Product Manufacturing Company and Subsidiaries

Valuation Report

June 30, 2018

September 25, 2018

ATTORNEY
FIRM
ADDRESS
CITY, STATE ZIP

Dear ATTORNEY:

We have prepared and enclose herewith our Valuation Report (the “Report”) for Product Manufacturing Company and Subsidiaries (“Product” or the “Company”) as of June 30, 2018 (the “Valuation Date”). The purpose of this engagement is to render a conclusion as to the per share fair market value of Product on a non-controlling, non-marketable, non-voting basis (the “Subject Interest”) for gift tax reporting purposes. This Report should not be used for any other purpose or by any other party for any purpose. The value conclusion is considered a cash or cash equivalent value. The distribution of this Report is restricted to Product and its owners, their counsel and advisors, and any applicable taxing, governmental or judicial authorities. This Report may not be distributed to any other outside parties without our prior written consent.

Based on our valuation analysis and procedures, our conclusion of the fair market value of the Subject Interest as of the Valuation Date is:

$393.77

A description of the analysis, procedures and assumptions relied upon to reach this conclusion is presented in the accompanying Report. This letter should not be separated from, or considered independent of, the attached Report. This valuation is subject to the assumptions and limiting conditions detailed in **Appendix A** to this Report.

Very truly yours,

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1 INTRODUCTION

1.1 Overview

We have performed a valuation engagement and present our detailed report in conformity with the *Statement on Standards for Valuation Services No. 1* ("SSVS") of the American Institute of Certified Public Accountants. The American Institute of Certified Public Accountants defines an engagement to estimate value as "an engagement, or any part of an engagement (for example, a tax, litigation, or acquisition-related engagement), that involves determining the value of a business, business ownership interest, security, or intangible asset." More specifically, it defines a valuation engagement as "an engagement to estimate value in which a valuation analyst determines an estimate of the value of a subject interest by performing appropriate valuation procedures, as outlined in SSVS, and is free to apply the valuation approaches and methods he or she deems appropriate in the circumstances. The valuation analyst expresses the results of the valuation engagement as a conclusion of value, which may be either a single amount or a range."

Our analysis is also in conformity with the National Association of Certified Valuators and Analysts' ("NACVA") standards. NACVA defines a valuation engagement as an engagement that is undertaken "to establish the value for an entire or partial interest in a closely-held business or professional practice, taking into account both quantitative and qualitative tangible and intangible factors associated with the specific business being valued."

Finally, our analysis takes into consideration various revenue rulings, including Revenue Ruling 59-60, which outline the approaches, methods and factors to be considered in valuing shares of capital stock in closely-held entities for Federal tax purposes. Revenue Ruling 65-192 extended the concepts in Revenue Ruling 59-60 to income and other tax purposes as well as to business interests of any type.

In performing a valuation of a closely-held company or other business entity, certain steps must be undertaken in order to perform a conceptually sound and commonly accepted method of determining value. These steps include establishing the purpose of the valuation, determining the type of value being estimated, establishing the premise of value, analyzing the industry and economic climate, evaluating the entity's historical and projected results, and normalizing the entity's financial activity to present a true "economic" picture of its operations. The next step is selecting the valuation methodologies that are appropriate for the characteristics of the specific entity being valued and then properly applying the necessary steps associated with the methodologies in arriving at a determination of value. The last step in formulating a conclusion of the value of an ownership interest in an entity is evaluating the nature of the underlying ownership interest and applying any necessary control or marketability adjustments to reflect characteristics specific to the nature of the ownership interest being valued.

1.2 Purpose of Valuation

The purpose of the valuation is to render a conclusion as to the per share fair market value of Product Manufacturing Company and Subsidiaries ("Product" or the "Company") on a non-controlling, non-marketable, non-voting basis (the "Subject Interest") as of June 30, 2018 (the "Valuation Date") for gift tax reporting purposes.

This Report should not be used for any other purpose or by any other party for any purpose. The distribution of this Report is restricted to Product and its owners, their counsel and advisors, and any applicable taxing, governmental or judicial authorities. This Report may not be distributed to any other outside parties without our prior written consent.

1.3 Type of Value to be Determined

While there are many types of value that can be determined, we have been engaged to render a conclusion of the "fair market value" of an ownership interest in the Company on a non-controlling, non-marketable, non-voting basis. The term "fair market value" is defined as "the price at which property would change hands between a willing buyer and a willing seller, when the former is not under any compulsion to buy, the latter is not under any compulsion to sell, and both parties have reasonable knowledge of the relevant facts," according to Revenue Ruling 59-60.

Fair market value is also defined in a similar way in the International Glossary of Business Valuation Terms as "the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts." The determination of fair market value is predicated on the fact that both the buyer and seller have in their possession the same group of pertinent facts, financial information and other items relevant to an entity's value.

1.4 Level and Premise of Value

We have valued an ownership interest in the Company on a non-controlling, non-marketable, non-voting basis. It was assumed that the Company will continue to operate as a going concern and that management will maintain the Company's character and integrity as of the Valuation Date into the future.

1.5 Approach to Valuation

The objective of this valuation engagement was to render a conclusion as to the fair market value of an ownership interest in the Company on a non-controlling, non-marketable, non-voting basis as of the Valuation Date that would provide a fair and reasonable return on investment to an investor or owner using the facts available to us.

Our conclusion is based on, among other things, our assessment of the risks facing the Company and the returns that would be realized on alternative investments with similar levels of risk.

Both internal and external factors which influence the value of the Company were reviewed, analyzed and interpreted. Internal factors include the Company's financial position, results of operations and projected results. External factors include, among other things, the status of the economy, the economic outlook, the status of the Company's industry, the position of the Company within the industry and the marketability of the ownership interest being valued.

1.6 Limiting Conditions of Value

The conclusion of value rendered in this Report is based on information provided in whole or in part by the management of the Company. We also had discussions and communications with OUTSIDE CPA, CPA, CGMA, JD (the Company's outside tax accountant and a shareholder of Product) regarding the Company's operations. There were no restrictions or limitations in the scope of our work or data available for analysis.

We have no present or contemplated financial interest in the Company. Our fees for this valuation engagement are based upon our normal hourly billing rates and are in no way contingent upon the results of our findings. Our compensation is also not contingent on any action or event resulting from the analyses, opinions, conclusion in, or the use of, this Report.

VALUATION FIRM is not a guarantor of value. VALUATION FIRM has, however, performed conceptually sound and commonly accepted methods of valuation in determining the conclusion of value included in this Report. The reported analyses, opinions and conclusion of value are limited only by the reported assumptions and limiting conditions and were developed in conformity with SSVS and are our personal, impartial, independent, unbiased, objective professional analyses, opinions and conclusions.

This valuation reflects facts and conditions existing at the Valuation Date. The valuation and Report are to be used only as of this date and are not valid as of any other date. Subsequent events have not been considered and we have no obligation to update our Report for such events and conditions, although we reserve the right to do so.

Appendix A, attached hereto, more fully details our assumptions and limiting conditions.

2 GENERAL INFORMATION

2.1 Company Background

Product manufactures industrial, automotive and marine batteries, which it sells through its U.S. distribution centers (OH, CA, IL, PA and CT), Canadian distribution centers in Ontario and Quebec, and independent sales representatives. The Company traces its roots back to 1926 when William G. Koenig, a German immigrant, opened a small battery repair shop in Fremont, OH. Product's corporate headquarters is still located in Fremont, OH today.

Capitalization and Ownership

As of the valuation date, and prior to the contemplated gift that is the subject of this Report, the ownership of the Company was as follows:

Capitalization Table

Name	Class A Voting Shares	Class B Non-Voting Shares	Total Shares	Ownership Percentage
Owner #1	98,000	10,000	108,000	49.45%
Owner #2	-	49,700	49,700	22.76%
Owner #3	-	38,300	38,300	17.54%
Owner #4	8,000	8,000	16,000	7.33%
Owner #5	1,000	1,000	2,000	0.92%
Owner #6	1,000	1,000	2,000	0.92%
Owner #7	800	800	1,600	0.73%
Owner #8	400	400	800	0.37%
Total	**109,200**	**109,200**	**218,400**	**100.00%**

Subsidiaries

As of the Valuation Date, Product held interests in the following wholly-owned subsidiaries:

Product Subsidiaries

Subsidary Name
Subsidiary #1
Subsidiary #2
Subsidiary #3
Subsidiary #4
Subsidiary #5

Specialty Service Corporation ("Specialty") is involved in the distribution of Product products primarily in the mining industry. Super Battery ("SB") is involved in the distribution of Product products primarily in the industrial and automotive industries.

Products

The Company manufactures and sells batteries that are used in the following applications:

- Automotive
- Electronic fork lifts and pallet trucks
- Heavy duty and farm equipment
- Golf carts and electric vehicles
- Floor care equipment
- Marine and recreational vehicles
- Traffic management and messaging
- Renewable energy systems
- UPS and power management systems
- Severe duty equipment
- Railroad and stationary generator systems
- Electric mining equipment
- Industrial battery charging systems
- Automated guided vehicles

The Company primarily manufactures lead-acid batteries, for which the most significant component is lead. Product's pricing is closely tied to the cost of lead and the Company will often increase its pricing soon after increases in the price of lead. Product has not had delays in production historically due to shortages in lead or other materials used in its batteries. The Company is also one of a few battery manufacturers that is able to produce its own lead oxide.

The Company divides its product lines into two broad categories: SLI (starting, lighting and ignition) batteries and industrial batteries. In terms of sales dollars, the split between SLI and industrial batteries is relatively even, although the balance varies from year-to-year. Product's batteries are typically more expensive than its competitors, but also more reliable. Therefore, it has a strong brand reputation in its industrial segment because those customers are typically more focused on performance and less focused on price.

Customers

The Company primarily sells its batteries in the North American market, although it does sell its products internationally (Europe, Middle East, South America, Australia, Asia), as well. The Company's customer base is well-diversified and there are no material customer concentrations.

Employees

As of the Valuation Date, the Company had approximately 600 employees (of which 70% are involved in production).

Management indicates that while there are a number of key employees, there is good management depth and overlap of organizational knowledge. The following individual was identified as the most critical employee involved in the operation of the Company and, while his departure would not preclude the Company from future growth and success, replacing his skillset would be difficult:

- **Officer #1** – Officer #1 is the Company's CEO and is responsible for overseeing its operation. Officer #1 was also the controlling owner of the Company as of the valuation date.

Locations

Product has distribution centers throughout the U.S. (STATE, STATE, STATE and STATE) as well as Canadian distribution centers located in PROVINCE and PROVINCE. Product's headquarters, where the Company manufactures all of its batteries, is approximately 245,000 sq. ft. and is located in CITY, STATE on 28.2 acres of land (the headquarters facility takes up 17.8 acres with the remainder being excess land available for future expansion). This facility was renovated in 2015. Management indicated that the current facility can support up to $300 million of revenue before further expansion would be necessary.

History

Product was founded by FOUNDER in YEAR as a battery repair shop. Soon thereafter, the Company began producing its own batteries for sale. By the 1930's, Product was selling batteries outside of its location in STATE. FOUNDER's son, SON, took ownership of the Company during the 1950's and helped expand the business into CITY, CITY, CITY, CITY, CITY and CITY in the 1960's. Industrial batteries were added to the Company's product line during that time to power mining equipment, electric lift trucks and a variety of other applications. In 1976, the Company moved to 76,000 sq. ft. facility at its current location (which has been expanded multiple times since then).

In 1998, FOUNDER sold the Company to a small group led by Officer #1 in a leveraged buyout at a purchase price of $16.5 million.

Tax Status

The Company is taxed as an S corporation.

2.2 Industry Overview[1]

In the valuation of any entity, it is important to gain an understanding of the industry in which the entity operates, including the industry's composition, trends, and opportunities. Product's businesses involve the manufacturing and distribution of batteries. Therefore, we analyzed the battery manufacturing industry to gain insight into certain industry issues that impact the Company.

Industry Overview

Companies in this industry manufacture primary (disposable) batteries and storage (rechargeable) batteries for consumer, automotive, and industrial use. Major U.S. companies include East Penn Manufacturing, Energizer, EnerSys, Exide Technologies, Duracell, and Spectrum Brands (Rayovac). Leading companies based outside the U.S. include Taiwan's Cheng Uei Precision Industry (known as Foxlink), GP Batteries (Singapore), GS Yuasa (Japan), Johnson Controls (Ireland), and SAFT (France).

The global battery market generates about $85 billion in annual revenue according to Freedonia Group. Revenue is expected to reach $120 billion in 2019, driven by an increase in the use of consumer electronics, including smartphones. Top markets include China and the U.S.

The U.S. battery manufacturing industry includes approximately 220 establishments (single-location companies and units of multi-location companies) with combined annual revenue of nearly $12 billion.

[1] FirstResearch – Battery Manufacturing (5/28/2018)

Competitive Landscape

Demand depends primarily on the level of activity in the automotive and electronic sectors of the economy. Personal income drives new battery purchases in consumer goods and consumer usage levels drive demand for replacement batteries. Large companies have economies of scale in purchasing. Smaller producers compete by focusing on specialized products and customer service. The U.S. industry is highly concentrated with the eight largest companies accounting for approximately 75% of revenue.

Imports account for 50% of the U.S. market for batteries, primarily from Japan, China, and South Korea. U.S.-manufactured batteries are exported primarily to Canada and Mexico. Exports total about 35% of U.S. production.

Products, Operation and Technology

Major product categories are storage batteries (about 70% of industry revenue) and primary batteries (about 30%). Storage batteries (also called secondary batteries) are rechargeable while primary batteries are discarded after the initial stored energy is consumed. Examples of storage batteries are automotive and laptop computer batteries. Primary batteries include standard dry cell batteries (AA, AAA, C, D, and 9-volt) used in flashlights, radios, remote controls, and a variety of specialty applications, such as hearing aids and implantable medical devices.

Raw materials include heavy metals such as lead, nickel, and zinc. These materials are bought new or from battery recycling centers and other collection and processing centers. While the shape, size, and materials of batteries may vary, they all use the same basic electrochemical process. Dissimilar metals act as negative and positive poles in the presence of an electrolyte, creating a reaction where electrons gather on the poles. These electrons are released in the form of electrical current when they contact an external conduit such as a wire.

Common battery types are lead-acid (automotive), alkaline (common dry cell), zinc-carbon (common AA, C, or D); nickel-cadmium (premium AA, C, or D), lithium-ion (laptops and cell phones), metal-chloride (electric vehicles such as golf carts and forklifts), and nickel-metal hydride (hybrid autos). The terms "dry cell" or "wet cell" refer to whether the electrolyte is solid or liquid. Voltages and currents are controlled by the materials used and the configuration of individual cells within a battery.

Battery manufacturing is quite varied depending on the configuration, raw materials, and intended end use, but generally follows a similar process. One of the most popular batteries is the alkaline dry cell battery. To manufacture alkaline-manganese dry cell batteries, a steel can that functions as the cathode (positive electrode) is first cleaned and degreased. A conductive film is then sprayed on the inside surface to ensure good electrical conductivity. Next, a mixture of manganese dioxide and carbon is inserted as a solid ring with a center opening into the can to complete the cathode. A cylindrical separator made of plastic is then inserted and the center opening filled with an electrolyte. A gel of zinc particles and an alkaline solution are inserted in the center as the material for the anode (negative electrode). A cap, known as the current collector, is put in place and functions as the anode terminal.

After assembly, the battery is sealed to prevent leakage and drying, then labeled and inspected for proper voltage, current, and appearance. Most batteries are standard products and are built to stock. However, some specialty applications, such as a power system for an urban rapid transit system, may be a one-of-a-kind design and can be very large and expensive.

Product development is aided by computer simulations of new battery designs. Computers are also used in manufacturing for process control, production monitoring, and inventory management. The manufacturing process for standard size dry cell batteries is highly automated.

Large manufacturing companies adopt enterprise resource planning (ERP) systems to improve purchasing, accounting, regulatory compliance, and customer relationship management (CRM) processes. Supply chain management systems can also reduce costs and increase speed of product delivery. Such systems facilitate the flow of information among employees to help the company better manage supplier and customer relationship.

Sales and Marketing

Major customers are original equipment manufacturers (OEMs) in the transportation, electronics, and consumer product sectors, as well as aftermarket customers including mass retailers, drug and grocery chains, automotive supply outlets, and general merchandise stores. These two distinct channels require substantially different sales and marketing approaches.

Selling to OEMs is through the company's sales force in direct negotiations with OEM purchasing personnel. Marketing is limited to product-specific presentation materials and tools. End-users are unlikely to buy based on the OEM's choice of batteries, so price, not brand awareness, is the primary buying criterion.

For aftermarket sales, consumer brand awareness becomes critical to securing retail shelf space and growing market share. National marketing campaigns, including print and TV advertising, are used to build consumer awareness. Sales to wholesalers and distributors that supply retail chains are common in the aftermarket.

Finance and Regulation

Revenues in the battery industry are somewhat seasonal. In the consumer market, sales spike during the winter holiday season when sales of electronic devices increase. In the automotive market, OEM sales are dependent on auto demand, which tends to increase during model year introductions while replacement battery demand is affected by weather since extreme temperatures (high and low) affect battery performance.

The industry is capital-intensive with average annual revenue per U.S. worker of approximately $390,000.

Research and development focused on creating new products and conducting performance enhancements of existing products is typically a major expense, as is the cost of building manufacturing capacity, retail distribution channels, and consumer brands.

Companies in the U.S. are subject to extensive regulatory oversight by EPA and OSHA. OSHA monitors worker exposure to heavy metals and other potentially hazardous substances. The EPA and similar agencies in other countries monitor air and water emissions and waste disposal procedures.

Because of the heavy metals used in batteries, most states have created recycling centers for spent batteries and made it mandatory for retailers that sell lead-acid batteries to receive and collect used batteries for recycling. Nearly all lead-acid batteries are recycled.

Critical Industry Issues

- ***Material Cost Increases*** – Costs for raw materials such as lead and steel can be significant. For example, lead used in car batteries can account for about half of manufacturing costs. Global economic trends, energy costs, import tariffs, and other factors can cause raw material prices to fluctuate, forcing manufacturers to raise prices or suffer decreased margins.

- ***Competition from Imports*** – U.S. battery imports doubled between 2005 and 2015. Offshore manufacturers capitalize on low-cost labor sources to compete in the U.S. market. To offset this disadvantage, many U.S. manufacturers have acquired or started business operations in countries where lower-cost labor is available.

Industry Challenges

- ***Price Pressure from Large Customers*** – Manufacturers of primary batteries sell to large companies with significant purchasing power. Mass retailers, major drugstore chains, large manufacturers, and nationwide distributors combine to make both OEM and aftermarket pricing extremely competitive. Wal-Mart wields particular clout, accounting for a significant percentage of some battery manufacturers' sales.

- ***Product Safety Concerns*** – As manufacturers push the performance envelope, the potential for consumer safety issues increases. Lithium-ion batteries used in portable computers, phones, cars, and airplanes, for example, have been linked to fires. Some industry critics question the industry's standard measurement of mean time between failure (MTBF) as a true indicator of battery performance and safety. Industry researchers are working to create a long-lasting battery that would reduce safety concerns – such a battery could eliminate the need for lithium-ion batteries.

- ***Managing Recycling Efforts*** – Recycling has both a cost and environmental component. Legislation requires that battery recycling occur in most states and manufacturers want to retrieve the maximum reusable material. As a result, battery manufacturers spend substantial resources to manage the total recycling and reclamation effort. Changes in consumer behavior, environmental legislation, political climate, and material prices can all change the legal requirements and economics of recycling programs.

- ***Complying with Environmental Regulations*** – Under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), companies may be required to share the cost of cleanup with respect to federal Superfund sites. Liabilities for helping in these cleanups arise from the past disposal of hazardous wastes, mostly heavy metals, contained in batteries and used in manufacturing. Battery manufacturers must comply with current laws and restrictions on handling, transporting, and disposing of hazardous wastes to avoid additional liabilities. Companies must also adhere to the EPA's National Ambient Air Quality Standards and National Emission Standards for Hazardous Air Pollutants, which restrict lead emissions.

<u>*Industry Trends*</u>

- ***Increasing Use of Portable Devices*** – Mobile phones, digital music players, laptop computers, digital cameras, and cordless power tools are common in U.S. households. Growth of these portable devices is increasing demand for both primary and storage batteries. A new battery accompanies every initial purchase, and aftermarket purchases are required as battery life expires.

- ***Higher Performance, Lighter Weight, Lower Cost*** – Research and development in many companies focuses on lighter, higher performance batteries. Applications in the electronics industry, especially among laptop computer manufacturers, are looking for solutions that extend initial battery life, decrease weight, and lower cost at the same time. The same is true for the auto and aerospace industries.

- ***Recycling Legislation*** – Most states have laws requiring lead-acid battery retailers to accept spent batteries when new batteries are bought. Estimates suggest that nearly all lead-acid batteries are now recycled, and other types of batteries are targeted for recycling.

- ***Uninterruptible Power Supplies (UPS) Increasing*** – Business computing centers, including company-operated centers and outsourced operations, are growing. As the number of servers, routers, network switches, and data storage systems increases, so does the use of uninterruptible power sources. Battery backups in case of conventional power failure assure customers that their sites and data will be maintained.

- ***Purchaser Consolidation*** – A consolidation trend among industrial purchasers of batteries has emerged in recent years. As the pool of OEMs and other industrial battery users shrinks, manufacturers face tougher competition.

<u>*Industry Opportunities*</u>

- ***Electric Vehicle Sales*** – Global electric vehicle (EV) sales, a demand driver for batteries, are expected to increase significantly over the next decade. By 2025, electric vehicles and hybrids are forecast to account for more than 20% of worldwide car sales, with annual production reaching about 25 million vehicles, according to Goldman Sachs. The market shift toward EVs will come amid technology improvements that enable manufacturers to reduce battery weight and increase capacity at a lower cost. Companies that supply the automotive market are likely to invest significantly in R&D, and some will seek technology partnership to improve battery performance and increase demand for EVs.

- ***Wearable Devices / IoT*** – A proliferation of wearable trackers, remote sensors, home-automation systems, and other internet-connected devices is driving demand for new types of batteries. Commonly referred to as the Internet of Things (IoT), the current explosion of networked devices encompasses applications ranging from consumer electronics to automotive technologies. Battery manufacturers are also using IoT technologies to improve their own products, such as internet-connected sensors that remotely monitor and optimize battery performance in energy-storage systems.

