analysts, which is necessary to sufficiently capture the (risk) expectations of the market participants.

Expected free cash flows to equity

- Forvis Mazars FA NL estimates free cash flows to equity based on analyst expectations of net income and expected payout ratios. After the explicit forecast period, the expected growth in free cash flows to equity holders is assumed to converge towards the residual growth expectation.
- The growth in the residual period is based on expected long-term inflation and real-GDP growth in the US.

Risk-free rate

- The risk-free rate is the theoretical return on an investment with zero risk. A proxy for this rate is the spot rate on a long-term government default free bond, denoted in the same currency as the forecasted cash flows. Given that the risk-free rate should be associated with zero risk (and therefore zero default risk), Forvis Mazars FA NL estimates the risk-free rate based on the spot rate of a government bond of the US minus the long-term Credit Default Swap spread of the US.

Conclusion

- Forvis Mazars FA NL estimates an EMRP of 6.0% as at 30 September 2026.
- The implied EMRP estimated by Forvis Mazars FA NL can be applied globally. Since the EMRP represents the additional required return for investing in stocks, the EMRP does not incorporate differentials in interest rates, inflation and country risk premia as well as any firm-specific risk factors.
- The EMRP is estimated as at 30 September 2026. Market expectations after this date are not included.

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