13

3.6

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13

23.5%

81.1%

5.8%

00

DCF Review

Average ROIC

ROIC (Return On Invested Capital)

WACC (Weighted Average Cost of Capital)

VirnetX Holding Corp (VHC)

Values in Millions except per share amounts

New Constructs								
Results	Charts	Source Review	Source	Document				
Decision	Forecast	Overrides <u>DC</u>	F Review	WACC Review				

Overrides are currently inactive = marks items on this page that can be overridden Note very high assumption for growth 1yr out. Over 25yrs, the compounded growth rate averages to over 100%. 🔮 = marks items on this page that have active overrides in effect Click on the icons to access the Overrides edit page Select Scenario To View: Neutral ÷ EY 2011 2015 2016 2017 2018 2012 2013 2014 2019 2020 2021 2022 2023 **Dynamic Discounted Cash Flow Analysis** The Calculations that drive the Decision Page 10 GAP (Growth Appreciation Period) 2 7 8 11 12 3 4 5 6 \$12,00 \$18.00 \$27.00 \$40.50 \$60.75 \$91.12 \$136.69 \$205.03 \$307.54 \$461.32 \$645.84 \$904.18 \$1,265.85 \$1,7 Total Operating Revenue 17,499.0% 50.0% 40.0% Total Operating Revenue Growth 50.0% 50.0% 50.0% 50.0% 50.0% 50.0% 50.0% 50.0% 40.0% 40.0% \$30.75 \$46.13 \$64.58 \$90.42 NOPBT (Net Operating Profit Before Tax) \$1.20 \$2.70 \$4.05 \$6.07 \$9.11 \$13.67 \$20.50 \$126.59 \$1.80 NOPBT Margin 10.0% 10.0% 10.0% 10.0% 10.0% 10.0% 10.0% 10.0% 10.0% 10.0% 10.0% 10.0% 10.0% Cash Tax Rate 45.0% 45.0% 45.0% 45.0% 45.0% 45.0% 45.0% 45.0% 45.0% 45.0% 45.0% 45.0% 45.0% **NOPAT Margin** 5.5% 5.5% 5.5% 5.5% 5.5% 5.5% 5.5% 5.5% 5.5% 5.5% 5.5% 5.5% 5.5% NOPAT (Net Operating Profit After Tax) \$0.66 \$0.99 \$7.52 \$11.28 \$16.91 \$25.37 \$35.52 \$49.73 \$69.62 \$1.48 \$2.23 \$3.34 \$5.01 Net Working Capital Delta 2.6 0.1 0.1 0.1 0.1 0.2 0.3 0.5 0.7 1.0 1.5 1.8 Fixed Adjusted Assets Delta 0.1 1.0 1.5 2.6 0.1 0.1 0.1 0.2 0.3 0.5 0.7 1.8 Change in Invested Capital 0.2 0.1 0.2 0.3 0.6 0.9 1.4 2.1 3.1 3.7 5.2 0.4 FCF (Free Cash Flow) \$0.42 \$0.87 \$1.30 \$1.96 \$2.94 \$4.40 \$6.61 \$9.91 \$14.86 \$22.30 \$31.83 \$44.56 \$62.39 FCF Present Value 0.4 0.8 1.1 1.6 2.2 3.1 4.4 6.3 8.9 12.7 17.1 22.6 FCF Cumulative Present Value 0.4 1.2 2.3 3.8 6.0 13.6 19.9 28.9 41.5 58.6 81.2 111.1 9.2 Terminal Value 17.0 1,673.4 25.5 38.2 57.4 86.0 129.1 193.6 609.8 853.8 1,195.3 290.4 435.6 Present Value of Terminal Value 16.1 261.7 346.2 458.0 605.9 801.6 22.8 32.3 45.7 64.8 91.9 130.3 184.6 Corporate Value \$16.46 \$23.94 \$34.54 \$49.58 \$70.88 \$101.08 \$143.89 \$204.56 \$290.56 \$387.73 \$516.62 \$687.12 \$912.69 \$1,2 Excess Cash \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 Adjusted Net Assets from Discontinued Operations 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 Unconsolidated Subsidiary Assets (non-operating) Adjusted Total Debt (0.1) (0.1) (0.1) (0.1) (0.1) (0.1) (0.1) (0.1) (0.1) (0.1) (0.1) (0.1) Preferred Capital Minority Interests Value of Outstanding ESO After Tax (54.4) (54.4) (54.4) (54.4) (54.4) (54.4) (54.4) (54.4) (54.4) (54.4) (54.4) (54.4) (54.4)Pensions Net Funded Status (\$30.52) (\$19.91) (\$4.88) \$16.42 \$46.62 \$89.43 \$150.10 \$236.10 \$333.28 \$462.16 \$632.67 Shareholder Value (\$38.00) \$858.24 \$1, Shares Outstanding 49.5 49.5 49.5 49.5 49.5 49.5 49.5 49.5 49.5 49.5 49.5 49.5 Shareholder Value per Share (\$0.77) (\$0.62) (\$0.40) (\$0.10) \$0.33 \$0.94 \$1.80 \$3.03 \$4.77 \$6.73 \$9.33 \$12.77 \$17.32 GAP (Growth Appreciation Period) 10 12 2 3 5 8 9 11 Maximum Loss Exposure from Special Purpose Entities Decision Page pulls Performance Hurdles values from below for the relevant GAPs 17,499.0% 1,524.8% 634.3% 393.7% 289.0% 231.9% 196.3% 172.1% 154.7% 141.6% 129.9% 120.6% 113.0% 1 Total Operating Revenue CAGR Average Economic Profit Margin (4.7%) (4.5%) (4.1%) (3.6%) (3.0%) (2.1%) (1.0%) 0.6% 2.7% 5.5% 8.9% 12.9% 17.7%