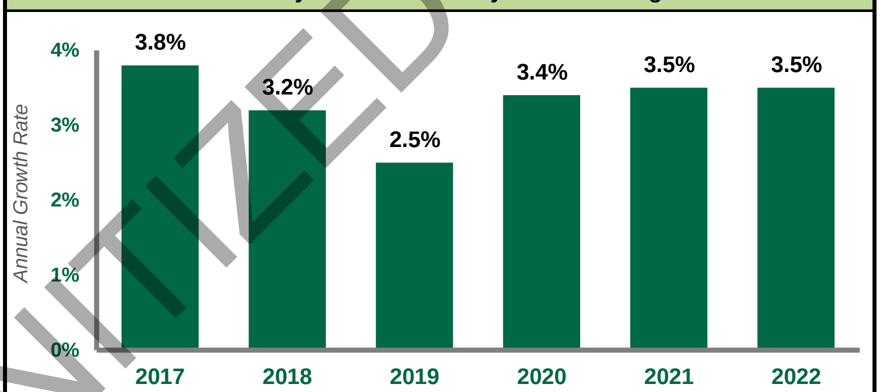
- ***Government Funding of Battery Development*** – Federal legislation has made billions of dollars in loans, grants, and tax incentives available for battery development. The U.S. Department of Energy, for example, supports R&D and production of new, more efficient batteries to be used in electric vehicles and sustainable electric grids. Greater funding coupled with incentives to keep manufacturing operations in the U.S. has created new opportunities for battery makers.

- ***Acquisitions, Joint Ventures, Partnership*** – Companies looking for both low-cost manufacturing sources and technology partners are acquiring, forming joint ventures, and creating partnership with offshore manufacturers. These transactions ensure competitive products in the U.S. market, and can also open up new foreign opportunities. Large US battery manufacturers often outsource manufacturing to companies in the Asia/Pacific region, for example.

<u>Industry Forecast</u>

The output of U.S. battery manufacturing is forecast to grow at a nominal (i.e., in current dollars) compound annual growth rate ("CAGR") of 3% between 2018 and 2022, as shown in the chart below.

Industry Forecast - Battery Manufacturing



Source: FirstResearch

<u>Conclusion and Impact on the Company</u>

As discussed throughout this section of the Report, there are numerous industry factors, both positive and negative, which impact the Company.

The positive industry factors are as follows:

- Companies in the battery manufacturing industry that offer specialized products, such as Product, can use this as a competitive advantage.
- The capital intensive nature of the industry creates barriers to entry for potential competitors.
- There is significant potential for growth in the industry and near-term growth expectations are positive.

The negative industry factors are as follows:

- The U.S. market is highly concentrated, which can put pressure on smaller companies such as Product who do not have the same level of resources and capital as larger competitors.
- Price, not brand, is often the primary buying criterion for OEMs, which creates additional risk for the Company when materials (i.e. lead) prices increase.
- There is consolidation occurring among the purchasers of the batteries the Company sells, which may create further pricing pressure.
- There is increasing competition from imported batteries.
- The industry is highly regulated and compliance with environmental regulations can be a significant burden (both in time and dollars).

These factors have been taken into consideration in our determination of the Company's growth and specific company risk rates as well as the beta (industry risk factor) selected.

2.3 Economic Outlook[2]

In the valuation of any company, it is important to note the economic climate in which it operates. Gaining an understanding of the economic outlook is essential to developing reasonable expectations about the future of the economy and its effect on the Company as of the Valuation Date.

General Economic Condition

The U.S. economy – as indicated by GDP – grew at an annual rate of 4.1% in the second quarter of 2018, which is faster than the downwardly revised rate of 2.2% reported for the first quarter of 2018. The 4.1% rate marked the largest quarterly GDP rate in four years, when it reported at 5.1% in the second quarter of 2014. According to a survey by the Wall Street Journal, economists expect GDP growth to move down around the 3.0% mark for the remainder of the year, as foreign spending on U.S. goods increased during the second quarter ahead of any planned tariffs. Total government spending increased to 2.1% in the second quarter, higher than the 1.5% rate in the first quarter. Private fixed investment, which includes residential and business spending, reported at 5.4%, which marked the 10th consecutive quarter of gains. The trade deficit reported at $43.1 billion, which is its lowest level since October 2016, and is 25.2% lower than the $57.6 billion reported in the first quarter of 2018. The goods deficit decreased $2.6 billion in May, to $65.8 billion, while the services surplus increased $0.5 billion, to $22.7 billion.

The Leading Economic Index increased 0.5% in June, following no change in May and a 0.4% increase in April. The growth in the LEI resulted in an index reading of 109.8 points. The strengths in the index were widespread in June, with the exception being housing permits, which declined once again. The June reading does not suggest a considerable slowdown in growth in the short term. As an economic indicator to forecast future recessions, the LEI has dropped below its six-month moving average anywhere between two to 15 months prior to a recession. The positive reading in June smooths the rate of change, which suggests no near-term recession risk.

Employment in June increased by 213,000 jobs as gains in professional and business services, manufacturing, healthcare, and mining contributed to the rise. The overall job figures received a boost when figures for April and May were revised upward. Job gains in April reported higher, at 175,000 jobs, than the figure that was originally reported, 159,000 jobs, and May's figures were revised to show job gains of 244,000 jobs rather than 223,000 jobs. As a result, the net change resulted in 37,000 more jobs reported over the two-month period.

In a separate report, the Labor Department said initial claims for state unemployment benefits remained near record lows. In June, 231,000 unemployment claims were reported, which extended the streak of consecutive weeks below the 300,000 level, a figure that is associated with a strong labor market, to 173 weeks, the longest such stretch since 1970, when the labor market was smaller.

[2] Economic Outlook Update – Q2 2018

The White House Council of Economic Advisers believes an 80,000-jobs-a-month pace is needed to maintain a low and stable unemployment rate. In June, unemployment reported at 4.0%, which was 0.2 percentage point higher than in May. The labor-force participation rate improved 0.2 percentage point, to 62.9%.

Wages grew 5 cents in June, increasing to $26.98 from last month. Real average hourly earnings, seasonally adjusted from June 2017 to June 2018, increased 2.7%. In June, the unemployment rate rose to 4.0%, which, despite the rise, economists view positively, as a return of 600,000 formerly discouraged workers returned to the job-seeking pool.

In the second quarter, the Federal Open Market Committee (FOMC) met twice. In the first meeting, in view of realized and expected labor market conditions and a sustained rise of near 2% inflation, the FOMC determined the federal funds rate would remain unchanged, at between 1.50% and 1.75%. In determining to maintain the existing level, the committee noted the strong labor market conditions but also stated that the market measures of inflation remained low.

During the second meeting of the quarter, the FOMC voted to raise the target range for the federal funds rate to between 1.75% and 2.00%. In determining to raise the federal funds rate, the committee cited that the economic outlook had strengthened and that market measures for inflation had increased.

The Consumer Confidence Index decreased 2.4 points in June, to 126.4, which followed an upward revision to the index score in May. Consumers' assessment of current conditions remained relatively flat in June, at 161.1 from the score of 161.2 in May, but remains near a 17-year high. The Consumer Sentiment Index increased 0.2 point in June, ending two consecutive months of declines. The rise brought the index to 98.2 points but was below economists' forecasts for a reading of 99.2, according to a poll by Reuters. The survey indicated that consumers were concerned about how the impact of foreign tariffs would affect the economy; as a result, the final reading came in lower than the midmonth reading of 99.3. At its peak, the consumer sentiment levels averaged 105.3 from 1997 to 2000.

The 2Q 2018 Wells Fargo/Gallup Small Business Index fell 1.0 point, to 106.0, in its May report. The quarterly reading fell from its level in February, when it reported the highest score for the index since early 2007. Still, the level of optimism and the overall confidence in the economy remains high, which is due to an increase in sales and revenue, which suggests demand is strong. The survey further noted that a large number of small-business owners struggle to find the workers they need, which may ultimately squeeze profit margins.

The second-quarter survey asked small-business owners about their challenges in hiring. 43% of those surveyed said they plan to hire new employees in the next 12 months. 64% percent said finding well-qualified employees will be a challenge for the growth of their business. Hiring and retaining employees rose to the top challenge facing small-business owners, as 17% of those surveyed gave that response. Small-business owners also listed hiring as their top challenge in the July and October surveys.

Despite the recent stock market volatility and their problems with hiring, nearly 75% of small-business owners said the economy is on the right track for their business to grow. 83% said their businesses are positioned to take advantage of a strong economy in the next year. 57% percent of owners said the national economy has improved over the past year, and about 25% of business owners said their businesses had benefited a great deal from the improved national economy over the past year. As result, 59% of small-business owners said they were very likely or somewhat likely to increase salary or wages to their employees over the next 12 months, and 52% said they are very likely or somewhat likely to provide bonuses or other benefits to employees. 62% said they were very likely or somewhat likely to purchase new equipment, and another 60% said they were very likely or somewhat likely to invest in new products or services to expand their businesses.

The American Tax Cuts and Jobs Act, which passed in December, was still unsettled with small-business owners. 39% said they did not know how the tax bill will affect their businesses, and 27% said they do not expect tax reform to benefit their businesses. 12% of respondents said tax reform has already helped their businesses and 21% said they expect it to help their businesses in the future.

The Present Situation Index (how business owners gauge their perception of the past 12 months) increased 3.0 points, to a reading of 45.0, but the future expectations index (how business owners expect their businesses to perform over the next 12 months) decreased 4.0 points, to 61.0. During the second quarter of 2017, the Present Situation Index reported at 36.0 and the future expectations index was at 59.0.

The RSM U.S. Middle Market Business Index (MMBI) eased from record highs, as the index fell 2.2 points in the second quarter, to 134.5. The report noted that the index score remained at robust levels despite its decline. The rise of international trade tensions and the modest tightening of domestic and global financial conditions caused the fall in the index. Middle-market executives expect to expand hiring and increase compensation amid strong revenue growth and net earnings. For the second consecutive quarter, middle-market businesses report concerns that fast-rising prices may result in passing those costs onto customers.

U.S. long-term growth rose in the second quarter after increasing at an annual rate of 4.1% based on the Bureau of Economic Analysis' advanced estimate of gross domestic product. The second-quarter rate is above the 2.2% growth from last quarter and is the highest rate since the second quarter of 2014. Looking ahead in 2018, the poll also stated that the economists expect GDP to hover around 3.0% for the remainder of the year, noting that the recent passing of new tax reform policies are likely to encourage businesses to increase investments and spending, which could boost GDP figures in 2018.

The manufacturing sector increased 1.5 percentages points in June, to 60.2%, as measured by the Institute for Supply Management's manufacturing index. The report shows the economic activity in the manufacturing sector expanded in June for the 22nd consecutive month and the overall economy grew for the 110th consecutive month. A reading above 50% indicates that the manufacturing economy is generally expanding, while a reading below 50% indicates that it is generally contracting.

The Federal Reserve reported that total industrial production increased 0.6% in June, after declining 0.5% in May. The June reading was in line with analysts' expectations for a gain of 0.6%, according to a poll by Reuters. The increase in June stemmed from a 0.8% rise in manufacturing and a rise of 1.2% in mining. At 107.7% of its 2012 average, total industrial production in June was 3.8% above its level from one year ago. Capacity utilization for the industrial sector increased 0.3 percentage point in June, to 78.0%, a rate that is 1.8 percentage points below its long-run (1972-to-2017) average.

As measured by the Institute for Supply Management's services index (NMI), the services sector increased 0.5 percentage point in June, to 59.1%. The June report represents continued growth in both the nonmanufacturing sector and the overall economy for the 101st consecutive month. An NMI reading above 50% indicates the nonmanufacturing sector is generally expanding, while a reading below 50% indicates it is generally contracting.

The U.S. stock markets posted mostly gains in June, with four of the five major U.S. stock indexes posting gains. The Dow Jones Industrial Average was the lone index to decline, losing 0.49% in June. The Nasdaq Composite rose 0.9%, and the S&P 500 Index rose 0.6%. The S&P MidCap 400 advanced 0.4%, and the Russell 2000 advanced 0.7% in June. Volatility, as measured by the Chicago Board Options Exchange Volatility Index, ranged between 11.2 and 19.6 and recorded an average 11.2 for the month.

Throughout the second quarter, the yield on the benchmark 10-year U.S. Treasury bond steadily rose. At the start of the quarter, the 10-year Treasury yield was 2.73%. By the end of the quarter, the rate was 2.85%.

Housing starts slumped in June after reaching a near 11-year high in May. June figures reported at an adjusted annual rate of 1.173 million units, which is 12.3% below last month's figures and 4.2% below the figures over the past 12 months. Significant declines in the Midwest contributed to the slump, as well as a decrease in housing starts in the multifamily-unit sector. Building permits authorized, which can be seen as a sign of how much construction is in the pipeline, decreased by 2.2% in June and are down 3.0% from the level of a year ago. Building permits for single-family homes increased 0.8%, a positive sign indicating single-family construction plans are in the pipeline. Existing-home sales fell for the third consecutive month, reporting a decline of 0.6% in June, and are now down 2.2% from one year ago. June's report saw sales of existing homes post a seasonally adjusted annual rate of 5.38 million homes, down from a downwardly revised figure of 5.41 million homes in May. Economists had expected existing-home sales to rise 0.5% in June, according to a poll by Reuters. Distressed home sales remained at 3.0%

of sales in June, which is the lowest level since October 2008. Sales are down from 4% from one year ago. The National Association of Realtors Confidence Index for current conditions decreased 4.0 points in June, to 72.0, and is down 3.0 points from one year ago. In June, the NAHB/Wells Fargo Housing Marking Index decreased 2.0 points, to 68.0. All three HMI components moved down 1.0 point in June, with the component gauging current sales conditions declining to 75.0, the component measuring buyer traffic down to 50.0, and the index charting sales expectations in the next six months fell to 76.0.

NAR's most recent "Commercial Real Estate Market Survey," analyzing the fourth quarter of 2017, noted prices for commercial properties increased 6.9% year over year in the fourth quarter of 2017. Capitalization rates closed the year 10 basis points higher from 2016, as sales volumes advanced at a solid rate of 9.1%. Capitalization rates for small-cap real estate markets in 2017 reported at 7.2%. A shortage of inventory remained the principal concern among investors, as a wide gap between buyers and sellers affected over 20% of respondents. Prices for large-cap real estate markets increased 7.1% year over year, while small-cap real estate properties advanced 6.9% year over year. The pricing gap between sellers and buyers remained the second-highest-ranked concern.

Economic Outlook

The following table summarizes major historical economic indicators, as well as estimates for these figures through 2026.

Historical and Forecasted Economic Data

Annual Percent Change, Unless Otherwise Noted

	Historical Data [1]						Consensus Forecasts [2]					
Indicator	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023-2027**
Real GDP	2.2%	1.8%	2.6%	2.9%	1.5%	2.3%	2.9%	2.6%	2.1%	2.1%	2.1%	2.1%
Industrial Production	2.8%	2.0%	3.1%	(1.0%)	(1.9%)	1.6%	3.6%	2.7%	2.5%	2.4%	2.4%	2.3%
Personal Consumption	1.5%	1.5%	2.9%	3.6%	2.7%	2.8%	2.5%	2.4%	2.3%	2.3%	2.3%	2.3%
Real Disposable Personal Income	3.1%	(1.4%)	3.6%	4.2%	1.4%	1.2%	2.4%	2.7%	2.3%	2.2%	2.2%	2.3%
Business Investment	9.5%	4.1%	6.9%	2.3%	(0.6%)	4.7%	6.6%	4.7%	3.7%	3.8%	3.8%	3.6%
Total Government Spending	(2.1%)	(2.4%)	(0.6%)	1.4%	0.8%	0.1%	2.0%	2.5%	n/a	n/a	n/a	n/a
Consumer Prices	2.1%	1.5%	1.6%	10.0%	1.3%	2.1%	2.5%	2.2%	2.3%	2.3%	2.3%	2.3%
Unemployment Rate	8.1%	7.4%	6.2%	5.3%	4.4%	4.4%	3.9%	3.5%	n/a	n/a	n/a	n/a
Housing Starts (In Millions)	0.781	0.925	1.003	1.112	1.174	1.203	1.321	1.400	n/a	n/a	n/a	n/a

Notes:
[1] U.S. Department of Commerce, U.S. Department of Labor, U.S. Census Bureau, and The Federal Reserve Board.
[2] Consensus Forecasts - USA, July 2017.

Conclusion and Impact on the Company

As discussed throughout this section of the Report, there are numerous economic factors, both positive and negative, which impact the Company.

The positive economic factors are as follows:

- The 4.1% GDP growth rate in Q2 2018 was the highest rate in 4 years.
- The trade deficit is at its lowest level since October 2016.
- The manufacturing sector is continuing to expand.
- Job growth is strong and unemployment is low (4.0%).
- Recent tax cuts are expected to have a positive impact on companies' profits.
- Consumer confidence is high.

The positive negative factors are as follows:

- Interest rates are increasing and continued increases are expected in the future. These increases will drive up the rates at which companies can borrow from banks as well as the required returns of equity investors.

The factors above, when considered as a whole, indicate that current economic conditions are relatively positive in the short-term and neutral for the long-term. These factors have been considered in developing the specific company risk rate and long-term growth rate utilized in our valuation analysis.

3 FINANCIAL ANALYSIS

In determining the value of Product as of the Valuation Date, we analyzed the Company's financial statements and tax returns for the fiscal years ended ("FYE") September 30, 2013 through September 30, 2017 along with the trailing twelve month ("TTM") period ending June 30, 2018. The Company's historical income statements are presented in **Exhibit 1** and its historical balance sheets are presented in **Exhibit 2**. References to a historical or projected year reflect the fiscal year ending in that period (e.g., 2017 refers to the FYE September 30, 2017).

3.1 Financial Review

Income Statement Analysis

- ***Revenue*** – The Company experienced modest revenue growth over the time period examined, increasing from $196.2 million to $232.9 million (a 3.7% CAGR). Historical revenue growth was driven in part by the acquisitions of SB and INDUSTRIAL PRODUCTS ("IP") as well as by increases in product prices (to pass along the rising cost of lead, the Company's primary raw material). There have been some decreases in sales to the Company's mining customers in recent years, but the Trump administration's pro-mining agenda is expected to reverse this trend. Pricing pressure has also been increasing as of late, particularly in Canada.

- ***Gross Profit*** – The Company's gross profit margin decreased from 19.5% in 2013 to 22.0% in 2016 before declining slightly to 21.3% in TTM 6/30/18. This improvement in margins has been driven by Product's focus on improving manufacturing productivity, both in terms of labor efficiency and the functionality of the Company's equipment. For example, the Company finished installing its own power substation at the CITY, STATE facility toward the end of 2016, which has allowed it to materially reduce its energy costs. From a pricing standpoint, the Company typically acts more quickly than its competitors to raise prices when lead costs increase. While this may negatively impact sales over the short-term, it allows the Company to maintain its margins regardless of its materials cost. The Company's margins are also strengthened the fact that its competitors are slow to decrease prices when materials costs decline (since they are trying to recoup for the lower margins earned during periods of rising materials costs in which they were slow to raise prices).

- ***Operating Expenses*** – Operating expenses, which includes selling expenses and administrative expenses, increased gradually from 13.1% of revenue to 15.8% of revenue over the time period analyzed. Two key drivers in the increase in operating expenses were 1) the amortization expense recorded as a result of the SB and IP acquisitions; and 2) substantial litigation with a customer (CUSTOMER) over the premature termination of a supply contract, both of which are addressed in our normalizing analysis.

- ***Other Income (Expenses)*** – Other income and expenses fluctuated between expenses of approximately $0.3-$1.3 million throughout the historical period, driven primarily by interest expense, which was offset to some degree in recent years by miscellaneous income.

- ***Pre-Tax Net Income –*** The Company's historical reported income before taxes ranged from a low of $11.2 million (2013) to a high of $16.0 million (2016) while pre-tax income margins ranged from 5.2% (TTM 6/30/18) to 7.4% (2016). Pre-tax income fluctuated over the time period analyzed in tandem with the Company's gross profit margins, increasing through 2016 before declining in recent periods to approximately $12.1 million (5.2% of revenue) in TTM 6/30/18.

- **Distributions** – Distributions increased from $4.2 million in 2013 to $10.8 million in 2016 before declining to $8.7 million in TTM 6/30/18, consistent with the fluctuations in pre-tax income. Over this same time period, distributions as a percentage of net income ranged from 38.4%-76.8% (averaging 65.6%), indicating that the Company has covered the owners' passthrough tax liabilities and distributed amounts in excess of that hurdle.

Balance Sheet Analysis

- ***Current Assets –*** The Company's current assets as of the Valuation Date were $69.6 million. Product's largest current asset balances primarily relate to accounts receivable and inventories, which represented 63.7% of the Company's balance sheet as of the Valuation Date. The Company's cash balances ranged from $0.9 million to $2.7 million over the time period analyzed. Current assets represented 65.6% of total assets as of the Valuation Date.

- ***Fixed Assets –*** Product's investments in property and equipment are significant, which is expected given that the Company is an asset-intensive manufacturer. Overall, the Company's net fixed assets increased from approximately $17.7 million as of 2013 to $24.9 million as of the Valuation Date due to continued capital investment and acquisitions, while holding steady as a percentage of total assets (22.0% in 2013 and 23.5% as of the Valuation Date).

- ***Other Assets –*** Goodwill was recorded as a result of acquisitions, increasing from $3.4 million as of 2013 to $7.0 million as of the Valuation Date. The Company also had a Federal income tax deposit (due to its fiscal year not coinciding with the calendar year) of $1.5 million, a $0.8 million investment in INVESTMENT, $0.9 million of cash surrender value for Company-owned life insurance, and other assets as of the Valuation Date.

- ***Current Liabilities –*** The Company's current liabilities as of the Valuation Date were $35.1 million (33.0% of total assets), which consisted primarily of accounts payable (18.9% of total assets).

- ***Long-Term Liabilities –*** Product's long-term liabilities are comprised of interest-bearing debt ($25.9 million as of the Valuation Date) and amounts accrued in connection with the Company's supplemental executive retirement plan ($0.9 million).

- ***Equity –*** The Company's book value of equity increased from $26.5 million as of 2013 to $44.3 million as of the valuation date primarily as a result of increases in retained earnings from undistributed net income earned over that period.

3.2 Ratio Analysis

In **Exhibit 3**, the Company's historical results were compared to those of other companies in its industry. For this analysis, we analyzed data from RMA Annual Statement Studies for the following NAICS code:

- 335911 – Storage Battery Manufacturing

We then compared certain industry ratios for this NAICS code to the historical results of the Company to determine Product's performance relative to its competitors.

- ***Liquidity and Solvency –*** The Company's current and quick ratios were consistent with the industry norm, implying the Company has a similar level of current assets on-hand to meet near-term obligations as its competitors. The Company's debt to tangible net worth ratios were slightly higher than the industry norm, although the metric has been declining in recent years. These factors indicate that Product has a level of financial risk similar to its industry peers.

- ***Profitability –*** Both the Company's reported and normalized pre-tax returns on revenues and assets were above the industry median in all of the years examined (although these metrics were declining in recent years), which indicates that the Company has a lower level of operational risk in relation to its peers.

- ***Asset Management –*** Both the Company's total asset turnover and inventory turnover ratios were superior to the industry norm. The Company's accounts receivable turnover, however, lagged the industry median data points. Overall, these measures indicate that Product's performance from an asset management standpoint is superior in some ways and inferior in other in relation to other companies in its industry. Therefore, this factor does not have a significant impact on Product's operational risk.

These factors are considered further in the determination of Product's specific company risk in **Section 4.2** of this Report.

3.3 Normalized Financial Statements

Performing a thorough analysis of the historical financial statements of a business is a prerequisite to performing a meaningful valuation. A company should be analyzed in comparison with its industry peers, as well as to itself over the preceding historical period. This analysis, which was performed in **Sections 3.1 and 3.2** of this Report, is an integral part of establishing any trends or relationship that may affect the conclusion of value. In addition, normalizing adjustments must be made to the historical financial results in order to reflect the true economic position and results of operations of the business being valued. Normalizing adjustments are necessary to remove the effect of certain standard accounting principles that may contradict or imperfectly reflect economic reality as well as to eliminate any discretionary, non-operating or non-recurring items that may distort the reported results of operations or financial position of the Company as of the Valuation Date. It is by performing this normalizing process that we can more accurately determine the fair market value of the Company.

Balance Sheets

Based upon our analysis, valuation procedures and discussions with management, the following normalizing adjustments were made to the Company's June 30, 2018 balance sheet, as summarized in **Exhibit 4**:

- **Net Fixed Assets** – While an adjustment was not made for this item, its presence necessitates further discussion. Management indicated that the net book value of the Company's fixed asset is likely higher than their fair market value. However, since the Company's adjusted net asset value prior to any adjustment was already lower than the values indicated by the income- and market-based approaches applied, further analysis was not necessary.

Management indicated that there were no unrecorded assets or liabilities as of the Valuation Date and that all other asset and liability balances approximated fair market value.

Income Statements

Based on our analysis, valuation procedures and discussions with management, the following normalizing adjustments, summarized in **Exhibit 5**, were made to the historical income statements:

- **SUPER BATTERY Acquisition** – To normalize the Company's historical earnings to take into account the fact that the Company's acquisition of SB closed on 11/30/2016. An adjustment was made to present the Company's historical results as if SB had been owned by the Company during the entire historical period presented to better reflect its run rate revenue/EBITDA levels as of the valuation date, which will provide a more reliable indication of value in the market approaches applied that rely on the Company's historical performance metrics. The adjustments were based on SB's 2013-2015 revenue / adjusted EBITDA from the management-prepared due diligence analysis developed in connection with the acquisition. SB's calendar year activity was matched with the corresponding fiscal year for the Company from 2013-2015 and future years' adjustments were based on SB's 2015 activity (the most recent year available in management's due diligence analysis).

- **ALTERNATIVE BATTERY Acquisition** – To normalize the Company's historical earnings to take into account the fact that the Company's acquisition of ALTERNATIVE BATTERY ("ALTERNATIVE BATTERY") closed on 10/23/2016. An adjustment was made to present the Company's historical results as if ALTERNATIVE BATTERY had been owned by the Company during the entire historical period presented to better reflect its run rate revenue/EBITDA levels as of the valuation date, which will provide a more reliable indication of value in the market approaches applied that rely on the Company's historical performance metrics. The adjustments were based on ALTERNATIVE BATTERY's 2013-2015 and annualized YTD 8/16/16 revenue / adjusted EBITDA from the management-prepared due diligence analysis developed in connection with the acquisition. ALTERNATIVE BATTERY's calendar year activity was matched with the corresponding fiscal year for the Company from 2013-2016 and future years' adjustments were based on ALTERNATIVE BATTERY's 2016 activity (the most recent year available in management's due diligence analysis).

- **INDUSTRIAL PRODUCTS Acquisition** – To normalize the Company's historical earnings to take into account the fact that the Company's acquisition of IP closed on 9/22/2016. An adjustment was made to present the Company's historical results as if IP had been owned by the Company during the entire historical period presented to better reflect its run rate revenue/EBITDA levels as of the valuation date, which will provide a more reliable indication of value in the market approaches applied that rely on the Company's historical performance metrics. The adjustments were based on IP’s 2013-2015 revenue / adjusted EBITDA from the management-prepared due diligence analysis developed in connection with the acquisition. IP’s calendar year activity was matched with the corresponding fiscal year for the Company from 2013-2015 and future years' adjustments were based on IP’s 2015 activity (the most recent year available in management's due diligence analysis).

- **Officer Compensation** – As presented in **Exhibit 6**, we evaluated the Company’s historical officers’ compensation expense.

  Management indicated that future compensation paid to Officer #1 will likely differ from historical levels since 1) a compensation study was recently performed that led to an increase in Officer #1’s compensation to approximately $1,050,000 in 2017; and 2) Officer #1 received a large, non-recurring bonus in 2015. Further, management indicated that Officer #1’s annual compensation going forward is expected to be in the $1.0-$1.1 million range. Therefore, we normalized Officer #1’s 2013 - 2016 compensation to $1,050,000 to be consistent with his normalized compensation going forward (and also to better reflect the fair market value of the services he provides since this compensation amount was based on a third-party compensation study). Also, since a non-controlling owner has no ability to adjust the compensation paid to Officer #1, the use of expected future compensation levels as the normalization target will produce a non-controlling benefit stream for use in the valuation analysis. Finally, Officer #1’s normalized compensation of $1,050,000 is consistent with the upper quartile compensation levels for CEOs in the Company's industry at businesses with similar revenue levels according to ERI, which is reasonable given the Company's superior profitability on a normalized basis in relation to its competitors (as shown in **Exhibit 3**).

  No adjustments were made to the compensation paid to the Company’s other officers for the following reasons: 1) we are valuing a non-controlling ownership interest, which does not have the ability to adjust the compensation of the Company's officers and employees; and 2) management indicated that the compensation paid to these officers was representative of fair market value for the services provided, which is reasonable given that none of them are owners of the business.

- **Penalties** – To normalize for non-operating / non-recurring penalties.

- **Bad Debt Expense** – To normalize earnings for fluctuations in historical bad debt expense. The Fremont (primary) location expense was normalized to $125,000 annually, consistent with the average ($124,689) expense from 2013 - TTM 6/30/18.

- **Professional Fees** – To normalize earnings for non-recurring professional fees. From 2013-2017, the Company had non-recurring expenses related to 1) a lawsuit with CUSTOMER (a former customer that wrongfully accused the Company of providing faulty batteries for its golf carts); and 2) the acquisition of SB, ALTERNATIVE BATTERY, and IP. The CITY (primary) location expense was normalized to $500,000 annually, consistent with the TTM 6/30/18 expense ($485,485), a period which management indicated did not include any non-recurring expenses.

- **Electricity** – To normalize earnings for the recent reduction in energy expense due to the installation of the Company's own electrical substation, which came online approximately 18 months before the Valuation Date. Because energy expense in the past 18 months is more reflective of the expected energy cost going forward, we adjusted the 2013-2016 expense to 1.4% of pre-normalization revenue, consistent with the range from 2017 - TTM 6/30/18 (1.3%-1.4%). Pre-normalization revenue was utilized as the base in this calculation because the businesses acquired by the Company will not benefit from the electrical substation at the CITY location.

- **Amortization** – To normalize for non-recurring amortization expense. The tax benefit associated with the Company's remaining amortization expense was separately determined in **Exhibit 12**.

- **Interest Income** – An adjustment was made to normalize earnings for non-operating interest income.

- **Interest Expense** – To add back interest expense because we are valuing the Company on a debt-free basis.

- **Gain (Loss) on Sale of Assets** – An adjustment was made to normalize earnings for non-operating and non-recurring gains on the sale of assets.

- **Miscellaneous Income (Expense)** – To normalize for non-recurring other income and expenses.

Based upon our analysis, valuation procedures and discussions with management, no other normalizing adjustments for non-recurring, extraordinary or unusual items or expenses were identified.

Following these normalizing adjustments, we arrived at normalized pre-tax income margins ranging from 5.7%-8.6%. Because no control-basis normalizing adjustments were made, the Company's normalized income in **Exhibit 5** reflects a non-controlling benefit stream that would be available to a non-controlling owner.

3.4 Financial Analysis Conclusions

The most significant items observed in the Company's normalized income statements include the Company's relatively consistent normalized revenue levels between $230-$240 million and the modest fluctuations in normalized pre-tax income levels, which was driven primarily by variability in lead costs.

With respect to the Company's balance sheet, the items of note include the significant investments required in net working capital and fixed assets to operate the business as well as the moderate debt balance that helped fund a portion of the Company's recent business acquisitions and capital expenditures.

The Company's profitability ratios were superior to the industry norm. Its asset management ratios ranged both above and below industry norms while the Company's liquidity and solvency ratios were very consistent with its competitors. These factors as a whole indicate a slightly lower level of risk for the Company.

We factored these financial implications into our determination of specific company risk in our discount rate analysis outlined in **Section 4** of this Report.

4 BUSINESS VALUATION ANALYSIS

4.1 Adjusted Net Asset Method

The adjusted net asset method is an asset-based approach to valuation. This method is used to value a business on the basis of the difference between the fair market value of a company's assets and its liabilities. Under this method, the assets are adjusted from book value to fair market value and the total adjusted assets are then reduced by recorded and unrecorded liabilities.

Application of the adjusted net asset method allows us to establish a "floor-value" of a company based on the amount that would be realized upon a sale of a company's assets and satisfaction of its liabilities. This method does not necessitate the actual termination or liquidation of the business, however. Rather, it sets a "floor value" of the business based on the underlying value of a company's assets and liabilities as of the Valuation Date.

This methodology is appropriate in the case of a holding company or a capital-intensive company, when losses are continually generated, or when valuation methodologies based on a company's net income or cash flow levels indicate a value lower than its net asset value. While Product is a capital-intensive company, it has consistently generated profits, which lessens the reliability of this method in determining the Company's equity. Application of the adjusted net asset method, however, allows us to establish a "floor value" that can be used to judge the reasonableness of the values indicated by income- and market-based valuation approaches applied.

Based on our analysis, the fair market value of Product's equity on a controlling, marketable basis based on the adjusted net asset method is $44,300,000, as detailed in **Exhibit 4**.

4.2 Discounted Cash Flow Method

Overview

The discounted cash flow method is an income-based approach to valuation that projects the distributable cash flows a business is expected to generate and discounts those cash flows to the valuation date using an after-tax, risk-adjusted cash flow rate of return. Distributable cash flow is used as the benefit stream as it represents the earnings available for distribution to investors after considering the reinvestment required for a company's future growth.

The discounted cash flow method is based on the theory that the value of a company is equal to the present value of its projected future benefits over a specific period of time, plus the present value of a residual value.

- **Discrete Projection Period Cash Flows** – The discrete period encompasses the years for which annual income, expense and cash flow projections are presented in the discounted cash flow analysis. The discrete projection period should extend to the point in time when future cash flows are expected to stabilize and grow at a constant growth rate into the future.

- **Residual Value** – The residual value represents the present value of all of the cash flows beyond the discrete projection period. Most often, a single-period capitalization model, such as the Gordon Growth Model, is used to determine the residual value. The residual value (sometimes referred to as the "terminal value") does not assume the actual termination or liquidation value of the business, but rather represents the point in time when the projected cash flows have stabilized.

We utilized the discounted cash flow method in valuing Product as of the Valuation Date, as opposed to the capitalization of cash flow method, for two primary reasons:

- **Projections Available** – Management projections were available for FYE 9/30/18 and FYE 9/30/19, so a multi-period discounting model such as the discounted cash flow method is appropriate for valuing Product as of the Valuation Date.

- **Significant Growth** – Significant growth for the Company is expected in FYE 9/30/19 as sales volumes recover and lead prices decline from their current level. When meaningful and/or varying growth rates are expected going forward, it is preferable to use a multi-period discounting model such as the discounted cash flow method for valuing a company.

We utilized a "debt-free" discounted cash flow approach, which determines the value of the projected cash flows on a debt-free basis and then adjusts the indicated value for the amount of interest-bearing debt on the Company's balance sheet as of the Valuation Date.

Because we are valuing a non-controlling, non-marketable ownership interest in Product, and since no control-based adjustments were made to the projections, the projected cash flows reflect that which would be available to a non-controlling shareholder.

Projection Analysis

As presented in **Exhibit 9**, management prepared projections for Product for FYE 9/30/18 and FYE 9/30/19. A summary of Company's key metrics based on both its historical operation and management's projections is presented in **Exhibit 10**. The highlights of management's projections are as follows:

- **Revenue** – Revenue is projected to decline to $229.7 million in FYE 9/30/18, a 1.3% decrease from FYE 9/30/17. Revenue is then projected to grow at 8.9% in FYE 9/30/19, reaching $250.0 million. The primary driver of the near-term revenue decline relates to current market conditions (demand is not at peak levels, the Company sells a premium-priced product, and competition is high). Growth is expected in FYE 9/30/19 due to the changing market perception for lithium batteries in industrial applications (they are much more expensive, lower performing and more difficult to dispose of in relation to lead-acid batteries) and potential tariffs that would increase demand for U.S.-produced batteries.

- **Gross Profit** – Product's gross profit margin is expected to increase from 21.6% in FYE 9/30/17 to 22.2% in FYE 9/30/18 due to declining lead costs. Gross profit margins are projected to continue improving in FYE 9/30/19 to 23.3% due to continued improvements in labor productivity and equipment efficiency.

- **EBITDA** – Product's projected EBITDA margin for FYE 9/30/18 (8.2%) is expected to remain consistent with its normalized FYE 9/30/17 margin of 8.2%. EBITDA margins are expected to improve in FYE 9/30/18 to 9.4%. Management attributes these projected improvements in EBITDA to the gross profit improvements discussed above along with operating leverage benefits stemming from the higher revenue base. The projected EBITDA margins of 8.2%-9.4% are consistent with the Company's historical normalized EBITDA margins (7.4%-10.7%).

- **Capital Expenditures** – Management projected capital expenditures of $5.5 million in FYE 9/30/18, which is equal to 2.4% of projected revenue and is consistent with the Company's historical capital investment levels (1.7%-2.6%) as well as the lower quartile (2.0%) and median (3.5%) of the guideline public companies in **Exhibit 21**.

- **Net Working Capital** – Management did not provide any projected balance sheets or net working capital projections.

Cash Flow Analysis

After incorporating the projections into the discounted cash flow model in **Exhibit 11**, certain adjustments were made to determine the Company's annual projected cash flow until a residual value was calculated:

- **Revenue** – Subsequent to FYE 9/30/19, revenue was projected to gradually decline to a long-term growth rate of 3.0% based on management's expectations for future growth and expectations for inflation/GDP growth.

- **EBITDA** – Subsequent to FYE 9/30/19, EBITDA margins were expected to remain consistent with the projected FYE 9/30/19 level (9.4%).

- **Depreciation** – Following FYE 9/30/19, capital expenditures were projected to outpace depreciation by the annual growth rate in order to appropriately reflect the annual investment that must be made to support the Company's projected level of long-term growth.

  It was necessary to separately determine the tax benefit associated with the amortization of the goodwill and intangible assets recorded in connection with the Company's recent acquisitions. Therefore, in **Exhibit 12**, we calculated the present value of the income tax benefit associated with future goodwill and intangible asset amortization expense. The present value of this tax benefit was then added to the value of Product determined by the discounted cash flow method.

- **Income Taxes** – The effective income tax rate used reflects the combined Federal, state and local income tax liability for a C Corporation, as presented in **Exhibit 15**. Because the Company is taxed as a passthrough entity, however, an adjustment was made later in this analysis to convert the Company's C Corporation equivalent value to a passthrough entity value based on the differences in total effective tax rates.

- **Capital Expenditures** – Following FYE 9/30/18, capital expenditures were assumed to remain at the projected FYE 9/30/18 level (2.4%).

- **Net Working Capital** – Net working capital was assumed to be 15.5% of revenue, consistent with the Company's historical net working capital levels (14.3%-18.2%) and its weighted-average level (15.4%) in **Exhibit 7**. The projected net working capital level is also consistent with the lower quartile (20.7%) and low (8.8%) of the guideline public companies in **Exhibit 21**.

- **Changes in Debt** – No changes in debt were included in this analysis as we are valuing the Company on a debt-free basis.

Discount Rate

Discount rates vary among particular sizes and types of business and also from one period of time to another. Providers of capital require returns that will compensate them for the time value of money, plus the inherent risk in the specific investment being made. The discount rate reflects the total rate of return that would be expected by a reasonable investor given the nature, size, and risks inherent in the underlying investment.

When applying the discounted cash flow method on a debt-free basis, a weighted-average cost of capital ("WACC") should be used to discount the projected cash flows in order to properly consider that the cash flows include returns to both debt and equity investors. The three steps involved in determining the Company's WACC include estimating its:

- Required return on equity;
- Cost of debt; and
- Appropriate capital structure.

Our calculation of the three components of the Company's WACC is described in detail below.

- **Required Return on Equity** – In calculating the required return on equity for the Company, we utilized the Capital Asset Pricing Model ("CAPM"), as summarized in **Exhibit 13**. The CAPM begins with a risk-free rate of return and then incorporates adjustments to account for the risk of investing in the subject company.

  - **Risk-Free Rate** – Since an investment in a closely-held entity is generally a long-term investment, the risk-free rate must be expected to exist over a long-term investment horizon. Treasury rates incorporate a premium for the risk of holding the security over the long-term. In our analysis, we utilized the 20-year Treasury bond yield of 2.91% as of June 30, 2018.

  - **Equity Risk Premium** – The equity risk premium represents the additional return (i.e., above the yield on Treasury securities) that investors expect to receive from investing in a diversified portfolio of common stocks. A forward-looking, supply-side equity risk premium based on the study of historical risk premia published in the Duff & Phelps Cost of Capital Navigator was utilized, which was 6.04% based on data through December 31, 2017.

  - **Beta** – Beta is a measure of systematic risk. Specifically, beta measures the relationship between changes in the rates of return for an individual stock relative to changes in the rates of return of a fully-diversified stock portfolio. Because a freely-traded stock price is necessary in order to calculate betas, in order for us to apply the CAPM to a privately-held company we had to first identify and analyze similar publicly-traded companies. The guideline public companies that we identified (see **Exhibit 19** for a description of each company) have operational models and financial risks comparable to the Company, although there may be differences in their respective stages of development, size, specific product/service offerings, and geographic areas served. Thus, the comparative analysis to the Company is based on the performance and characteristics of the sample as a whole rather than on any individual guideline company selected. As presented in **Exhibit 14**, once the comparable public companies were identified, we unlevered their betas based on their respective capital structures and relevered the betas based on the expected capital structure for the Company. We also analyzed the betas of comparable SIC codes for the Company based on data published in the Duff & Phelps Cost of Capital Navigator. Based on these data points, we selected a beta of 0.90, which feel between the comparable SIC code range (0.96) and the median (0.87) of the guideline public companies.

  - **Small Stock Risk Premium** – Investments in smaller companies are risker than investments in large companies, all else held constant. As a result, we must add an additional premium associated with the Company's size. Based on the 2017 Duff & Phelps Cost of Capital Navigator size premium data, the Company falls into the 10^{th} decile. Therefore, we added the 10^{th} decile size premium of 5.37% to capture the return premium associated with investing in a company the size of Product.

  - **Specific Company Adjustments** – In addition to the components of the equity discount rate described above, other risk factors must be evaluated for adjustments to the discount rate to account for risks specific to Product. These other risk factors and their impact on Product's specific company risk are outlined below.

    <u>*Financial Risk*</u>

    As discussed in **Section 3.4**, the Company is asset-intensive and requires a significant amount of net working capital and fixed assets to operate. The Company's liquidity and solvency ratios were relatively consistent with the industry norm, meaning that a material adjustment to specific company risk for this factor was not necessary.

Operational Risk

Product's brand is well-known and well-respected in its industry. The Company does not have any material customer concentration and its historical profitability levels were superior to its competitors based on the analysis in **Exhibit 3**. These factors translate to a decrease in specific company risk.

Key Employee Risk

Several employees were identified as being integral to the operation and leadership of Product at its current level, particularly the Company's CEO, Officer #1. This risk is offset to some degree, however, by the deep management team in place and the ability for colleagues to step in if a key employee were to depart. Overall, these factors (particularly the importance of Officer #1 to the Company's operation) translate to an increase in specific company risk.

Projection Risk

Revenue is projected to decline in FYE 9/30/18 before climbing 8.9% in FYE 9/30/19 to $250.0 million (higher than the Company has ever achieved in the past).

EBITDA margins are projected be 8.2%-9.4% over the projection period, which is consistent with the Company's historical normalized EBITDA margins of 7.4%-10.7%.

There is risk associated with achieving the significant growth in revenue called for in FYE 9/30/19 (and, to a lesser extent, the projected improvements in EBITDA margins in relation to recent levels). Therefore, an increase in specific company risk was necessary to account for projection risk.

Specific Company Risk Conclusion

Based on the analysis above, we concluded that an increase to Product's required return on equity of 2.0% is appropriate to account for its specific company risk.

Based on the preceding analysis, we estimated the Company's equity rate of return to be 15.7% (**Exhibit 13)**.

- **Cost of Debt** – Based on the projected capital structure of the Company and the terms of the debt it had outstanding as of the Valuation Date, we estimated that it could borrow at a corporate bond interest rate of 4.41% (Bank of America Merrill Lynch's U.S. corporate BBB effective bond yield as of June 30, 2018). After applying a 24.6% corporate income tax rate to account for the fact that interest is a deductible expense, the Company's after-tax cost of debt was estimated to be approximately 3.3%.

- **Capital Structure** – In order to estimate an appropriate long-term capital structure for Product, we considered the Company's existing capital structure, the Company's borrowing capacity, and the capital structures of comparable publicly-traded companies in similar industries, as identified in **Exhibit 14**. The 25.0% debt weighting applied was based on consideration of 1) the guideline public companies' capital structures presented in **Exhibit 14**, particularly the median (26.7%) debt capitalization percentage: and 2) the Company's actual (23.0% debt) and iterative (23.5% debt) capital structures as of the Valuation Date because we are valuing a non-controlling ownership interest, which does not have the ability to change the Company's capital structure. Finally, we also took into consideration the borrowing capacity of the Company. Based on these data points, we applied a 25.0% debt weighting in determining the Company's WACC.

Based on the preceding analysis, which is summarized in **Exhibit 13**, we estimated the Company's WACC to be 12.6%.

Discounted Cash Flow Value and Adjustments to Determine Equity Value

By discounting the projected after-tax distributable cash flow and residual value back to the Valuation Date at the WACC, Product's enterprise value was determined to be approximately $134.5 million. The "debt-free" discounted cash flow method produces an indication of Product's enterprise value (i.e., the combined value of the company's debt and equity prior to consideration of cash, debt and non-operating assets/liabilities) because the analysis incorporates the required rates of return for both debt and equity holders. Therefore, in order to reach the Company's equity value, the following adjustments must be made:

- **Present Value of Goodwill / Intangible Asset Tax Amortization Benefit** – The goodwill and intangible asset amortization tax benefit was not included in the projected cash flows in the discounted cash flow analysis and was captured in a separate calculation in **Exhibit 12**.