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36.4%

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63.3%

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Help

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EY 2024	EY 2025	EY 2026	EY 2027	EY 2028	EY 2029	EY 2030	EY 2031	EY 2032	EY 2033	EY 2034	EY 2035	EY 2036	EY 2037	EY 2038
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28
\$1,772.19	\$2,481.07	\$2,629.93	\$2,787.73	\$2,954.99	\$3,132.29	\$3,320.23	\$3,519.44	\$3,730.61	\$3,954.44	\$4,191.71	\$4,443.21	\$4,709.80	\$4,992.39	\$5,291.94
40.0%	40.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
\$177.22	\$248.11	\$262.99	\$278.77	\$295.50	\$313.23	\$332.02	\$351.94	\$373.06	\$395.44	\$419.17	\$444.32	\$470.98	\$499.24	\$529.19
10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%
5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
\$97.47	\$136.46	\$144.65	\$153.32	\$162.52	\$172.28	\$182.61	\$193.57	\$205.18	\$217.49	\$230.54	\$244.38	\$259.04	\$274.58	\$291.06
5.1	7.1	1.5	1.6	1.7	1.8	1.9	2.0	2.1	2.2	2.4	2.5	2.7	2.8	3.0
5.1	7.1	1.5	1.6	1.7	1.8	1.9	2.0	2.1	2.2	2.4	2.5	2.7	2.8	3.0
10.1	14.2	3.0	3.2	3.3	3.5	3.8	4.0	4.2	4.5	4.7	5.0	5.3	5.7	6.0
\$87.34	\$122.28	\$141.67	\$150.17	\$159.18	\$168.73	\$178.85	\$189.58	\$200.96	\$213.02	\$225.80	\$239.35	\$253.71	\$268.93	\$285.07
39.5	52.3	57.3	57.4	57.5	57.5	57.6	57.7	57.8	57.9	58.0	58.1	58.2	58.3	58.4
150.6	202.9	260.2	317.5	375.0	432.5	490.2	547.9	605.8	663.7	721.7	779.8	838.1	896.4	954.8
2,342.8	2,483.3	2,632.3	2,790.3	2,957.7	3,135.1	3,323.3	3,522.6	3,734.0	3,958.0	4,195.5	4,447.3	4,714.1	4,996.9	5,296.8
1,060.5	1,062.3	1,064.0	1,065.8	1,067.5	1,069.3	1,071.1	1,072.9	1,074.6	1,076.4	1,078.2	1,080.0	1,081.8	1,083.6	1,085.4
\$1,211.11	\$1,265.17	\$1,324.20	\$1,383.32	\$1,442.54	\$1,501.85	\$1,561.27	\$1,620.78	\$1,680.40	\$1,740.11	\$1,799.92	\$1,859.83	\$1,919.84	\$1,979.95	\$2,040.15
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(54.4)	(54.4)	(54.4)	(54.4)	(54.4)	(54.4)	(54.4)	(54.4)	(54.4)	(54.4)	(54.4)	(54.4)	(54.4)	(54.4)	(54.4)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
\$1,156.65	\$1,210.71	\$1,269.74	\$1,328.86	\$1,388.08	\$1,447.40	\$1,506.81	\$1,566.33	\$1,625.94	\$1,685.65	\$1,745.46	\$1,805.37	\$1,865.38	\$1,925.49	\$1,985.70
49.5	49.5	49.5	49.5	49.5	49.5	49.5	49.5	49.5	49.5	49.5	49.5	49.5	49.5	49.5
\$23.34	\$24.44	\$25.63	\$26.82	\$28.01	\$29.21	\$30.41	\$31.61	\$32.82	\$34.02	\$35.23	\$36.44	\$37.65	\$38.86	\$40.08
14	15	16	17	18	19	20	21	22	23	24	25	26	27	28
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4														
106.7%	101.4%	93.5%	86.8%	81.0%	75.9%	71.5%	67.7%	64.2%	61.1%	58.3%	55.8%	53.5%	51.4%	49.5%
23.3%	29.6%	35.4%	40.7%	45.7%	50.3%	54.7%	58.9%	62.8%	66.6%	70.3%	73.8%	77.1%	80.4%	83.6%
29.1%	35.4%	41.2%	46.5%	51.5%	56.2%	60.5%	64.7%	68.7%	72.4%	76.1%	79.6%	83.0%	86.2%	89.4%
101.6%	123.9%	127.9%	131.9%	135.9%	139.9%	143.9%	147.9%	151.8%	155.8%	159.7%	163.6%	167.4%	171.2%	175.0%
5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%