- **Net Working Capital Surplus (Deficit)** – Based on the analysis in **Exhibit 11**, the Company had excess net working capital as of the Valuation Date and an adjustment to was necessary to take this factor into account in determining the Company's equity value.

- **Cash and Cash Equivalents** – Product's cash balances must be added in order to determine the Company's equity value since the enterprise value determined by the discounted cash flow method is a cash-free, debt-free value that does not take into account the Company's cash balance as of the Valuation Date.

- **Non-Operating Assets (Liabilities)** – Similar to the Company's cash and interest-bearing debt balances, we must account for the non-operating assets and liabilities of Product that are not reflected in the distributable cash flows of the Company and could be distributed by the Company without affecting its operations. Specifically, in determining the Company's equity value, we added $315,000 for the fair market value of excess land owned by Product, a $1,466,291 Federal income tax deposit, the $750,000 investment in INVESTMENT, the $945,688 cash surrender value of Company-owned life insurance, a $219,464 interest rate swap asset, and a $219,464 shareholder receivable. We also subtracted the Company's $872,067 the supplemental executive retirement plan liability because it is a debt-like liability.

- **Interest Bearing Debt** –Product's interest-bearing debt balances must be subtracted in order to determine the Company's equity value since the enterprise value determined by the discounted cash flow method is a cash-free, debt-free value that does not take into account the Company's interest-bearing debt balance as of the Valuation Date.

The Company's equity value (prior to consideration of the applicable passthrough entity premium) was determined to be $111.1 million, as presented in **Exhibit 11**.

Passthrough Entity Premium

There can be a benefit to having an ownership interest in an entity that bears a single level of tax relative to an entity that bears two levels of tax. One of the benefits of the Company being taxed as a passthrough entity is that its earnings are only taxed once, at the shareholder/investor level. In comparison, if the Company had been taxed as a C corporation, its earnings would first be taxed at the entity level and then again at the shareholder/investor level as dividends were paid. Hence, the earnings of a C corporation are "double-taxed," or taxed twice before they reach the investors' pocket. Consequently, a passthrough entity owner avoids the dividend tax for which he or she would have been liable had the company been organized as a C corporation. It is important to note, however, that income taxes are levied on the earnings of both passthrough entities and C corporations, although at different levels (the shareholder/investor level and entity level, respectively). In summary, passthrough entity investors benefit from the additional cash flow of the avoided dividend tax (and capital gain tax for undistributed earnings) in comparison to a comparable C corporation.

Many valuation analysts have confused which tax is avoided by a passthrough entity investor relative to a C corporation investor and have mistakenly capitalized benefit streams that have not taken income taxes into account. This approach treats passthrough entities and their investors as if they are not liable for any income tax at all, which significantly overstates the value of the company being analyzed. We know, however, that the income tax associated with passthrough entity earnings is just levied at the shareholder/investor level rather than at the entity level.

Stated differently, when an investor pays taxes on the income from an investment, the investor ends up with less money in his or her pocket than would otherwise result if the investor did not have to pay taxes. Therefore, if one investment is taxed and another is not, all other things being equal, the investment that is not being taxed would be worth more than the one that is subject to tax. This is because the investor would end up with more cash in his pocket from the non-tax investment compared to the taxed investment. Accordingly, an investment in a passthrough entity should be worth more than an investment in an identical C corporation due to the absence of any taxes on distributions to the investors.

In addition to avoided dividend taxes, passthrough entity investors also benefit from the build-up in basis that they receive from earnings that are not distributed to them. This increase in basis benefits pass-through entity investors when they sell their ownership interest because the capital gain that they recognize at the time of sale is the difference between the selling price and their basis in their ownership interest. Therefore, the higher an investor's basis is in his or her pass-through entity ownership interest, the lower the taxable gain that will be realized upon the sale of the investment.

The pass-through taxation adjustment arises because in employing the discounted cash flow approach, we have applied a rate of return from the public markets (based on publicly traded C corporations) that is not an "apples to apples" match with the passthrough entity benefit stream that is being used to value the subject company. There is not an empirical rate of return available for passthrough entities, so we are forced to rely on rates of return from the public stock markets, which are comprised entirely of C corporations. This public market C corporation rate of return takes into account both the C corporation's entity-level tax as well as the shareholder-level dividend tax that a company's earnings are reduced by before they end up in the shareholders' pockets. Therefore, we must make an adjustment since the discount rate utilized has embedded in it the impact of the dividend tax associated with the investment returns from C corporations.

We utilized the Van Vleet SEAM (S Corporation Economic Adjustment Model) methodology, which is consistent with the underlying methodology applied in the *Delaware MRI* model, in order to determine the applicable passthrough entity premium. This analysis, presented in **Exhibit 15**, determines the implied entity tax rate necessary for a C Corporation to produce the same all-in tax rate for its investors as that faced by passthrough entity investors. The effective entity tax rate determined by this analysis is lower than the C Corporation tax rate because passthrough investors face a lower overall tax burden compared to C Corporation investors. Based on the difference in the effective entity income tax rates in these two scenarios, we determined the applicable passthrough entity premium, which is a function of the additional cash flow projected to be available to passthrough investors because of their lower all-in tax rate compared to C Corporation investors. Stated differently, the passthrough entity premium determines the additional value associated with the lower all-in tax rate faced by passthrough entity investors compared to C Corporation investors.

Based on the scenarios considered in **Exhibit 15**, which produced a range of indicated passthrough entity premiums of 14.8%-15.1%, a passthrough entity premium of 15.0% was applied to take into account the more favorable all-in tax rates for passthrough entity investors since the Company had effectively been valued as a C Corporation up to that point.

<u>*Conclusion*</u>

Based on our analysis, the fair market value of Product's equity on a non-controlling, marketable basis based on the discounted cash flow method is $127,800,000, as detailed in **Exhibit 11**.

4.3 Guideline Transaction Method

Overview

The guideline transaction method values a business based on pricing multiples derived from the sale of companies that are similar to the subject company. The steps taken in the guideline transaction method include finding transactions involving the purchase of comparable companies, selecting the transactions that closely mirror the company's operations and which occurred in similar industry and economic conditions, and finally, applying the indicated pricing multiples from the representative transactions.

We used Pratt's Stats (a widely-utilized private company transaction database) to determine the revenue and EBITDA multiples of privately-held companies that had recently been purchased in the following industries:

- Manufacturing - Storage Batteries (SIC 3691)
- Manufacturing – Primary Batteries, Dry and Wet (SIC 3692)
- Other comparable transactions identified

We found 8 transactions involving companies in lines of business similar to that of the Company, which are presented in **Exhibit 16**. These companies have operational models and financial risks comparable to the Company, although there may differences in their respective stages of development, size, specific product/service offerings, and geographic areas served. Thus, the comparative analysis to the Company is based on the performance and characteristics of the sample as a whole rather than on any individual guideline company selected.

In applying the guideline transaction method using a non-controlling benefit stream and the Pratt's Stats transaction database, we arrive at a non-controlling, semi-marketable value. The value is considered semi-marketable because the Pratt's Stats data involves the sale of controlling interests in privately-held companies. Therefore, the Pratt's Stats multiples already take into consideration the lack of marketability associated with a controlling, non-marketable ownership interest in a privately-held company, which would be approximately 5.0% for Product (as discussed in **Section 5.2** of this Report). However, a further marketability adjustment will still be required to reach a non-controlling, non-marketable level of value because non-controlling interests are significantly less marketable than the controlling interests considered in the Pratt's Stats transactions, which will be discussed further in **Section 5.2**.

Guideline Transaction Method Analysis

We broke the guideline transaction data down into various subsets (**Exhibit 17**) in order to analyze the data in a manner that best reflects current economic conditions and the Company's operating characteristics. The following sections describe each guideline transaction data subset:

- **All Transactions (8 Transactions)** – This population includes transactions occurring from 1999 to 2016. While the range of transaction dates is broad, the number of transactions makes it a good sample for analysis.

- **Other Subsets** – There was not a sufficient number of transactions to allow for analysis of other transaction data subsets.

Based on our analysis of the transaction subsets, we selected multiples appropriate for the valuation of the Company, as described in detail below:

- **Revenue Multiples** – The revenue multiples for the entire population ranged from 0.38x to 1.96x with a median of 1.21x. Since analyzing only a company's revenue does not provide an indication of how profitably it can turn that revenue into cash flow, it is necessary to apply revenue multiples from guideline transactions with a similar level of profitability to the subject company. The table below summarizes the revenue multiples indicated by each of the transaction subsets based on the quartiles with EBITDA margins similar to the Company's.

Guideline Transaction Method - Revenue Multiple Analysis			
Population	**Quartile**	**Quartile EBITDA Margin**	**Implied Revenue Multiple**
All Transactions	Median	17.4%	1.21x
	Lower Quartile	5.3%	0.74x

Based on these data points, we utilized multiples from 0.80x to 0.90x in determining the Company's value based on its revenue levels.

- **EBITDA Multiples** – The EBITDA multiples for the entire population ranged from 1.5x to 13.2x with a median of 8.7x. EBITDA multiples are not as sensitive to the subject company's profitability as revenue multiples since the company's profitability is implicitly considered in the EBITDA stream. Therefore, an EBITDA multiple similar to the median is typically most appropriate. The table below summarizes the median EBITDA multiples indicated by each of the transactions subsets.

Guideline Transaction Method - EBITDA Multiple Analysis		
Population	**Quartile**	**Implied EBITDA Multiple**
All Transactions	Median	8.7x

Based on consideration of these data points, we utilized EBITDA multiples from 8.0x to 9.0x in determining the Company's value based on its EBITDA levels.

Because the transaction multiples in Pratt's Stats are based on the "latest full year" financials available, we used the Company's normalized TTM 6/30/18 revenue and EBITDA to determine its enterprise value. Consideration was given to the enterprise values indicated by the application of both the revenue and EBITDA multiples, as summarized below:

Guideline Transaction Method - Summary of Indicated Values				
	Selected Multiples		**Indicated Enterprise Value**	
	Low	**High**	**Low**	**High**
Revenue Multiples				
TTM Normalized Revenue	0.80x	0.90x	$ 187,100,000	$ 210,500,000
Weighted-Average Normalized Revenue	0.80x	0.90x	186,600,000	210,000,000
EBITDA Multiples				
TTM Normalized EBITDA	8.0x	9.0x	$ 152,800,000	$ 172,000,000
Weighted-Average Normalized EBITDA	8.0x	9.0x	168,200,000	189,200,000

The mid-point of the revenue multiple value range was $198.6 million and the mid-point of the EBITDA multiple value range was $171.0 million. Considering the consistency of these values, we believe they should be given similar weighting in determining the value of Product. Therefore, we concluded that the Company's non-controlling, semi-marketable enterprise value (on an acquisition basis) indicated by the guideline transaction method was $185,000,000, as presented in **Exhibit 18**. The concluded value is toward the higher end of the EBITDA value ranges and the lower end of the revenue value ranges.

Adjustments to Determine Equity Value

Because the multiples that we utilized were based on the enterprise value of the acquired companies, we arrived at an "enterprise value" of the Company when using the guideline transaction method. Enterprise value is a cash-free, debt-free value that incorporates all of a company's operating assets, except for cash, and includes working capital, fixed assets and intangible assets.

In addition, because the multiples analyzed involve acquisitions in which premiums above fair market value may have been paid for synergistic and control factors specific to those transactions, it is necessary to adjust the value derived from the application of this method for the synergistic and control premiums embedded in the multiples to arrive at a synergy- and control-neutral multiple/value. The Mergerstat/BVR Control Premium Study (the "Mergerstat Study") was used to determine the enterprise value acquisition premium embedded within the transaction multiples. According to the Mergerstat Study, the median enterprise value acquisition premium of the entire population of transactions included in the study through March 31, 2018 was approximately 18%, which equates to an implied discount of 15%. Therefore, an acquisition discount (the inverse of the acquisition premium) of 15% was applied to the enterprise value indicated by the guideline transaction method to arrive at a non-controlling, semi-marketable enterprise value on a fair market value basis.

Since enterprise value represents the value of a company's equity *and* interest-bearing debt (excluding cash), we must subtract the debt and add the cash balance of the Company as of the Valuation Date in order to arrive at its equity value. We must also take into account the value of any non-operating assets and other debt-like liabilities, as well as the Company's excess/deficient net working capital balance as of the Valuation Date, as noted in **Section 4.2** of this Report, with the exception of the passthrough entity premium (since the transaction population includes the purchase passthrough entities) and the tax amortization benefit (since the transaction population includes deals in which a tax basis step-up in the acquired intangible assets was obtained). As a result, any appropriate premium for these items is already embedded in the calculated transaction multiples. After adjusting for these items in **Exhibit 18**, we arrived at a non-controlling, semi-marketable equity value on a fair market value basis.

Conclusion

After adjusting for the preceding factors, the non-controlling, semi-marketable equity value of the Company indicated by the guideline transaction method was determined to be $133,000,000 as of the Valuation Date, as presented in **Exhibit 18**.

4.4 Guideline Public Company Method

Overview

The guideline public company method values a business based on trading multiples derived from publicly-traded companies that are similar to the subject company. The steps taken in the guideline public company method include identifying comparable public companies, eliminating potential comparables that have thinly-traded stock that does not trade on major exchanges (such as NYSE and NASDAQ) because the trading prices are likely to be speculative rather than reflective of fair market value, and then applying the adjusted pricing multiples from the representative companies. We arrive at a non-controlling, marketable value using this method because the stock of the guideline public companies is readily marketable (unlike that of Product) and we are utilizing a non-controlling benefit stream.

Ideally, the guideline companies selected for analysis compete in the same industry as the subject company. When such publicly-traded companies do not exist (or when only a small number of them exist), other companies with similar underlying characteristics such as markets serviced, growth, risks or other relevant factors can be considered – exact comparability is not required, although closer comparables are preferred.

We gathered information on 5 publicly-traded companies that are classified under SIC codes comparable to the Company. These guideline public companies are presented in **Exhibits 19 to 23** along with certain information relevant to the application of the guideline public company method. Similar to the guideline transaction method, these companies have operational models and financial risks comparable to the Company, although there may differences in their respective stages of development, size, specific product/service offerings, and geographic areas served. Thus, the comparative analysis to Product is based on the performance and characteristics of the sample as a whole rather than on any individual company selected. We analyzed the guideline companies based on their most recent trailing 12-month ("TTM") results prior to the Valuation Date as well as forward-looking estimates of financial performance as of the Valuation Date.

Guideline Public Company Method Analysis

Our approach in applying the various guideline public company multiples to the Company is described below:

- **Revenue** – The population's TTM revenue multiples ranged from 0.53x to 2.46x, with a median of 0.95x. The population's forward multiples ranged from 0.58x to 2.43x (median of 0.93x) for the next fiscal year ("FY+1") period, and ranged from 0.33x to 1.14x (median of 0.66x) for the FY+2 period. Before applying the multiples, however, it was necessary to adjust them for the lower risk that the guideline public companies have due to their larger size and lower specific company risk compared to Product. The public company multiples were adjusted based on the public companies' estimated rate of return relative to Product's 15.7% equity rate of return. The public company rates of return were determined based on 1) the same risk-free rate (2.91%) and equity risk premium (6.04%) used in Product's equity rate of return based on the CAPM; 2) each guideline company's levered beta; and 3) the appropriate size premium for each guideline company based on the Duff & Phelps Cost of Capital Navigator based on market value of equity. The ratio of each public company's rate of return relative to Product was multiplied by the revenue multiple to account for the higher risk of investing in Product compared to the public company comparables. After adjusting for the relative risk of the Company compared to the guideline public companies, TTM revenue multiples ranged from 0.46x to 1.45x, with a median of 0.95x. The population's forward revenue multiples ranged from 0.43x to 1.44x (median of 0.83x) for the FY+1 period, and ranged from 0.37x to 0.97x (median of 0.42x) for the FY+2 period.

  When applying revenue multiples, one must keep in mind that the subject company's profitability plays a significant factor in selecting an appropriate multiple since looking simply at a company's revenue gives no indication of how efficiently that company turns revenues into profit. The table below summarizes the revenue multiples indicated by each of the financial time periods examined based on the quartiles with EBITDA margins similar to the Company's.

Guideline Public Company Method - Revenue Multiple Analysis

Financial Time Period	Quartile	Quartile EBITDA Margin	Indicated Revenue Multiple
TTM	Minimum	9.9%	0.46x
FY+1	Minimum	9.3%	0.43x
FY+2	Minimum	9.9%	0.37x

  Based on these data points, we utilized multiples consistent with the ranges above for each financial time period in determining the Company's value based on its revenue levels.

- **EBITDA** – The population's historical EBITDA multiples ranged from 3.4x to 13.7x, with a median of 8.8x. The population's forward EBITDA multiples ranged from 4.1x to 11.6x (median of 8.2x) for the FY+1 period, and ranged from 2.6x to 8.1x (median of 6.7x) for the FY+2 period. Again, we adjusted the guideline public company multiples for the lower risk of the guideline public companies due to their larger size and lower specific company risk compared to Product. After adjusting for the relative risk of the Company compared to the guideline public companies, the historical EBITDA multiples ranged from 3.9x to 8.6x, with a median of 6.4x. The population's forward adjusted EBITDA multiples ranged from 4.6x to 7.8x (median of 5.7x) for the FY+1 period, and ranged from 2.9x to 6.9x (median of 4.2x) for the FY+2 period. EBITDA multiples are not as sensitive to the subject company's profitability as revenue multiples since the subject company's profitability is implicitly considered in the EBITDA stream, which indicates that an EBITDA multiple similar to the median is appropriate. The table below summarizes the EBITDA multiples indicated by each of the financial time periods.

Guideline Public Company Method - EBITDA Multiple Analysis		
Financial Time Period	**Quartile**	**Indicated EBITDA Multiple**
TTM	Median	6.4x
FY+1	Median	5.7x
FY+2	Median	4.2x

Based on these data points, we utilized multiples consistent with the indicated multiples above for each financial time period in determining the Company's value based on its EBITDA.

Consideration was given to the enterprise values indicated by the application of both the revenue and EBITDA multiples. The values indicated by the various multiples were as follows:

Guideline Public Company Method - Summary of Indicated Values				
	Selected Multiples		**Indicated Enterprise Value**	
	Low	**High**	**Low**	**High**
Revenue Multiples				
TTM Normalized Revenue	0.40x	0.50x	$ 93,000,000	$ 116,300,000
FY+1 Revenue	0.40x	0.50x	100,000,000	125,000,000
FY+2 Revenue	0.35x	0.40x	93,600,000	107,000,000
Weighted Average Normalized Revenue	0.40x	0.50x	93,300,000	116,600,000
EBITDA Multiples				
TTM Normalized EBITDA	6.0x	7.0x	$ 114,600,000	$ 133,700,000
FY+1 EBITDA	5.0x	6.5x	117,200,000	152,300,000
FY+2 EBITDA	3.5x	5.0x	88,000,000	125,700,000
Weighted Average Normalized EBITDA	6.0x	7.0x	126,200,000	147,200,000

The mid-point of the revenue multiple value range was $109.0 million and the mid-point of the EBITDA multiple value range was $120.2 million. Based on the range of values indicated above, we concluded that the enterprise value indicated by the guideline public company method was $120.0 million as of the Valuation Date, as presented in **Exhibit 23**. The selected enterprise value is toward the higher end of the revenue value ranges and the lower end of the EBITDA value ranges.

Adjustments to Determine Equity Value

Because the multiples that we utilized were based on the enterprise value of the guideline public companies, we arrived at an "enterprise value" of Product when using the guideline public company method. Enterprise value is a cash-free, debt-free value that incorporates all of a company's operating assets, except for cash, and includes working capital, fixed assets and intangible assets.

The enterprise value indicates the value of a company's equity *and* interest-bearing debt (excluding cash), so we must subtract the debt and add the cash balance of the Company as of the Valuation Date in order to arrive at its equity value. We must also take into account the value of any non-operating assets and other debt-like liabilities, as well as the Company's excess/deficient net working capital balance as of the Valuation Date, as noted in **Section 4.2** of this Report. The passthrough entity premium of 15.0% was also applied (similar to the discounted cash flow method) since the guideline public company also method produces a C Corporation equivalent value (the guideline public companies are all C Corporations).

Conclusion

After adjusting for the preceding factors, the non-controlling, marketable equity value of the Company indicated by the guideline public company method was determined to be $111,000,000 as of the Valuation Date, as presented in **Exhibit 23**.

4.5 Prior Transactions

The Company's acquisitions of SB, ALTERNATIVE BATTERY and IP, along with Product's Shareholders' Agreement (the "Buy-Sell Agreement"), provide indications of the Company's value. An analysis of these events and the multiples implied is discussed below and included in **Exhibit 24**.

Acquisitions

- **SUPER BATTERY** – The Company acquired SB on November 30, 2016. Based on the purchase price of the transaction, in conjunction with SB's most recently-available financial results prior the transaction (i.e., the year ended December 31, 2015), we determined the enterprise value multiples implied by the purchase price. Specifically, the implied revenue and adjusted EBITDA multiples were 0.75x and 6.5x, respectively, with an EBITDA margin of 11.6%.

- **ALTERNATIVE BATTERY** – The Company acquired ALTERNATIVE BATTERY on October 23, 2016. Based on the purchase price of the transaction, in conjunction with ALTERNATIVE BATTERY's most recently-available financial results prior the transaction (i.e., the annualized period ended August 16, 2016), we determined the enterprise value multiples implied by the purchase price. Specifically, the implied revenue and adjusted EBITDA multiples were 0.90x and 4.8x, respectively, with an EBITDA margin of 18.7%.

- **INDUSTRIAL PRODUCTS** – The Company acquired IP on September 22, 2016. Based on the purchase price of the transaction, in conjunction with IP's most recently-available financial results prior the transaction (i.e., the year ended December 31, 2015), we determined the enterprise value multiples implied by the purchase price. Specifically, the implied revenue and adjusted EBITDA multiples were 0.49x and 6.5x, respectively, with an EBITDA margin of 7.5%.

The range of revenue multiples indicated by these transactions ranged from 0.49x-0.90x, which is consistent with the revenue multiples utilized in our application of the guideline transaction method (0.80x-0.90x) and the historical revenue multiples utilized in our application of the guideline public company method (0.40x-0.50x).

The range of EBITDA multiples indicated by these transactions ranged from 4.8x-6.5x, which is reasonably consistent with (albeit, toward the lower end of) the EBITDA multiples utilized in our application of the guideline transaction method (8.0x-9.0x) and the historical EBITDA multiples utilized in our application of the guideline public company method (6.0x-7.0x).

In light of the above analysis, the market approach revenue and EBITDA multiples utilized in our valuation are reasonable in relation to the multiples indicated by recent acquisitions made by the Company.

Shareholders' Agreement

The Company's Amended and Restated Shareholders' Agreement contains a formula-based valuation provision based on a 5.5x EBITDA multiple. Because this EBITDA multiple has not been adjusted recently to take into account current economic and industry conditions, we did not place significant reliance on the valuation formula in the Shareholders' Agreement in our valuation analysis.

4.6 Valuation Methods Considered But Not Used

Performing a proper valuation of any company requires the valuator to consider all of the available approaches when determining a value. The three types of approaches in valuing a company include the asset approach, income approach and market approach. Within each approach, there are several commonly accepted methods used to value companies. While the following methods are required to be considered in valuing the Company, each method had limitations in its application in determining the proper value of its equity.

Capitalization of Cash Flow Method

The capitalization of cash flow method is an income-based approach to valuation. The capitalization of cash flow method values a business based on a single, expected cash flow stream, capitalized by a risk-adjusted rate of return. Using a single-period cash flow model is most appropriate when a company's current or historical level of operations is believed to be most representative of future results. Additionally, a company is only projected to grow based on a sustainable and modest growth rate.

The steps taken in using the capitalization of cash flow method included determining a sustainable earnings base, making the necessary adjustments to convert projected earnings into projected cash flow, developing an appropriate capitalization rate and applying the capitalization rate to the cash flow base to arrive at a conclusion of the fair market value of a company.

The capitalization of cash flow method is most appropriate for a company reaching maturity or experiencing a consistent stream of revenues and operating income. In these instances, capitalizing one income stream of normalized earnings provides a reasonable basis for an indication of value. For Product, however, management's projections for the Company called for meaningful growth. As such, we did not utilize this method in arriving at an indication of value for Product.

Capitalization of Excess Earnings Method

The capitalization of excess earnings method is an income and asset-based approach to valuation where the adjusted tangible and intangible assets of a business are valued independently. These component assets are then combined to determine the total fair market value of the business. The adjusted net tangible assets are comprised of the fair market value of the total tangible assets of the business less the total liabilities as of the valuation date. The intangible assets are valued by capitalizing the excess earnings of the business, where the excess earnings represent the earnings of the business in excess of the level that would provide a reasonable rate of return on the business' net tangible assets, as determined by industry standards.

There are inherent limitations in utilizing the capitalization of excess earnings method in valuing any type of business. One such limitation is the fact that there is no literature indicating what level of earnings should be utilized in determining a base level of earnings to which the comparison would be made in determining "excess earnings". Additionally, there is no readily observable market rate of return directly applicable to many tangible assets and, therefore, determining "excess earnings" is a highly subjective calculation. As stated in Revenue Ruling 68-609, this methodology should only be utilized when no other method is appropriate. Based on the discussion above, we have not utilized this methodology in determining the value of the Company.

5 NATURE OF THE UNDERLYING SECURITY

Before a final conclusion of value can be rendered for the Company, the nature of the ownership interest being valued must be considered. The value of an ownership interest is influenced by many of its characteristics, including marketability and control.

5.1 Control

The definition of a non-controlling (minority) interest is ownership of less than a sufficient number of voting units that would enable an owner to control company policy and make decisions for or on behalf of that entity. Such an ownership interest limits one's ability to control the affairs of the entity, so the interest is considered a minority interest and a lack of control adjustment is appropriate since a non-controlling (minority) owner is unable to:

- Elect directors or appoint management;
- Set levels of management compensation and perquisites;
- Determine cash dividends/distributions;
- Set company policies or business course;
- Decide on what investments and what projects are undertaken and how they are financed;
- Purchase or sell assets;
- Determine when to liquidate the company;
- Force the liquidation of one's investment in the company.

The methodologies employed in arriving at our conclusion of value (i.e., discounted cash flow method, guideline transaction method, and guideline public company method) produced non-controlling values because non-controlling benefit streams were used in each of those analyses. Therefore, a lack of control adjustment is not applicable to the values indicated by those methods.

5.2 Marketability

There are certain marketability differences between an ownership interest in Product and an interest in the stock of publicly-traded companies. An owner of publicly-traded securities can know at all times the market value of his or her holding. He or she can sell that holding on virtually a moment's notice and receive cash, net of brokerage fees, within several working days.

This would not be the case with an interest with Product. Consequently, liquidating a position in the Company would be a more costly, uncertain and time-consuming process than liquidating stock in a publicly-traded entity. An investment in which the owner can achieve liquidity in a timely fashion is worth more than an investment in which the owner cannot liquidate the investment quickly. Privately-held companies sell at a discount that reflects the additional costs, increased uncertainty and longer time commitments associated with liquidating these types of investments.

The data most frequently used to compute lack of marketability discounts for non-controlling ownership interests in privately-held entities comes in two forms: restricted stock studies and pre-IPO studies. In addition, we considered the lack of marketability adjustment indicated by the Stout Restricted Stock Study (a more granular restricted stock study analysis). Finally, we considered the factors listed as most important in the quantification of an appropriate lack of marketability discount in *Bernard Mandelbaum, et al. v. Commissioner*.

Restricted Stock Studies

Professional valuators often focus on the restricted stock study approach since restricted stock closely resembles an ownership interest in a privately-held entity due to the limited market available in which to sell the interest and the length of time required to sell certain amounts of restricted stock (i.e., large-block transactions) because of holding period requirements and volume limitations, thus making restricted stock very illiquid.

Restricted stock refers to shares that have not been registered with the SEC (Securities and Exchange Commission), meaning they cannot be sold in the public market and are the product of private transactions, often acquired directly from the issuing company. Restricted stock is used in different situations, many times for start-up or expansion capital. A number of studies have been conducted in the last 40 years which demonstrate that the sale of restricted stock of publicly-traded companies is generally accomplished at a discount from the price of otherwise comparable unrestricted shares trading on the open market.

Restricted stock of publicly-traded companies is both similar to, and different from, privately-held shares, all things being equal with regard to the underlying fundamentals of the company. The similarity is that both classes of stock are illiquid compared with publicly-traded shares. On the other hand, privately-held shares are not as marketable as publicly-traded shares, while restricted shares eventually will be. Therefore, in most cases the average discounts observed in these studies should be the minimum discounts used to value non-controlling ownership interests in privately-held entities. Included in **Exhibit 25** is a summary of the studies mentioned above and the average/median marketability discounts observed.

The decline in average/median discounts observed in the studies is attributable to changes in the rules governing the public sale of restricted stocks (Rule 144), including their required holding periods and registration. In 1990, Rule 144A was adopted, which permitted qualified institutional investors to trade unregistered securities amongst themselves, resulting in increased restricted stock trading and greater marketability of restricted stock ownership interests. Also in 1990, the “tacking” concept of Rule 144 was amended, which allowed non-affiliate purchasers the ability to “tack” the previous non-affiliate owner’s holding period onto their own, rather than having the required holding period restart upon their purchase. In 1997, the holding period requirements under Rule 144 were amended to permit the resale of restricted stock after one year (for non-affiliates), rather than the prior minimum holding period of two years, with unlimited public resale allowed after one additional year. In 2008, Rule 144 was further amended to permit the resale of restricted stock after six months (for non-affiliates), as opposed to one year, with reduced holding periods for unlimited public resale, as well.

The recent trend in the studies reflects that as the expected time horizon for holding an ownership interest in an entity increases, so does the lack of marketability discount observed. Prior to the easing of restricted stock regulations in 1990 (and the adoption of relaxed minimum holding periods in later years), the median discounts observed in the restricted stock studies ranged from 31.2%-45.0% with a median of 33.0%. The pre-1990 studies also had average discounts ranging from 25.8%-35.6% with a median of 33.5%. Since privately-held companies will never have an active market, marketability adjustments in most cases should be similar to or larger than those indicated by the pre-1990 restricted stock studies analyzed. Therefore, the discount for lack of marketability indicated by the restricted stock studies is approximately 30%-40%.

Pre-IPO Studies

Another approach to determining lack of marketability discounts is based on pre-IPO studies. Such studies calculate lack of marketability discounts based on the difference in a company’s stock price in an initial public offering (“IPO”) compared to the prices at which its shares traded in the months leading up to the IPO. Therefore, these studies are appropriate in determining marketability adjustments because a company’s shares are privately held or thinly traded prior to an IPO and become more liquid after shares have been offered to the public. The difference in pre- and post-IPO price is generally considered to be a result of the increased marketability of the company’s stock (although some of this difference may sometimes be attributable to increases in company value as a result of the IPO or companies issuing shares at artificially low prices prior to an IPO so that certain pre-IPO investors receive larger returns). Numerous pre-IPO studies, which analyze data over a 30 year period from 1975-2006, reflect median discounts ranging from 31.6%-68.0% with a median discount of 42.7% as presented in **Exhibit 25**. The pre-IPO studies also had average discounts ranging from 23.9%-59.0% with a median of 43.0%. Therefore, the discount for lack of marketability indicated by the pre-IPO studies is approximately 40%-50%.

Stout Restricted Stock Study

The Stout Restricted Stock Study is a database of transactions used to determine discounts for lack of marketability. The database is constructed from transactions involving the restricted stock of public companies under SEC Rule 144. The discount for lack of marketability from these transactions is calculated based on the percentage difference between the private placement (restricted stock) price per share and the market trading price per share. In other words, it is the discount at which a restricted share trades in relation to a freely-traded share.

In utilizing the data from the Stout Restricted Stock Study, we are able to take into consideration the specific characteristics of the Company and the impact that these characteristics have on the applicable discount for lack of marketability. The key inputs to the analysis are presented in **Exhibit 26** along with the Stout Restricted Stock Study discount analysis.

The application of the Stout Restricted Stock Study data is a three step process, as summarized below and presented in **Exhibit 26**:

- **Restricted Stock Equivalent Discount ("RSED") Calculation** – The first step in the analysis is to determine the discount applicable to an equity interest in a private-held company as if they were restricted shares of a publicly-traded company. The determination of the RSED is based on a comparative analysis of the Company to the companies in the Stout Restricted Stock Study that issued small blocks of restricted stock (less than 30% shares placed). A specific RSED is calculated based on a weighted-average of the discounts indicated by the Company's characteristics. A range of RSEDs is also calculated based on an analysis of the number of companies in the Stout Restricted Stock Study with characteristics in the same quintile as the Company on a cumulative basis (those that share 1 quintile characteristic, 2 quintile characteristics, etc.).

- **Market Volatility Adjustment** – An adjustment to the RSED is required if the equity markets are demonstrating unusually high volatility around the valuation date. The adjustment factor is derived from a comparison of Stout Restricted Stock Study transactions occurring during months with normal volatility (normal trailing six-month average VIX values) versus those occurring during months with high volatility (high trailing six-month average VIX values). After applying the market volatility adjustment to the RSED, we arrive at an adjusted restricted stock equivalent discount ("ARSED").

- **Private Equity Discount ("PED") Analysis** – The final step in the calculation is the PED analysis, which reflects the fact that ownership interests in privately-held companies are significantly less liquid than all but the most illiquid issuances (i.e., the largest blocks) of restricted stock in public companies. The PED adjustment is based on the comparison of discounts associated with small-block versus large-block transactions in the Stout Restricted Stock Study.

Because the ARSED was less than 20%, the median and 60th percentile data points should be considered according to Stout. Therefore, based on the Company's characteristics, the applicable range of marketability discounts indicated by the Stout Study was 25.8%-27.2%, from which we arrived at a single discount of 26.5%.

Mandelbaum Factor Analysis

The following factors were listed as most important in the quantification of an appropriate lack of marketability discount in *Bernard Mandelbaum, et al. v. Commissioner.*

- **Financial Statement Analysis** – Financial statement analysis was conducted in **Section 3** of this Report and was considered in determining the applicable discount for lack of marketability. The superior profitability of the Company in relation to its industry peers indicates that a slightly lower lack of marketability discount is necessary based on this factor.

- **Company's Dividend Policy** – Product's dividend/distribution policies and historical dividend/distribution behavior were considered in determining the applicable discount for lack of marketability. Specifically, Product's history of making distribution payments in excess of the owners' passthrough income tax liability decreases the applicable lack of marketability discount.

- **Nature of the Company, the Company's History and Position within the Industry, and Economic Outlook** – These items are addressed in **Section 2** of this Report and were considered in determining the applicable discount for lack of marketability. These factors have little impact on the applicable lack of marketability discount applied in this case.

- **Company's Management** – Product's management depth and key person risk, which were highlighted in **Section 4.2**, were considered in determining the applicable discount for lack of marketability. The importance of Officer #1 to Product outweighs the presence of the Company's relatively deep management team, indicating that a slightly higher lack of marketability discount is necessary for this factor for this factor.

- **Restrictions on Transferability of Stock** – As stated in Product's Amended and Restated Shareholders' Agreement, there are material restrictions on the transferability of ownership interests in the Company (e.g., shares may not be sold except as expressly provided in the Shareholders' Agreement, transfers are permitted only to certain owners for estate planning purposes, etc.). This indicates a higher lack of marketability discount is appropriate.

- **Amount of Control in Transferred Shares** – We are valuing the equity of the Company on a non-controlling basis. As such, this indicates a higher marketability discount is appropriate because an owner of the Subject Interest cannot unilaterally elect board directors, establish or change business policies, or authorize dividends. A further increase to the applicable lack of marketability discount is also appropriate to take into account the fact that the Subject Interest is comprised of non-voting shares.

- **Holding Period for Stock** – The expected holding period, if any, for the ownership interest being valued was considered in determining the applicable discount for lack of marketability. Because 1) an investment in a closely-held entity is generally a long-term investment; 2) the ownership interest being valued cannot unilaterally decide to sell Product; and 3) there are no immediate plans to sell the Company, we estimated a long-term holding period for the ownership interests being valued, which indicates that a higher lack of marketability discount is appropriate.

- **Company's Redemption Policy** – Product does not have a Company-wide redemption policy which would give a non-employee shareholder the opportunity to monetize his or her holding (there is a put option available for employee shareholders upon termination of employment, death or disability at the formula-based value in the Shareholders' Agreement). As a result of the lack of a Company-wide redemption policy, a higher lack of marketability discount is appropriate.

- **Costs Associated with Making a Public Offering** – Costs of flotation, or the costs associated with taking a company public, are generally recognized as an accepted approach in estimating the lack of marketability of a controlling ownership interest in a privately-held company. As discussed in **Section 4.3** of this Report, the marketability discount to be applied to the value of Product indicated by the guideline transaction method must be reduced in order to take into consideration the fact that the transactions analyzed involved the sale of controlling interests in privately-held entities (for which some level of lack of marketability is already implicit in the transaction price). Therefore, it was necessary to determine the approximate marketability discount embedded in these transactions.

  The SEC Cost of Flotation Study indicated an average flotation cost of 12.6% (sum of compensation and other expenses) of the total public offering, but the indicated discount was near or below 10.0% when the size of the transaction was greater than $2.0 million. Specifically, for equity values of $100.0 million - $499.99 million (similar to the Company), the average cost of flotation was 3.2%.

SEC Cost of Flotation Study (1974)

In Millions of U.S. Dollars, Unless Otherwise Noted

		% of Gross Proceeds		
Size of Issue	**Number**	**Compensation**	**Other Expense**	**Total Expense**
Under $0.5	3	8.2%	10.9%	19.1%
$0.5 - $0.99	227	12.5%	8.3%	20.7%
$1.0 - $1.99	271	10.6%	5.9%	16.5%
$2.0 - $4.99	450	8.2%	3.7%	11.9%
$5.0 - $9.99	287	6.7%	2.0%	8.7%
$10.0 - $19.99	170	5.5%	1.1%	6.6%
$20.0 - $49.99	109	4.4%	0.6%	5.0%
$50.0 - $99.99	30	3.9%	0.3%	4.3%
$100.0 - $499.99	12	3.0%	0.2%	3.2%
Total / Averages	**1,559**	**8.3%**	**3.9%**	**12.1%**

A more recent study published by Jay R. Ritter in 1987 indicated that total cash expenses incurred in IPOs were approximately 14.0% for firm-commitment IPOs and 17.8% for best-effort IPOs, but were between 9.3%- 17.4% when the size of the transaction was greater than $2.0 million. Specifically, for equity values of $10.2 - $120.2 million (similar to the Company), the average cost of flotation ranged from 9.3%-10.4%.

Ritter Study (1987)

In Millions of U.S. Dollars, Unless Otherwise Noted

		% of Gross Proceeds		
Size of Issue	**Number**	**Compensation**	**Other Expense**	**Total Expense**
Firm Commitment Offers				
$0.0 - $1.99	68	9.9%	9.7%	19.6%
$2.0 - $3.99	165	9.8%	7.6%	17.4%
$4.0 - $5.99	133	9.1%	5.7%	14.8%
$6.0 - $9.99	122	8.0%	4.3%	12.3%
$10.0 - $120.2	176	7.2%	2.1%	9.3%
Total / Averages	**664**	**8.7%**	**5.4%**	**14.0%**
Best Effort Offers				
$0.0 - $1.99	175	10.7%	9.6%	20.2%
$2.0 - $3.99	146	10.0%	6.2%	16.2%
$4.0 - $5.99	23	9.9%	3.7%	13.6%
$6.0 - $9.99	15	9.8%	3.4%	13.2%
$10.0 - $120.2	5	8.0%	2.4%	10.4%
Total / Averages	**364**	**10.3%**	**7.5%**	**17.8%**

Based on the analysis in **Exhibit 29**, particularly the discount indicated by the SEC Cost of Flotation Study (which had the most applicable set of similar-sized companies in relation to Product), we estimated that a 5.0% discount for the lack of marketability was embedded in the guideline transaction multiples from the Pratt's Stats database and, therefore, already reflected in the guideline transaction method value for Product.

Lack of Voting Rights Discount

The Company is organized as an S corporation, which does not allow for different classes of stock with varying economic rights. However, S corporations are authorized to issue shares with and without voting rights. The purpose of the valuation is to render a conclusion of value for a non-voting ownership interest. Therefore, we must consider the difference in marketability between a voting and non-voting ownership interest. **Exhibit 27** presents empirical research that indicates the additional lack of marketability discount associated with a complete lack of voting rights ranges from 1.6%-5.5%, as summarized in the table below.

Summary of Voting Premium Studies

Study	Indicated Voting Premium	Indicated Non-Voting Discount [1]
Financial Valuation Group	1.6% - 5.8%	1.6% - 5.5%
Lease, McConnell & Mikkleson	5.4%	5.1%
O'Shea & Siwicki	3.5%	3.4%
Houlihan, Lokey, Howard & Zukin	2.1% - 3.2%	2.0% - 3.1%

Notes:
[1] Inverse of voting premiums.

Lack of Marketability Adjustment Conclusion

Based on an analysis of the restricted stock studies and pre-IPO studies, as well as the application of the Stout Restricted Stock Study and the Mandelbaum factors affecting marketability, we concluded that a 32.5% adjustment for lack of marketability was appropriate in determining the value of the Subject Interest, as presented in **Exhibit 28**. The selected lack of marketability discount of 32.5% is reasonable as it falls between the discounts indicated by the Stout Restricted Stock Study (26.5%) and the median of the Pre-IPO (42.7%) studies. The 32.5% lack of marketability discount is also consistent with the median discount of the restricted stock studies (33.0%). Finally, the selected discount takes into account the historical distribution behavior of the Company and the fact that the shares being valued are non-voting, for which studies indicate an additional discount of 1.6%-5.5% is appropriate (as presented in **Exhibit 27**).

6 RECONCILIATION OF VALUATION METHODS

A company's value is comprised of the market assessment of the predominant factors of value. The influence of each factor may vary among particular companies, or for the same company, from year-to-year.

Because the values of the Company based on the discounted cash flow, guideline transaction and guideline public company methods were higher than the adjusted net asset value, or "floor value," it can be deduced that the representative earnings/cash flow of the Company indicate a value that is higher than what would be netted if all of the assets were sold and liabilities satisfied as of the Valuation Date. Accordingly, we dismissed the adjusted net asset value method in determining the value of the Company as of the Valuation Date.

The value of the Company's equity on a non-controlling, non-marketable, non-voting basis indicated by the discounted cash flow, guideline transaction and guideline public company methods was as follows:

Summary of Indicated Values

In U.S. Dollars

Method	Indicated Value
Capitalization of Cash Flow Method	$ 86,265,000
Guideline Transaction Method	96,425,000
Guideline Public Company Method	74,992,000
Concluded Value	**$ 86,000,000**

We believe that there is merit in the values indicated by all of the valuation methods summarized above and that the valuation approaches applied arrive at reasonable and supportable indications of the Company's value. Given the consistency of the indicated values, we believe consideration should be given to all of them in arriving at a concluded value. Based on these factors, we conclude that the value of the Company's equity on a non-controlling, non-marketable, non-voting basis as of the Valuation Date is $86,000,000, as presented in **Exhibit 30**.

Dividing the fair market value of the Company's equity by the number of shares outstanding yields a per share fair market value of Product's equity on a non-controlling, non-marketable, non-voting basis of $393.77 as of the Valuation Date, as set forth in **Exhibit 30**.

7 REVENUE RULING 59-60

An additional authoritative source of guidance that is considered in performing a business valuation is Revenue Ruling 59-60. The factors discussed below are the components included within the Ruling that must be considered when rendering a conclusion of value. While the following discussion may be somewhat repetitive with previous sections, the importance of the components of Revenue Ruling 59-60 necessitates such discussion.

The concluded value of the Company was determined after a detailed consideration of the following factors:

- **The Nature and History of the Business** – A detailed description of the nature and history of Product (**Section 2.1**) was included in this Report.

- **Economic Outlook** – This factor was described in great detail in **Section 2.3** of this Report and was considered in arriving at our conclusion of value.

- **The Book Value of the Company and the Company's Current Financial Condition** – The book value of the Company served as a starting point in our arrival at a conclusion of value using the adjusted net asset method, as discussed in **Sections 3.3 and 4.1** of this Report.

- **Future Earnings Capacity** – This factor involves analyzing potential future earnings, as well as current and historical earnings, and takes into consideration the nature of the business and its corresponding risks. The future earnings of Product were considered in determining the value of the Company using the discounted cash flow method, as discussed in **Section 4.2** of this Report.

- **Dividend-Paying Capacity** – Our analysis of the Company's dividend behavior and its impact on the applicable discount for lack of marketability was considered and discussed in **Section 5.2** of this Report.

- **Marketability and Size of the Interest Being Valued** – When assessing the value of an ownership interest in a privately-held company, the size of the interest being valued and the marketability of the interest are important factors in the valuation process. The appropriateness and extent of a lack of control and lack of marketability discounts for a non-controlling, non-marketable, non-voting ownership interest in Product was considered in **Sections 5.1 and 5.2** of this Report.

- **The Value of Comparable Publicly-Traded Stocks** – We considered the application of the guideline public company method in valuing Product, as discussed in **Section 4.4**.

- **Goodwill and the Existence of Other Intangible Assets** – In the case of Product, any goodwill that exists is present in the earnings of the entity. Therefore, it is appropriate to focus on the earnings of the Company to determine the fair market value of any goodwill that it may have. In utilizing the discounted cash flow, guideline transaction and guideline public company methods, proper consideration has been given to the existence of goodwill or other intangible assets.

8 CONCLUSION

We have performed a valuation engagement, as that term is defined in SSVS, of the per share fair market value of the Company on a non-controlling, non-marketable, non-voting basis as of the Valuation Date for gift tax reporting purposes. The resulting estimate of value is to be used only in connection the previously stated purpose and should not be used for any other purpose or by any other party for any purpose.

The valuation engagement was performed in accordance with SSVS and NACVA standards. The estimate of value that results from a valuation engagement is expressed as a conclusion of value. There were no restrictions or limitations in the scope of our work or data available for analysis.

This conclusion is subject to the statement of Assumptions and Limiting Conditions in **Appendix A** and the Valuation Analyst's Representation/Certification found in **Appendix C**. We have no obligation, but reserve the right, to update this Report or our conclusion of value for information that comes to our attention after the date of this Report.

On the basis of the foregoing, our conclusion of the per share fair market value of Product on a non-controlling, non-marketable, non-voting basis as of June 30, 2018 is as follows (as detailed in **Exhibit 30**):

$393.77

Product Manufacturing Company and Subsidiaries — **June 30, 2018**
Historical Income Statements — **Exhibit 1**

In U.S. Dollars

	Notes	Fiscal Year Ended 9/30/2013	%	9/30/2014	%	9/30/2015	%	9/30/2016	%	9/30/2017	%	TTM Ended 6/30/2018	%
Revenue		**$196,195,147**	***100.0%***	**$214,188,428**	***100.0%***	**$222,181,098**	***100.0%***	**$215,078,027**	***100.0%***	**$232,614,980**	***100.0%***	**$232,868,448**	***100.0%***
Cost of Goods Sold		157,964,630	***80.5%***	171,352,636	***80.0%***	173,879,440	***78.3%***	167,864,732	***78.0%***	182,421,210	***78.4%***	183,316,803	***78.7%***
Gross Profit		**38,230,517**	***19.5%***	**42,835,792**	***20.0%***	**48,301,658**	***21.7%***	**47,213,295**	***22.0%***	**50,193,770**	***21.6%***	**49,551,645**	***21.3%***
Operating Expenses													
Selling		20,777,692	*10.6%*	23,212,528	*10.8%*	25,348,999	*11.4%*	23,986,017	*11.2%*	27,037,244	*11.6%*	28,347,087	*12.2%*
Administrative		4,935,277	*2.5%*	5,844,421	*2.7%*	7,086,123	*3.2%*	6,475,533	*3.0%*	8,982,393	*3.9%*	8,432,112	*3.6%*
Total Operating Expenses		**25,712,969**	***13.1%***	**29,056,949**	***13.6%***	**32,435,122**	***14.6%***	**30,461,550**	***14.2%***	**36,019,637**	***15.5%***	**36,779,199**	***15.8%***
Operating Income (Loss)		**12,517,548**	***6.4%***	**13,778,843**	***6.4%***	**15,866,536**	***7.1%***	**16,751,745**	***7.8%***	**14,174,133**	***6.1%***	**12,772,446**	***5.5%***
Other Income (Expense)													
Interest Income		36,115	*0.0%*	35,876	*0.0%*	32,222	*0.0%*	-	*- %*	-	*- %*	2,348	*0.0%*
Interest Expense		(1,279,527)	*(0.7%)*	(1,008,609)	*(0.5%)*	(848,731)	*(0.4%)*	(902,299)	*(0.4%)*	(662,330)	*(0.3%)*	(574,148)	*(0.2%)*
Gain (Loss) on Disposal of Equipment		(37,661)	*(0.0%)*	23,679	*0.0%*	(248,338)	*(0.1%)*	43,128	*0.0%*	(44,746)	*(0.0%)*	(363,819)	*(0.2%)*
Miscellaneous, Net		(11,276)	*(0.0%)*	(130,972)	*(0.1%)*	(196,675)	*(0.1%)*	115,134	*0.1%*	371,404	*0.2%*	305,008	*0.1%*
Total Other Income (Expense)		**(1,292,349)**	***(0.7%)***	**(1,080,026)**	***(0.5%)***	**(1,261,522)**	***(0.6%)***	**(744,037)**	***(0.3%)***	**(335,672)**	***(0.1%)***	**(630,611)**	***(0.3%)***
Pre-Tax Net Income		**11,225,199**	***5.7%***	**12,698,817**	***5.9%***	**14,605,014**	***6.6%***	**16,007,708**	***7.4%***	**13,838,461**	***5.9%***	**12,141,835**	***5.2%***
Income Tax Expense (Benefit)		388,707	*0.2%*	653,932	*0.3%*	842,796	*0.4%*	233,051	*0.1%*	154,243	*0.1%*	90,364	*0.0%*
Net Income		**$ 10,836,492**	***5.5%***	**$ 12,044,885**	***5.6%***	**$ 13,762,218**	***6.2%***	**$ 15,774,657**	***7.3%***	**$ 13,684,218**	***5.9%***	**$ 12,051,471**	***5.2%***
EBIT / EBITDA Calculation													
Pre-Tax Net Income		$ 11,225,199	*5.7%*	$ 12,698,817	*5.9%*	$ 14,605,014	*6.6%*	$ 16,007,708	*7.4%*	$ 13,838,461	*5.9%*	$ 12,141,835	*5.2%*
Interest Income		(36,115)	*(0.0%)*	(35,876)	*(0.0%)*	(32,222)	*(0.0%)*	-	*- %*	-	*- %*	(2,348)	*(0.0%)*
Interest Expense		1,279,527	*0.7%*	1,008,609	*0.5%*	848,731	*0.4%*	902,299	*0.4%*	662,330	*0.3%*	574,148	*0.2%*
EBIT		**12,468,611**	***6.4%***	**13,671,550**	***6.4%***	**15,421,523**	***6.9%***	**16,910,007**	***7.9%***	**14,500,791**	***6.2%***	**12,713,635**	***5.5%***
Depreciation		2,084,321	*1.1%*	2,484,740	*1.2%*	2,714,199	*1.2%*	3,064,467	*1.4%*	3,721,946	*1.6%*	3,978,020	*1.7%*
Amortization		67,842	*0.0%*	415,680	*0.2%*	363,115	*0.2%*	362,581	*0.2%*	941,352	*0.4%*	622,411	*0.3%*
EBITDA		**$ 14,620,774**	***7.5%***	**$ 16,571,970**	***7.7%***	**$ 18,498,837**	***8.3%***	**$ 20,337,055**	***9.5%***	**$ 19,164,089**	***8.2%***	**$ 17,314,066**	***7.4%***
Other Financial Information													
Net Working Capital	**[1]**	$ 35,773,796	*18.2%*	$ 34,096,682	*15.9%*	$ 33,767,941	*15.2%*	$ 30,744,451	*14.3%*	$ 37,874,046	*16.3%*	$ 37,874,046	*16.3%*
Net Capital Expenditures	**[2]**	4,481,348	*2.3%*	4,866,941	*2.3%*	5,429,853	*2.4%*	5,591,098	*2.6%*	4,058,649	*1.7%*	n/a	*n/a*
Distributions	**[3]**	4,162,500	*38.4%*	7,562,500	*62.8%*	10,400,000	*75.6%*	10,801,610	*68.5%*	10,505,888	*76.8%*	8,662,537	*71.9%*

Source:
2013-2017 Audited financial statements prepared by CPA FIRM
YTD 6/30/2018 Management-prepared financial statements
2013-2017 Federal income tax returns (Form 1120S)

Notes:
[1] Net working capital is calculated net of cash, non-operating assets (liabilities), interest-bearing debt and deferred income taxes. See **Exhibit 7**.
[2] Net of proceeds from the sale of fixed assets.
[3] As a percentage of net income.

Product Manufacturing Company and Subsidiaries — **June 30, 2018**
Historical Balance Sheets — **Exhibit 2**

In U.S. Dollars

	As of											
	9/30/2013	**%**	**9/30/2014**	**%**	**9/30/2015**	**%**	**9/30/2016**	**%**	**9/30/2017**	**%**	**6/30/2018**	**%**
ASSETS												
Current Assets												
Cash	$ 1,013,619	*1.3%*	$ 2,655,501	*3.0%*	$ 1,462,709	*1.6%*	$ 1,033,490	*1.1%*	$ 1,576,932	*1.5%*	$ 907,540	*0.9%*
Accounts Receivable, Net	31,440,898	*39.2%*	33,187,990	*37.3%*	32,923,413	*36.6%*	32,545,691	*34.2%*	33,853,059	*33.1%*	36,816,500	*34.7%*
Inventories, Net	24,612,462	*30.7%*	26,634,345	*29.9%*	27,592,990	*30.7%*	27,867,338	*29.3%*	28,075,369	*27.5%*	30,793,177	*29.0%*
Prepaid Expenses and Other Current Assets	842,515	*1.0%*	821,213	*0.9%*	552,454	*0.6%*	814,840	*0.9%*	855,391	*0.8%*	1,062,031	*1.0%*
Total Current Assets	**57,909,494**	***72.1%***	**63,299,049**	***71.1%***	**62,531,566**	***69.5%***	**62,261,359**	***65.4%***	**64,360,751**	***62.9%***	**69,579,248**	***65.6%***
Fixed Assets												
Land	243,465	*0.3%*	442,851	*0.5%*	442,851	*0.5%*	532,799	*0.6%*	532,799	*0.5%*	532,799	*0.5%*
Buildings and Improvements	6,258,966	*7.8%*	6,311,059	*7.1%*	7,588,017	*8.4%*	8,533,645	*9.0%*	9,136,723	*8.9%*	9,165,073	*8.6%*
Leasehold Improvements	700,262	*0.9%*	735,841	*0.8%*	578,300	*0.6%*	593,104	*0.6%*	596,161	*0.6%*	592,627	*0.6%*
Machinery and Equipment	24,944,157	*31.1%*	30,814,066	*34.6%*	35,164,547	*39.1%*	39,107,963	*41.1%*	40,160,017	*39.3%*	41,390,637	*39.0%*
Transportation Equipment	2,539,736	*3.2%*	2,586,990	*2.9%*	2,645,792	*2.9%*	2,799,516	*2.9%*	3,143,567	*3.1%*	3,286,860	*3.1%*
Furniture and Office Equipment	1,411,562	*1.8%*	1,577,876	*1.8%*	1,628,991	*1.8%*	1,861,104	*2.0%*	2,967,088	*2.9%*	3,093,116	*2.9%*
Construction in Progress	3,768,745	*4.7%*	1,856,628	*2.1%*	999,171	*1.1%*	1,106,078	*1.2%*	2,224,734	*2.2%*	1,692,903	*1.6%*
Gross Fixed Assets	**39,866,893**	***49.7%***	**44,325,311**	***49.8%***	**49,047,669**	***54.5%***	**54,534,209**	***57.3%***	**58,761,089**	***57.5%***	**59,754,015**	***56.3%***
Less: Accumulated Depreciation	(22,215,261)	*(27.7%)*	(24,297,553)	*(27.3%)*	(26,617,827)	*(29.6%)*	(29,336,940)	*(30.8%)*	(32,782,331)	*(32.1%)*	(34,812,821)	*(32.8%)*
Net Fixed Assets	**17,651,632**	***22.0%***	**20,027,758**	***22.5%***	**22,429,842**	***24.9%***	**25,197,269**	***26.5%***	**25,978,758**	***25.4%***	**24,941,194**	***23.5%***
Other Assets												
Goodwill, Net	3,389,270	*4.2%*	3,039,967	*3.4%*	2,683,325	*3.0%*	4,881,904	*5.1%*	7,705,599	*7.5%*	6,976,065	*6.6%*
Federal Income Tax Deposit	-	*- %*	-	*- %*	-	*- %*	1,623,684	*1.7%*	1,634,903	*1.6%*	1,466,291	*1.4%*
Investment in Non-Marketable Equity Securities	-	*- %*	-	*- %*	-	*- %*	-	*- %*	750,000	*0.7%*	750,000	*0.7%*
Deposits and Other Non-Current Assets	463,505	*0.6%*	1,667,361	*1.9%*	1,846,242	*2.1%*	663,205	*0.7%*	852,268	*0.8%*	827,131	*0.8%*
Cash Surrender Value of Life Insurance	294,687	*0.4%*	426,616	*0.5%*	470,141	*0.5%*	605,131	*0.6%*	835,688	*0.8%*	945,688	*0.9%*
Interest Rate Swap Asset	-	*- %*	-	*- %*	-	*- %*	-	*- %*	137,325	*0.1%*	368,015	*0.3%*
Notes Receivable from Shareholder	577,911	*0.7%*	574,011	*0.6%*	-	*- %*	-	*- %*	-	*- %*	219,464	*0.2%*
Total Other Assets	**4,725,373**	***5.9%***	**5,707,955**	***6.4%***	**4,999,708**	***5.6%***	**7,773,924**	***8.2%***	**11,915,783**	***11.7%***	**11,552,654**	***10.9%***
TOTAL ASSETS	**$ 80,286,499**	***100.0%***	**$ 89,034,762**	***100.0%***	**$ 89,961,116**	***100.0%***	**$ 95,232,552**	***100.0%***	**$102,255,292**	***100.0%***	**$106,073,096**	***100.0%***
LIABILITIES AND SHAREHOLDERS' EQUITY												
Current Liabilities												
Accounts Payable	$ 15,960,176	*19.9%*	$ 18,071,974	*20.3%*	$ 16,412,485	*18.2%*	$ 19,143,559	*20.1%*	$ 16,003,458	*15.7%*	$ 20,068,376	*18.9%*
Current Portion of Long-Term Debt	3,929,399	*4.9%*	6,102,856	*6.9%*	4,441,214	*4.9%*	3,996,444	*4.2%*	4,510,713	*4.4%*	4,256,600	*4.0%*
Accrued Warranty Reserve	1,125,000	*1.4%*	2,765,000	*3.1%*	4,500,000	*5.0%*	5,600,000	*5.9%*	5,300,000	*5.2%*	4,900,000	*4.6%*
Accrued Vacation	984,457	*1.2%*	1,158,212	*1.3%*	1,076,718	*1.2%*	1,154,523	*1.2%*	1,259,593	*1.2%*	1,435,691	*1.4%*
Accrued Payroll	890,952	*1.1%*	1,236,811	*1.4%*	1,278,666	*1.4%*	1,138,221	*1.2%*	668,323	*0.7%*	629,055	*0.6%*
Accrued Taxes	168,787	*0.2%*	459,073	*0.5%*	595,163	*0.7%*	562,526	*0.6%*	486,675	*0.5%*	460,055	*0.4%*
Other Accrued Liabilities	1,992,707	*2.5%*	2,855,796	*3.2%*	3,437,884	*3.8%*	2,884,589	*3.0%*	2,713,418	*2.7%*	3,304,485	*3.1%*
Total Current Liabilities	**25,051,478**	***31.2%***	**32,649,722**	***36.7%***	**31,742,130**	***35.3%***	**34,479,862**	***36.2%***	**30,942,180**	***30.3%***	**35,054,262**	***33.0%***
Long-Term Liabilities												
Long-Term Debt, Net	28,251,116	*35.2%*	25,333,776	*28.5%*	24,753,540	*27.5%*	21,841,964	*22.9%*	29,226,450	*28.6%*	25,858,363	*24.4%*
Interest Rate Swap Liability	230,868	*0.3%*	119,745	*0.1%*	53,660	*0.1%*	220,710	*0.2%*	-	*- %*	-	*- %*
Supplemental Executive Retirement Plan	210,729	*0.3%*	305,095	*0.3%*	403,201	*0.4%*	541,466	*0.6%*	723,567	*0.7%*	872,067	*0.8%*
Total Long-Term Liabilities	**28,692,713**	***35.7%***	**25,758,616**	***28.9%***	**25,210,401**	***28.0%***	**22,604,140**	***23.7%***	**29,950,017**	***29.3%***	**26,730,430**	***25.2%***
TOTAL LIABILITIES	**53,744,191**	***66.9%***	**58,408,338**	***65.6%***	**56,952,531**	***63.3%***	**57,084,002**	***59.9%***	**60,892,197**	***59.5%***	**61,784,692**	***58.2%***
Shareholders' Equity												
Common Stock	21,840	*0.0%*	21,840	*0.0%*	21,840	*0.0%*	21,840	*0.0%*	21,760	*0.0%*	n/a	*n/a*
Additional Paid-In Capital	671,580	*0.8%*	671,580	*0.8%*	671,580	*0.7%*	671,580	*0.7%*	669,120	*0.7%*	675,380	*0.6%*
Retained Earnings	25,954,293	*32.3%*	30,436,678	*34.2%*	33,798,896	*37.6%*	38,771,943	*40.7%*	41,950,273	*41.0%*	44,948,680	*42.4%*
Accumulated Other Comprehensive Loss	(105,405)	*(0.1%)*	(503,674)	*(0.6%)*	(1,483,731)	*(1.6%)*	(1,316,813)	*(1.4%)*	(1,043,094)	*(1.0%)*	(1,335,656)	*(1.3%)*
Treasury Stock	-	*- %*	-	*- %*	-	*- %*	-	*- %*	(234,964)	*(0.2%)*	-	*- %*
TOTAL SHAREHOLDERS' EQUITY	**26,542,308**	***33.1%***	**30,626,424**	***34.4%***	**33,008,585**	***36.7%***	**38,148,550**	***40.1%***	**41,363,095**	***40.5%***	**44,288,404**	***41.8%***
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 80,286,499**	***100.0%***	**$ 89,034,762**	***100.0%***	**$ 89,961,116**	***100.0%***	**$ 95,232,552**	***100.0%***	**$102,255,292**	***100.0%***	**$106,073,096**	***100.0%***

Source:
2013-2017 Audited financial statements prepared by CPA FIRM
YTD 6/30/2018 Management-prepared financial statements
2013-2017 Federal income tax returns (Form 1120S)

	Notes	Fiscal Year Ended 9/30/2013	9/30/2014	9/30/2015	9/30/2016	9/30/2017	TTM Ended 6/30/2018
Liquidity							
Current Ratio							
Product Manufacturing Company and Subsidiaries		**2.3**	**1.9**	**2.0**	**1.8**	**2.1**	**2.0**
Industry - Storage Battery Manufacturing (335911)		1.9	1.8	2.4	2.4	n/a	n/a
Quick Ratio							
Product Manufacturing Company and Subsidiaries		**1.3**	**1.1**	**1.1**	**1.0**	**1.1**	**1.1**
Industry - Storage Battery Manufacturing (335911)		1.0	1.2	1.1	0.9	n/a	n/a
Debt / Tangible Net Worth							
Product Manufacturing Company and Subsidiaries		**2.3**	**2.1**	**1.9**	**1.6**	**1.6**	**1.5**
Industry - Storage Battery Manufacturing (335911)		1.6	1.5	0.6	0.8	n/a	n/a
Profitability							
Return on Sales (Pre-Tax)							
Product Manufacturing Company and Subsidiaries - Reported		**5.7%**	**5.9%**	**6.6%**	**7.4%**	**5.9%**	**5.2%**
Product Manufacturing Company and Subsidiaries - Normalized		**6.6%**	**7.0%**	**8.5%**	**8.6%**	**6.6%**	**5.7%**
Industry - Storage Battery Manufacturing (335911)		5.3%	4.4%	1.8%	3.0%	n/a	n/a
Return on Assets (Pre-Tax)							
Product Manufacturing Company and Subsidiaries - Reported		**14.0%**	**14.3%**	**16.2%**	**16.8%**	**13.5%**	**11.4%**
Product Manufacturing Company and Subsidiaries - Normalized		**17.3%**	**18.0%**	**22.6%**	**20.8%**	**15.0%**	**12.6%**
Industry - Storage Battery Manufacturing (335911)		8.9%	8.1%	4.2%	4.4%	n/a	n/a
Asset Management							
Turnover - Total Assets							
Product Manufacturing Company and Subsidiaries		**2.4**	**2.4**	**2.5**	**2.3**	**2.3**	**2.2**
Industry - Storage Battery Manufacturing (335911)		2.5	2.0	1.7	1.6	n/a	n/a
Turnover - Accounts Receivable							
Product Manufacturing Company and Subsidiaries		**6.2**	**6.5**	**6.7**	**6.6**	**6.9**	**6.3**
Industry - Storage Battery Manufacturing (335911)		8.4	7.7	8.9	7.4	n/a	n/a
Turnover - Inventory							
Product Manufacturing Company and Subsidiaries		**6.4**	**6.4**	**6.3**	**6.0**	**6.5**	**6.0**
Industry - Storage Battery Manufacturing (335911)		5.3	5.6	4.7	4.9	n/a	n/a
Growth Rates							
Annual Growth Rates							
Revenue		n/a	9.2%	3.7%	(3.2%)	8.2%	0.1%
Pre-Tax Net Income - Reported		n/a	13.1%	15.0%	9.6%	(13.6%)	(16.0%)
Pre-Tax Net Income - Normalized		n/a	15.2%	27.1%	(2.7%)	(22.4%)	(17.2%)
EBITDA - Reported		n/a	13.3%	11.6%	9.9%	(5.8%)	(12.7%)
EBITDA - Normalized		n/a	15.4%	24.5%	(0.9%)	(17.1%)	(12.3%)
Total Assets		n/a	10.9%	1.0%	5.9%	7.4%	5.0%
Historical Compound Annual Growth Rate (CAGR)							
Revenue	[1]	3.7%					
Pre-Tax Net Income - Reported	[1]	1.7%					
Pre-Tax Net Income - Normalized	[1]	(0.9%)					
EBITDA - Reported	[1]	3.6%					
EBITDA - Normalized	[1]	1.4%					
Total Assets	[1]	6.0%					

Source:
RMA Annual Statement Studies

Notes:
[1] Compound annual growth rate for FYE 9/30/2013-TTM 2018.

Product Manufacturing Company and Subsidiaries **June 30, 2018**
Economic Balance Sheet **Exhibit 4**

In U.S. Dollars

	Notes	Book Value as of 6/30/2018	Normalizing Adjustments	Economic Value as of 6/30/2018
ASSETS				
Current Assets				
Cash		$ 907,540	$ -	$ 907,540
Accounts Receivable, Net		36,816,500	-	36,816,500
Inventories, Net		30,793,177	-	30,793,177
Prepaid Expenses and Other Current Assets		1,062,031	-	1,062,031
Total Current Assets		**69,579,248**	**-**	**69,579,248**
Fixed Assets				
Land		532,799	-	532,799
Buildings and Improvements		9,165,073	-	9,165,073
Leasehold Improvements		592,627	-	592,627
Machinery and Equipment		41,390,637	-	41,390,637
Transportation Equipment		3,286,860	-	3,286,860
Furniture and Office Equipment		3,093,116	-	3,093,116
Construction in Progress		1,692,903	-	1,692,903
Gross Fixed Assets		**59,754,015**	**-**	**59,754,015**
Less: Accumulated Depreciation		(34,812,821)	-	(34,812,821)
Net Fixed Assets	**[1]**	**24,941,194**	**-**	**24,941,194**
Other Assets				
Goodwill, Net		6,976,065	-	6,976,065
Federal Income Tax Deposit		1,466,291	-	1,466,291
Investment in Non-Marketable Equity Securities		750,000	-	750,000
Deposits and Other Non-Current Assets		827,131	-	827,131
Cash Surrender Value of Life Insurance		945,688	-	945,688
Interest Rate Swap Asset		368,015	-	368,015
Notes Receivable from Shareholder		219,464	-	219,464
Total Other Assets		**11,552,654**	**-**	**11,552,654**
TOTAL ASSETS		**$ 106,073,096**	**$ -**	**$ 106,073,096**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Accounts Payable		$ 20,068,376	$ -	$ 20,068,376
Current Portion of Long-Term Debt		4,256,600	-	4,256,600
Accrued Warranty Reserve		4,900,000	-	4,900,000
Accrued Vacation		1,435,691	-	1,435,691
Accrued Payroll		629,055	-	629,055
Accrued Taxes		460,055	-	460,055
Other Accrued Liabilities		3,304,485	-	3,304,485
Total Current Liabilities		**35,054,262**	**-**	**35,054,262**
Long-Term Liabilities				
Long-Term Debt, Net		25,858,363	-	25,858,363
Supplemental Executive Retirement Plan		872,067	-	872,067
Total Long-Term Liabilities		**26,730,430**	**-**	**26,730,430**
TOTAL LIABILITIES		**61,784,692**	**-**	**61,784,692**
RESIDUAL EQUITY		**$ 44,288,404**	**$ -**	**$ 44,288,404**
RESIDUAL EQUITY (ROUNDED)				**$ 44,300,000**

Notes:

[1] Management indicated that the net book value of the Company's fixed assets likely overstates their value. However, since the Company's adjusted net asset value prior to any adjustment was already lower than the values indicated by the income- and market-based approaches applied, further analysis was not necessary.

Product Manufacturing Company and Subsidiaries | **June 30, 2018**
Normalized Benefit Streams | **Exhibit 5**

In U.S. Dollars

	Notes	Fiscal Year Ended 9/30/2013	%	9/30/2014	%	9/30/2015	%	9/30/2016	%	9/30/2017	%	TTM Ended 6/30/2018	%
Revenue		**$196,195,147**	***93.6%***	**$214,188,428**	***93.3%***	**$222,181,098**	***93.2%***	**$215,078,027**	***93.0%***	**$232,614,980**	***99.4%***	**$232,868,448**	***100.0%***
Normalizing Adjustments													
SUPER BATTERY Acquisition	[1]	5,019,900	*2.4%*	6,683,500	*2.9%*	7,591,600	*3.2%*	7,591,600	*3.3%*	1,265,267	*0.5%*	-	*- %*
ALTERNATIVE BATTERY Acquisition	[2]	422,178	*0.2%*	384,637	*0.2%*	405,694	*0.2%*	397,296	*0.2%*	25,383	*0.0%*	-	*- %*
INDUSTRIAL PRODUCTS Acquisition	[3]	7,900,000	*3.8%*	8,285,000	*3.6%*	8,323,000	*3.5%*	8,138,044	*3.5%*	-	*- %*	-	*- %*
Normalized Revenue		**$209,537,225**	***100.0%***	**$229,541,565**	***100.0%***	**$238,501,392**	***100.0%***	**$231,204,967**	***100.0%***	**$233,905,630**	***100.0%***	**$232,868,448**	***100.0%***
Reported Pre-Tax Net Income		**$ 11,225,199**	***5.4%***	**$ 12,698,817**	***5.5%***	**$ 14,605,014**	***6.1%***	**$ 16,007,708**	***6.9%***	**$ 13,838,461**	***5.9%***	**$ 12,141,835**	***5.2%***
Normalizing Adjustments													
SUPER BATTERY Acquisition	[1]	301,400	*0.1%*	332,500	*0.1%*	775,700	*0.3%*	775,700	*0.3%*	129,283	*0.1%*	-	*- %*
ALTERNATIVE BATTERY Acquisition	[2]	62,528	*0.0%*	61,695	*0.0%*	59,710	*0.0%*	74,252	*0.0%*	4,744	*0.0%*	-	*- %*
INDUSTRIAL PRODUCTS Acquisition	[3]	305,000	*0.1%*	373,500	*0.2%*	552,900	*0.2%*	540,613	*0.2%*	-	*- %*	-	*- %*
Officer Compensation	[4]	(526,000)	*(0.3%)*	(469,000)	*(0.2%)*	809,000	*0.3%*	(372,000)	*(0.2%)*	-	*- %*	-	*- %*
Penalties	[5]	-	*- %*	-	*- %*	22,864	*0.0%*	-	*- %*	-	*- %*	-	*- %*
Bad Debt Expense	[6]	(25,291)	*(0.0%)*	(97,773)	*(0.0%)*	(19,813)	*(0.0%)*	239,565	*0.1%*	(45,336)	*(0.0%)*	(53,219)	*(0.0%)*
Professional Fees	[7]	891,379	*0.4%*	1,312,948	*0.6%*	1,616,130	*0.7%*	880,022	*0.4%*	162,462	*0.1%*	-	*- %*
Electricity	[8]	307,339	*0.1%*	305,754	*0.1%*	315,441	*0.1%*	560,171	*0.2%*	-	*- %*	-	*- %*
Amortization	[9]	67,842	*0.0%*	415,680	*0.2%*	363,115	*0.2%*	362,581	*0.2%*	941,352	*0.4%*	622,411	*0.3%*
Interest Income	[10]	(36,115)	*(0.0%)*	(35,876)	*(0.0%)*	(32,222)	*(0.0%)*	-	*- %*	-	*- %*	(2,348)	*(0.0%)*
Interest Expense	[11]	1,279,527	*0.6%*	1,008,609	*0.4%*	848,731	*0.4%*	902,299	*0.4%*	662,330	*0.3%*	574,148	*0.2%*
Gain (Loss) on Sale of Assets	[12]	37,661	*0.0%*	(23,679)	*(0.0%)*	248,338	*0.1%*	(43,128)	*(0.0%)*	44,746	*0.0%*	363,819	*0.2%*
Other Income (Expense)	[13]	11,276	*0.0%*	130,972	*0.1%*	196,675	*0.1%*	(115,134)	*(0.0%)*	(371,404)	*(0.2%)*	(305,008)	*(0.1%)*
Total Normalizing Adjustments		**2,676,546**	***1.3%***	**3,315,330**	***1.4%***	**5,756,569**	***2.4%***	**3,804,941**	***1.6%***	**1,528,177**	***0.7%***	**1,199,803**	***0.5%***
Normalized Debt-Free Pre-Tax Income		**13,901,745**	***6.6%***	**16,014,147**	***7.0%***	**20,361,583**	***8.5%***	**19,812,649**	***8.6%***	**15,366,638**	***6.6%***	**13,341,638**	***5.7%***
Less: Income Tax Expense (24.6%)	[14]	(3,413,573)	*(1.6%)*	(3,932,274)	*(1.7%)*	(4,999,787)	*(2.1%)*	(4,864,996)	*(2.1%)*	(3,773,278)	*(1.6%)*	(3,276,039)	*(1.4%)*
Normalized Debt-Free After-Tax Net Income		**$ 10,488,172**	***5.0%***	**$ 12,081,873**	***5.3%***	**$ 15,361,796**	***6.4%***	**$ 14,947,653**	***6.5%***	**$ 11,593,360**	***5.0%***	**$ 10,065,599**	***4.3%***

Normalized EBIT / EBITDA Calculation

	Notes	9/30/2013	%	9/30/2014	%	9/30/2015	%	9/30/2016	%	9/30/2017	%	6/30/2018	%
Normalized Debt-Free Pre-Tax Net Income		$ 13,901,745	*6.6%*	$ 16,014,147	*7.0%*	$ 20,361,583	*8.5%*	$ 19,812,649	*8.6%*	$ 15,366,638	*6.6%*	$ 13,341,638	*5.7%*
Interest Income	[15]	-	*- %*	-	*- %*	-	*- %*	-	*- %*	-	*- %*	-	*- %*
Interest Expense	[15]	-	*- %*	-	*- %*	-	*- %*	-	*- %*	-	*- %*	-	*- %*
Normalized EBIT		**13,901,745**	***6.6%***	**16,014,147**	***7.0%***	**20,361,583**	***8.5%***	**19,812,649**	***8.6%***	**15,366,638**	***6.6%***	**13,341,638**	***5.7%***
Depreciation		2,084,321	*1.0%*	2,484,740	*1.1%*	2,714,199	*1.1%*	3,064,467	*1.3%*	3,721,946	*1.6%*	3,978,020	*1.7%*
Depreciation - SUPER BATTERY	[1]	132,500	*0.1%*	105,700	*0.0%*	105,000	*0.0%*	105,000	*0.0%*	17,500	*0.0%*	-	*- %*
Depreciation - ALTERNATIVE BATTERY	[2]	-	*- %*	-	*- %*	-	*- %*	-	*- %*	-	*- %*	-	*- %*
Depreciation - INDUSTRIAL PRODUCTS	[3]	68,000	*0.0%*	80,500	*0.0%*	73,100	*0.0%*	71,476	*0.0%*	-	*- %*	-	*- %*
Amortization	[15]	-	*- %*	-	*- %*	-	*- %*	-	*- %*	-	*- %*	-	*- %*
Normalized EBITDA		**$ 16,186,566**	***7.7%***	**$ 18,685,087**	***8.1%***	**$ 23,253,882**	***9.7%***	**$ 23,053,592**	***10.0%***	**$ 19,106,084**	***8.2%***	**$ 17,319,658**	***7.4%***

Notes:

[1] To normalize the Company's historical earnings to take into account the fact that the Company's acquisition of SUPER BATTERY closed on 11/30/2016. An adjustment was made to present the Company's historical results as if SUPER BATTERY had been owned by the Company during the entire historical period presented to better reflect its run rate revenue/EBITDA levels as of the valuation date, which will provide a more reliable indication of value in the market approaches applied that rely on the Company's historical performance metrics. The adjustments were based on Industrial Powersource, Inc.'s 2013-2015 revenue / adjusted EBITDA from the management-prepared due diligence analysis developed in connection with the acquisition. SUPER BATTERY's calendar year activity was matched with the corresponding fiscal year for the Company from 2013-2015 and future years' adjustments were based on SUPER BATTERY's 2015 activity (the most recent year available in management's due diligence analysis).

[2] To normalize the Company's historical earnings to take into account the fact that the Company's acquisition of ALTERNATIVE BATTERY closed on 10/23/2016. An adjustment was made to present the Company's historical results as if ALTERNATIVE BATTERY had been owned by the Company during the entire historical period presented to better reflect its run rate revenue/EBITDA levels as of the valuation date, which will provide a more reliable indication of value in the market approaches applied that rely on the Company's historical performance metrics. The adjustments were based on ALTERNATIVE BATTERY's 2013-2015 and annualized YTD 8/16/16 revenue / adjusted EBITDA from the management-prepared due diligence analysis developed in connection with the acquisition. ALTERNATIVE BATTERY's calendar year activity was matched with the corresponding fiscal year for the Company from 2013-2016 and future years' adjustments were based on ALTERNATIVE BATTERY's 2016 activity (the most recent year available in management's due diligence analysis).

[3] To normalize the Company's historical earnings to take into account the fact that the Company's acquisition of INDUSTRIAL PRODUCTS closed on 9/22/2016. An adjustment was made to present the Company's historical results as if INDUSTRIAL PRODUCTS had been owned by the Company during the entire historical period presented to better reflect its run rate revenue/EBITDA levels as of the valuation date, which will provide a more reliable indication of value in the market approaches applied that rely on the Company's historical performance metrics. The adjustments were based on INDUSTRIAL PRODUCTS 2013-2015 revenue / adjusted EBITDA from the management-prepared due diligence analysis developed in connection with the acquisition. INDUSTRIAL PRODUCTS' calendar year activity was matched with the corresponding fiscal year for the Company from 2013-2015 and future years' adjustments were based on INDUSTRIAL PRODUCTS' 2015 activity (the most recent year available in management's due diligence analysis).

[4] Based on analysis in **Exhibit 6**.

[5] To normalize earnings for non-recurring penalties.

[6] To normalize earnings for fluctuations in historical bad debt expense. The CITY (primary) location expense was normalized to $125,000 annually, consistent with the average ($124,689) expense from FYE 9/30/13 - TTM 6/30/18.

[7] To normalize earnings for non-recurring professional fees. From FYE 9/30/13 - FYE 9/30/17, the Company had non-recurring expenses related to 1) a lawsuit with CUSTOMER (a former customer that wrongfully accused the Company of providing faulty batteries for its golf carts); and 2) the acquisition of SUPER BATTERY, ALTERNATIVE BATTERY, and INDUSTRIAL PRODUCTS. The CITY (primary) location expense was normalized to $500,000 annually, consistent with the TTM 6/30/18 expense ($485,485), a period which management indicated did not include any non-recurring expenses.

[8] To normalize earnings for the recent reduction in energy expense due to the installation of the Company's own electrical substation, which came online approximately 18 months before the valuation date. Because energy expense in the past 18 months is more reflective of the expected energy cost going forward, we adjusted the FYE 9/30/13 - FYE 9/30/16 expense to 1.4% of pre-normalization revenue, consistent with the range from FYE 9/30/17 - TTM 6/30/18 (1.3%-1.4%). Pre-normalization revenue was utilized as the base in this calculation because the businesses acquired by the Company will not benefit from the electrical substation at the CITY location.

[9] To normalize earnings for non-recurring amortization expense. The tax benefit associated with the Company's remaining amortization expense was determined separately in **Exhibit 12**.

[10] To normalize earnings for non-operating interest income.

[11] To add back interest expense because we are valuing the Company on a debt-free basis.

[12] To normalize earnings for non-operating and non-recurring gains (losses) on the sale of assets.

[13] To normalize earnings for non-recurring other income and expenses.

[14] Based on analysis in **Exhibit 15**. The effective income tax rate used reflects the combined Federal, state and local income tax liability for a C Corporation. Because the Company is taxed as a passthrough entity, however, an adjustment was made later in this analysis to convert the C Corporation equivalent value to a passthrough entity value based on the differences in total effective tax rates.

[15] Normalized pre-tax net income already includes normalizing adjustments eliminating interest income, interest expense and amortization expense. Therefore, adjustments for these items were not necessary in calculating normalized EBITDA.

Product Manufacturing Company and Subsidiaries | **June 30, 2018**
Officer Compensation Analysis | **Exhibit 6**

In U.S. Dollars

	Notes	Fiscal Year Ended 9/30/2013	%	9/30/2014	%	9/30/2015	%	9/30/2016	%	9/30/2017	%	TTM Ended [1] 6/30/2018	%
Revenue		**$ 196,195,147**	***100.0%***	**$ 214,188,428**	***100.0%***	**$ 222,181,098**	***100.0%***	**$ 215,078,027**	***100.0%***	**$ 232,614,980**	***100.0%***	**$ 232,868,448**	***100.0%***
Historical Officer Compensation													
Officer Compensation - Actual													
Officer #1		$ 531,316	*0.3%*	$ 587,447	*0.3%*	$ 1,847,032	*0.8%*	$ 683,544	*0.3%*	$ 1,056,985	*0.5%*	$ 1,056,985	*0.5%*
Officer #2		157,515	*0.1%*	250,094	*0.1%*	137,180	*0.1%*	132,986	*0.1%*	168,089	*0.1%*	168,089	*0.1%*
Officer #3		260,416	*0.1%*	286,316	*0.1%*	417,669	*0.2%*	-	*- %*	-	*- %*	-	*- %*
Officer #4		-	*- %*	-	*- %*	-	*- %*	212,137	*0.1%*	369,596	*0.2%*	369,596	*0.2%*
Total Officer Compensation - Actual		**$ 949,247**	***0.5%***	**$ 1,123,857**	***0.5%***	**$ 2,401,881**	***1.1%***	**$ 1,028,667**	***0.5%***	**$ 1,594,670**	***0.7%***	**$ 1,594,670**	***0.7%***
Industry Officer Compensation Data													
Economic Research Institute (ERI) Compensation Analysis - SIC 3690 (Miscellaneous Electrical Equipment Manufacturing)													
CEO	[2]												
Upper Quartile		$ 815,229	*0.4%*	$ 869,705	*0.4%*	$ 918,535	*0.4%*	$ 945,434	*0.4%*	$ 1,007,996	*0.4%*	$ 1,037,270	*0.4%*
Median		$ 622,482	*0.3%*	$ 660,405	*0.3%*	$ 689,991	*0.3%*	$ 706,402	*0.3%*	$ 745,177	*0.3%*	$ 762,790	*0.3%*
Lower Quartile		$ 474,547	*0.2%*	$ 500,038	*0.2%*	$ 515,078	*0.2%*	$ 523,554	*0.2%*	$ 544,308	*0.2%*	$ 553,072	*0.2%*
Normalized Officer Compensation													
Officer Compensation - Normalized													
Officer #1	[3]	$ 1,050,000	*0.5%*	$ 1,050,000	*0.5%*	$ 1,050,000	*0.5%*	$ 1,050,000	*0.5%*	$ 1,056,985	*0.5%*	$ 1,056,985	*0.5%*
Officer #2	[4]	157,515	*0.1%*	250,094	*0.1%*	137,180	*0.1%*	132,986	*0.1%*	168,089	*0.1%*	168,089	*0.1%*
Officer #3	[4]	260,416	*0.1%*	286,316	*0.1%*	417,669	*0.2%*	-	*- %*	-	*- %*	-	*- %*
Officer #4	[4]	-	*- %*	-	*- %*	-	*- %*	212,137	*0.1%*	369,596	*0.2%*	369,596	*0.2%*
Total Officer Compensation - Normalized		**$ 1,467,931**	***0.7%***	**$ 1,586,410**	***0.7%***	**$ 1,604,849**	***0.7%***	**$ 1,395,123**	***0.6%***	**$ 1,594,670**	***0.7%***	**$ 1,594,670**	***0.7%***
Total Officer Compensation - Actual		$ 949,247	*0.5%*	$ 1,123,857	*0.5%*	$ 2,401,881	*1.1%*	$ 1,028,667	*0.5%*	$ 1,594,670	*0.7%*	$ 1,594,670	*0.7%*
Less: Total Officer Compensation - Normalized		(1,467,931)	*(0.7%)*	(1,586,410)	*(0.7%)*	(1,604,849)	*(0.7%)*	(1,395,123)	*(0.6%)*	(1,594,670)	*(0.7%)*	(1,594,670)	*(0.7%)*
Difference		(518,684)	*(0.3%)*	(462,553)	*(0.2%)*	797,032	*0.4%*	(366,456)	*(0.2%)*	-	*- %*	-	*- %*
Change in Payroll Taxes		(7,521)	*(0.0%)*	(6,707)	*(0.0%)*	11,557	*0.0%*	(5,314)	*(0.0%)*	-	*- %*	-	*- %*
Indicated Normalizing Adjustment		**$ (526,205)**	***(0.3%)***	**$ (469,260)**	***(0.2%)***	**$ 808,589**	***0.4%***	**$ (371,770)**	***(0.2%)***	**$ -**	***- %***	**$ -**	***- %***
Normalizing Adjustment (Rounded)		**$ (526,000)**	***(0.3%)***	**$ (469,000)**	***(0.2%)***	**$ 809,000**	***0.4%***	**$ (372,000)**	***(0.2%)***	**$ -**	***- %***	**$ -**	***- %***

Notes:

[1] The actual officer compensation amounts for FYE 6/30/18 were not available, but it was indicated that the balances were consistent with FYE 9/30/17. Therefore, the FYE 9/30/17 balances were used as being representative of the TTM 6/30/18 officer compensation amounts.

[2] Total cash compensation (base, bonus and cash incentives) taking into account company size (revenue) during each period analyzed based on position/SIC code in CITY, STATE area.

[3] Management indicated that future compensation paid to Officer #1 will likely differ from historical levels since 1) a compensation study was recently performed that led to an increase in Officer #1's compensation to approximately $1,050,000 in FYE 9/30/17; and 2) Officer #1 received a large, non-recurring bonus in FYE 9/30/15. Further, management indicated that Officer #1's annual compensation going forward is expected to be in the $1.0-$1.1 million range. Therefore, we normalized Officer #1's FYE 9/30/13 - 9/30/16 compensation to $1,050,000 to be consistent with his normalized compensation going forward (and also to better reflect the fair market value of the services he provides since this compensation amount was based on a third-party compensation study). Also, since a non-controlling owner has no ability to adjust the compensation paid to Officer #1, the use of expected future compensation levels as the normalization target will produce a non-controlling benefit stream for use in the valuation analysis. Finally, Officer #1's normalized compensation of $1,050,000 is consistent with the upper quartile compensation levels for CEOs in the Company's industry at businesses with similar revenue levels according to ERI, which is reasonable given the Company's superior profitability on a normalized basis in relation to its competitors (as shown in **Exhibit 3**).

[4] No adjustments to the compensation of these officers' compensation for the following reasons: 1) we are valuing a non-controlling ownership interest, which does not have the ability to adjust the compensation of the Company's officers and employees; and 2) management indicated that the compensation paid to these officers was representative of fair market value for the services provided, which is reasonable given that none of them are owners of the business.

Product Manufacturing Company and Subsidiaries | **June 30, 2018**
Net Working Capital Analysis | **Exhibit 7**

In U.S. Dollars

	Notes	9/30/2013	%	9/30/2014	%	9/30/2015	%	9/30/2016	%	9/30/2017	%	6/30/2018	%
Revenue		$ 196,195,147	*100.0%*	$ 214,188,428	*100.0%*	$ 222,181,098	*100.0%*	$ 215,078,027	*100.0%*	$ 232,614,980	*100.0%*	$ 232,868,448	*100.0%*
Historical Net Working Capital Summary													
Current Assets													
Cash		n/a		n/a		n/a		n/a		n/a		n/a	
Accounts Receivable, Net		31,440,898		33,187,990		32,923,413		32,545,691		33,853,059		36,816,500	
Inventories, Net		24,612,462		26,634,345		27,592,990		27,867,338		28,075,369		30,793,177	
Prepaid Expenses and Other Current Assets		842,515		821,213		552,454		814,840		855,391		1,062,031	
Total Current Assets	[1]	**56,895,875**		**60,643,548**		**61,068,857**		**61,227,869**		**62,783,819**		**68,671,708**	
Current Liabilities													
Accounts Payable		15,960,176		18,071,974		16,412,485		19,143,559		16,003,458		20,068,376	
Current Portion of Long-Term Debt		n/a		n/a		n/a		n/a		n/a		n/a	
Accrued Warranty Reserve		1,125,000		2,765,000		4,500,000		5,600,000		5,300,000		4,900,000	
Accrued Vacation		984,457		1,158,212		1,076,718		1,154,523		1,259,593		1,435,691	
Accrued Payroll		890,952		1,236,811		1,278,666		1,138,221		668,323		629,055	
Accrued Taxes		168,787		459,073		595,163		562,526		486,675		460,055	
Other Accrued Liabilities		1,992,707		2,855,796		3,437,884		2,884,589		2,713,418		3,304,485	
Total Current Liabilities	[1]	**21,122,079**		**26,546,866**		**27,300,916**		**30,483,418**		**26,431,467**		**30,797,662**	
Net Working Capital ("NWC")	[1]	**$ 35,773,796**	***18.2%***	**$ 34,096,682**	***15.9%***	**$ 33,767,941**	***15.2%***	**$ 30,744,451**	***14.3%***	**$ 36,352,352**	***15.6%***	**$ 37,874,046**	***16.3%***

NWC (Historical Average)	*15.9%*
NWC (Historical Median)	*15.8%*
NWC (Weighted Average)	*15.4%*

Notes:

[1] Net working capital is calculated net of cash, non-operating assets (liabilities), interest-bearing debt and deferred income taxes.

Product Manufacturing Company and Subsidiaries | **June 30, 2018**
Weighted Average Benefit Streams | **Exhibit 8**

In U.S. Dollars

	Notes	Fiscal Year Ended 9/30/2013	%	9/30/2014	%	9/30/2015	%	9/30/2016	%	9/30/2017	%
Revenue											
Normalized Revenue		$ 209,537,225	*100.0%*	$ 229,541,565	*100.0%*	$ 238,501,392	*100.0%*	$ 231,204,967	*100.0%*	$ 233,905,630	*100.0%*
Weight	[1]	0		1		1		1		1	
Weighted Average (Rounded)		**$ 233,288,000**	***100.0%***								
Normalized After-Tax Net Income											
Normalized Debt-Free After-Tax Net Income		$ 10,488,172	*5.0%*	$ 12,081,873	*5.3%*	$ 15,361,796	*6.4%*	$ 14,947,653	*6.5%*	$ 11,593,360	*5.0%*
Weight	[1]	0		1		1		1		1	
Weighted Average (Rounded)		**$ 13,496,000**	***5.8%***								
Normalized EBITDA											
Normalized EBITDA		$ 16,186,566	*7.7%*	$ 18,685,087	*8.1%*	$ 23,253,882	*9.7%*	$ 23,053,592	*10.0%*	$ 19,106,084	*8.2%*
Weight	[1]	0		1		1		1		1	
Weighted Average (Rounded)		**$ 21,025,000**	***9.0%***								
Depreciation											
Depreciation	[2]	$ 2,284,821	*1.1%*	$ 2,670,940	*1.2%*	$ 2,892,299	*1.2%*	$ 3,240,943	*1.4%*	$ 3,739,446	*1.6%*
Weight	[1]	0		1		1		1		1	
Weighted Average (Rounded)		**$ 3,136,000**	***1.3%***								

Notes:

[1] Given the consistency of the Company's FYE 9/30/14 - TTM 6/30/18 revenue and EBITDA levels, even weighting was placed on those years. This weighting also takes into account the annual fluctuations in the Company's performance based on changes in lead prices (the primary input to the Company's products).

[2] Includes proforma depreciation expense related to business acquisition normalizing adjustments.

Product Manufacturing Company and Subsidiaries **June 30, 2018**
Projected Income Statements **Exhibit 9**

In U.S. Dollars

	Fiscal Year Ended			
	9/30/2018	*%*	**9/30/2019**	*%*
Revenue	**$229,665,200**	***100.0%***	**$250,000,000**	***100.0%***
Growth Rate	*(1.3%)*		*8.9%*	
Cost of Goods Sold				
Material	134,646,400	*58.6%*	145,372,000	*58.1%*
Labor and Overhead	44,043,700	*19.2%*	46,488,000	*18.6%*
Total Cost of Goods Sold	**178,690,100**	***77.8%***	**191,860,000**	***76.7%***
Gross Profit	**50,975,100**	***22.2%***	**58,140,000**	***23.3%***
Operating Expenses				
Selling	28,328,700	*12.3%*	29,907,000	*12.0%*
Administrative	8,938,100	*3.9%*	9,885,000	*4.0%*
Total Operating Expenses	**37,266,800**	***16.2%***	**39,792,000**	***15.9%***
Operating Income (Loss)	**13,708,300**	***6.0%***	**18,348,000**	***7.3%***
Other Income (Expense)				
Interest Income	-	*- %*	-	*- %*
Interest Expense	(793,000)	*(0.3%)*	(1,000,000)	*(0.4%)*
Gain (Loss) on Disposal of Equipment	-	*- %*	-	*- %*
Miscellaneous, Net	161,500	*0.1%*	144,000	*0.1%*
Total Other Income (Expense)	**(631,500)**	***(0.3%)***	**(856,000)**	***(0.3%)***
Pre-Tax Net Income	**13,076,800**	***5.7%***	**17,492,000**	***7.0%***
Income Tax Expense (Benefit)	365,100	*0.2%*	492,000	*0.2%*
Net Income	**$ 12,711,700**	***5.5%***	**$ 17,000,000**	***6.8%***

EBIT / EBITDA Calculation

Pre-Tax Net Income	$ 13,076,800	*5.7%*	$ 17,492,000	*7.0%*
Interest Income	-	*- %*	-	*- %*
Interest Expense	793,000	*0.3%*	1,000,000	*0.4%*
EBIT	**13,869,800**	***6.0%***	**18,492,000**	***7.4%***
Depreciation	4,000,000	*1.7%*	4,000,000	*1.6%*
Amortization	939,000	*0.4%*	939,000	*0.4%*
EBITDA	**$ 18,808,800**	***8.2%***	**$ 23,431,000**	***9.4%***

Other Financial Information

Net Capital Expenditures	$ 5,498,092	*2.4%*	n/a	*n/a*
Net Working Capital	n/a	*n/a*	n/a	*n/a*

Source:
Management-prepared projections

Product Manufacturing Company and Subsidiaries
Historical and Projected Financial Summary

June 30, 2018
Exhibit 10

		Historical Summary							Projection Summary	
		Fiscal Year Ended					TTM Ended	Historical	Fiscal Year Ending	
	Notes	9/30/2013	9/30/2014	9/30/2015	9/30/2016	9/30/2017	6/30/2018	Average [1]	9/30/2018	9/30/2019
Income Statements										
Revenues		$196,195,147	$214,188,428	$222,181,098	$215,078,027	$232,614,980	$232,868,448	$218,854,355	$229,665,200	$250,000,000
Gross Profit		38,230,517	42,835,792	48,301,658	47,213,295	50,193,770	49,551,645	46,054,446	50,975,100	58,140,000
Operating Income		12,517,548	13,778,843	15,866,536	16,751,745	14,174,133	12,772,446	14,310,209	13,708,300	18,348,000
EBITDA		14,620,774	16,571,970	18,498,837	20,337,055	19,164,089	17,314,066	17,751,132	18,808,800	23,431,000
EBITDA - Adjusted	[2]	16,186,566	18,685,087	23,253,882	23,053,592	19,106,084	17,319,658	19,600,812	n/a	n/a
Growth Rates										
Revenues		n/a	9.2%	3.7%	(3.2%)	8.2%	0.1%	3.7%	(1.3%)	8.9%
Gross Profit		n/a	12.0%	12.8%	(2.3%)	6.3%	(1.3%)	5.6%	1.6%	14.1%
EBITDA	[3]	n/a	13.3%	11.6%	9.9%	(5.8%)	(9.7%)	3.6%	(1.9%)	24.6%
EBITDA - Adjusted		n/a	15.4%	24.5%	(0.9%)	(17.1%)	(9.4%)	1.4%	n/a	n/a
Margins										
Gross Profit		19.5%	20.0%	21.7%	22.0%	21.6%	21.3%	21.0%	22.2%	23.3%
Operating Income		6.4%	6.4%	7.1%	7.8%	6.1%	5.5%	6.6%	6.0%	7.3%
EBITDA		7.5%	7.7%	8.3%	9.5%	8.2%	7.4%	8.1%	8.2%	9.4%
EBITDA - Adjusted		8.3%	8.7%	10.5%	10.7%	8.2%	7.4%	9.0%	n/a	n/a
Balance Sheet										
Net Working Capital	[4]	35,773,796	34,096,682	33,767,941	30,744,451	36,352,352	37,874,046	34,768,211	35,598,106	38,750,000
% of Revenue		18.2%	15.9%	15.2%	14.3%	15.6%	16.3%	15.9%	15.5%	15.5%
Capital Expenditures		4,481,348	4,866,941	5,429,853	5,591,098	4,058,649	n/a	4,885,578	5,498,092	6,000,000
% of Revenue		2.3%	2.3%	2.4%	2.6%	1.7%	n/a	2.2%	2.4%	2.4%

Notes:

[1] Historical average growth rates reflect compound annual growth rates for FYE 9/30/2013 - TTM 6/30/2018.
[2] Based on analysis in **Exhibit 5**.
[3] FYE 9/30/2018 EBITDA growth rate based on FYE 9/30/2017 normalized EBITDA.
[4] Net working capital is calculated net of cash, non-operating assets (liabilities), interest-bearing debt and deferred income taxes.

Product Manufacturing Company and Subsidiaries **June 30, 2018**
Discounted Cash Flow Method (Debt-Free) **Exhibit 11**
In U.S. Dollars

	Notes	Fiscal Year Ending 9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022
Revenue	[1]	**$ 229,665,200**	**$ 250,000,000**	**$ 267,500,000**	**$ 280,875,000**	**$ 289,301,250**
Growth Rate		*(1.3%)*	*8.9%*	*7.0%*	*5.0%*	*3.0%*
EBITDA	[1]	**$ 18,808,800**	**$ 23,431,000**	**$ 25,145,000**	**$ 26,402,250**	**$ 27,194,318**
EBITDA Margin		*8.2%*	*9.4%*	*9.4%*	*9.4%*	*9.4%*
Calculation of Debt-Free Net Income						
EBITDA		$ 18,808,800	$ 23,431,000	$ 25,145,000	$ 26,402,250	$ 27,194,318
Depreciation	[2]	(4,000,000)	(4,000,000)	(5,970,600)	(6,403,950)	(6,734,933)
Interest Expense	[3]	-	-	-	-	-
Debt-Free Pre-Tax Net Income		14,808,800	19,431,000	19,174,400	19,998,300	20,459,385
Income Taxes (24.6%)	[4]	(3,636,301)	(4,771,282)	(4,708,274)	(4,910,583)	(5,023,802)
Debt-Free Net Income		**11,172,499**	**14,659,718**	**14,466,126**	**15,087,717**	**15,435,583**
Adjustments to Determine Debt-Free Net Cash Flow						
Depreciation	[2]	4,000,000	4,000,000	5,970,600	6,403,950	6,734,933
Capital Expenditures	[5]	(5,498,092)	(6,000,000)	(6,420,000)	(6,741,000)	(6,943,230)
Change in Net Working Capital	[6]	1,986,012	(3,151,894)	(2,712,500)	(2,073,125)	(1,306,069)
Change in Debt	[3]	-	-	-	-	-
Debt-Free Net Cash Flow		**11,660,419**	**9,507,824**	**11,304,226**	**12,677,542**	**13,921,217**
Partial Period Adjustment	[7]	0.25	1.00	1.00	1.00	1.00
Adjusted Debt-Free Net Cash Flow		**$ 2,915,105**	**$ 9,507,824**	**$ 11,304,226**	**$ 12,677,542**	**$ 13,921,217**
Present Value of Free Cash Flows	[8]					
Discount Period (Months)		1.5	9.0	21.0	33.0	45.0
Discount Period (Years)		0.125	0.750	1.750	2.750	3.750
Present Value Factor 12.6%	[9]	**0.9853**	**0.9148**	**0.8125**	**0.7216**	**0.6408**
Present Value of Net Cash Flows		**$ 2,872,253**	**$ 8,697,757**	**$ 9,184,684**	**$ 9,148,114**	**$ 8,920,716**

Summary and Indicated Value

	Notes	
Present Value of Discrete Net Cash Flows		$ 38,823,524
Present Value of Residual Cash Flow		95,711,851
Indicated Enterprise Value		**$ 134,535,375**
Adjustments to Enterprise Value		
Plus: PV of Goodwill / Intangible Asset Tax Amortization	[10]	835,777
Plus: Net Working Capital Surplus (Deficit)	[11]	1,779,437
Plus: Cash and Cash Equivalents	[12]	907,540
Plus: Excess Land	[13]	315,000
Plus: Federal Income Tax Deposit	[14]	1,466,291
Plus: Investment in Non-Marketable Equity Securities	[15]	750,000
Plus: Cash Surrender Value of Life Insurance	[14]	945,688
Plus: Interest Rate Swap Asset	[14]	368,015
Plus: Notes Receivable from Shareholder	[14]	219,464
Less: Supplemental Executive Retirement Plan	[14]	(872,067)
Less: Interest-Bearing Debt	[16]	(30,114,963)
Total Adjustments		**(23,399,818)**
Pre-Passthrough Adjustment Equity Value		**111,135,557**
Plus: Passthrough Entity Premium (15.0%)	[17]	16,670,334
Non-Controlling, Marketable Value of Equity		**$ 127,805,891**
Non-Controlling, Marketable Value of Equity (Rounded)		**$ 127,800,000**

Residual Value

9/30/2022 Cash Flow	$ 13,921,217
Times: (1 + LT Growth Rate)	103.0%
Residual Cash Flow	**14,338,854**
Divided by: Capitalization Rate	9.6%
Residual Cash Flow Value	**149,363,063**
Times: Present Value Factor	0.6408
PV of Residual Cash Flow	**$ 95,711,851**

Net Working Capital and Capital Expenditures

	Notes	Fiscal Year Ending 9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022
Net Working Capital						
Required Net Working Capital	[18]	$ 35,598,106	$ 38,750,000	$ 41,462,500	$ 43,535,625	$ 44,841,694
% of Revenue		*15.5%*	*15.5%*	*15.5%*	*15.5%*	*15.5%*

		6/30/2018
Actual NWC as of Valuation Date		$ 37,874,046
Less: Required NWC as of Valuation Date (15.5%)	[19]	(36,094,609)
Indicated NWC Surplus (Deficit)	[11]	**$ 1,779,437**

	Notes	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022
Capital Expenditures						
Capital Expenditures	[5]	$ 5,498,092	$ 6,000,000	$ 6,420,000	$ 6,741,000	$ 6,943,230
% of Revenue		2.4%	2.4%	2.4%	2.4%	2.4%

Notes:

[1] Based on management's projections through FYE 9/30/19, as presented in **Exhibit 9**. Following FYE 9/30/19, growth was projected to gradually decline to a long-term growth rate of 3.0% based on management's expectations for future growth and expectations for inflation/GDP growth. In addition, EBITDA margins were expected to remain consistent with the projected FYE 9/30/19 level (9.4%), which falls within the range of the Company's historical normalized EBITDA margins (7.4%-10.7%) and is similar to the low (9.9%) of the guideline public companies in **Exhibit 21**.

[2] Based on management's projections through FYE 9/30/19, as presented in **Exhibit 9**. Following FYE 9/30/19, capital expenditures were projected to outpace depreciation by the annual growth rate into perpetuity in order to appropriately reflect the annual investment that must be made to support the Company's projected level of long-term growth.

[3] Because we are valuing the Company on a debt-free basis, debt-related items have been excluded from the calculation of projected net income and cash flow.

[4] Based on analysis in **Exhibit 15**. The effective income tax rate used reflects the combined Federal, state and local income tax liability for a C Corporation. Because the Company is taxed as a passthrough entity, however, an adjustment was made later in this analysis to convert the Company's C Corporation equivalent value to a passthrough entity value based on the differences in total effective tax rates.

[5] Capital expenditures are based on management's forecast through FYE 9/30/18, as presented in **Exhibit 9**. Following FYE 9/30/18, capital expenditures were assumed to remain at the projected FYE 9/30/18 level (2.4%). This projected level of capital expenditures is also consistent with the Company's capital expenditure levels (1.7%-2.6%) as well as the lower quartile (2.0%) and median (3.5%) of the guideline public companies in **Exhibit 21**.

[6] Based on the net working capital analysis below. The change in net working capital in first year of analysis has been grossed up to take into account the partial period adjustment so that the projected net cash flow reflects the actual change in required net working capital as of the valuation date and the required net working capital balance at year end.

[7] An adjustment was made to account for the partial period between the valuation date and year-end.

[8] Calculated on a "mid-period" basis, which accounts for the fact that the Company's cash flows are expected to be earned relatively evenly throughout the year.

[9] Based on analysis in **Exhibit 13**.

[10] Based on analysis in **Exhibit 12**.

[11] Based on the difference between the required net working capital balance and the actual net working capital balance as of the valuation date.

[12] Given that the Company's enterprise value represents its cash-free, debt-free value, the cash balance must be added in order to arrive at the Company's equity value (consistent with the reduction in enterprise value for interest-bearing debt).

[13] Non-operating asset (liability). Based on appraised value as of DATE in appraisal report dated DATE prepared by APPRAISAL FIRM. The appraisal reported indicated that the Company owns 10.43 acres of excess land. Management indicated that it believes the fair market value of this property did not change materially between the appraisal date and the valuation date.

[14] Non-operating asset (liability).

[15] Non-operating asset (liability). This reflects the Company's investment in INVESTMENT. in December 2016. Given the close proximity of the investment date to the valuation date, management indicated that it believes the fair market value of this investment did not change materially between those dates.

[16] Given that the Company's enterprise value represents its cash-free, debt-free value, the interest-bearing debt balance must be subtracted in order to arrive at the Company's equity value.

[17] Based on analysis in **Exhibit 15**. This adjustment takes into account the more favorable all-in tax rates for passthrough entities in relation to C Corporations. Because the discounted cash flow method produces a C Corporation equivalent value (since a C Corporation tax rate was utilized), a passthrough entity premium was applied to adjust the indicated value for the benefit of the Company being taxed as a passthrough entity.

[18] Net working capital was assumed to be 15.5% of revenue, consistent with the Company's historical net working capital levels (14.3%-18.2%) and its weighted-average level (15.4%) in **Exhibit 7**. The projected net working capital level is also consistent with the lower quartile (20.7%) and low (8.8%) of the guideline public companies in **Exhibit 21**.

[19] Based on the Company's TTM 6/30/2018 normalized revenue and the required net working capital percentage (15.5% of revenue).

Product Manufacturing Company and Subsidiaries | **June 30, 2018**
Tax Benefit of Amortization of Intangible Assets | **Exhibit 12**

In U.S. Dollars

Amortization Benefit - Intangible Assets

	6/30/2018
Tax Basis of Unamortized Intangible Assets	$ 6,367,248
Required Rate of Return	12.6%
Tax Rate	24.6%

Year	Year Ended	Tax Amortization	Tax Benefit	Years for PV Factor	PV Factor	PV of Cash Flow
1	6/30/2019	$ 635,032	$ 155,932	0.500	0.9424	$ 146,950
2	6/30/2020	604,654	148,473	1.500	0.8369	124,257
3	6/30/2021	565,881	138,952	2.500	0.7433	103,283
4	6/30/2022	551,178	135,342	3.500	0.6601	89,339
5	6/30/2023	467,259	114,735	4.500	0.5862	67,258
6	6/30/2024	425,747	104,542	5.500	0.5206	54,425
7	6/30/2025	425,747	104,542	6.500	0.4624	48,340
8	6/30/2026	425,747	104,542	7.500	0.4106	42,925
9	6/30/2027	425,747	104,542	8.500	0.3647	38,127
10	6/30/2028	425,747	104,542	9.500	0.3239	33,861
11	6/30/2029	419,507	103,010	10.500	0.2876	29,626
12	6/30/2030	418,265	102,705	11.500	0.2555	26,241
13	6/30/2031	418,265	102,705	12.500	0.2269	23,304
14	6/30/2032	158,472	38,913	13.500	0.2015	7,841

Present Value of Intangible Asset Amortization Benefit	**$ 835,777**

Intangible Asset Tax Basis Summary

Asset	Date Acquired	Total Basis	As of 1/1/2018 Accumulated Amortization	As of 1/1/2018 Remaining Amortization	Annual Amortization
Goodwill	3/1/2004	$ 683,500	$ 653,122	$ 30,378	$ 45,567
Goodwill	10/1/2005	775,457	659,139	116,318	51,697
Goodwill	10/1/2006	40,000	31,111	8,889	2,667
Goodwill	10/1/2007	201,985	143,635	58,351	13,466
Goodwill	10/24/2007	1,666,155	1,184,822	481,333	111,077
Goodwill	9/1/2013	112,224	36,163	76,062	7,482
Goodwill	9/22/2016	2,544,015	282,669	2,261,346	169,601
Goodwill	10/24/2016	300,000	33,333	266,667	20,000
Goodwill	11/30/2016	3,429,955	362,051	3,067,904	228,664

Cost of Equity

Modified CAPM Method	Notes		
Risk-Free Rate of Return	[1]		2.91%
Market Equity Risk Premium	[2]	6.04%	
Selected Equity Beta	[3]	0.90	5.44%
Small Stock Risk Premium	[4]		5.37%
Specific Company Adjustment	[5]		2.00%
Calculated Return on Equity - CAPM			**15.72%**
Concluded Return on Equity (Rounded)			**15.70%**

Cost of Debt

Pre-Tax Cost of Debt	[6]		4.41%
Less: Income Taxes		24.6%	(1.08%)
Calculated Cost of Debt			**3.33%**
Concluded Cost of Debt (Rounded)			**3.30%**

Weighted Average Cost of Capital (WACC)

Equity Allocation of Capital Structure (Rounded)	[7]	75.0%	11.78%
Debt Allocation of Capital Structure (Rounded)	[7]	25.0%	0.83%
Calculated WACC			**12.61%**
Concluded WACC (Rounded)			**12.60%**
Less: Long-Term Sustainable Growth Rate	[8]		(3.00%)
Debt-Free Capitalization Rate			**9.60%**

Notes:

[1] 20-year U.S. Treasury yield as of June 30, 2018.

[2] Supply-side equity risk premium based on data through December 31, 2017 from the Duff & Phelps Cost of Capital Navigator.

[3] Based on analysis in **Exhibit 14**.

[4] 10th decile size premium based on data through December 31, 2017 from the 2018 Duff & Phelps Cost of Capital Navigator.

[5] Based on consideration of economic risk, financial risk, operating risk, key person risk, projection risk and other company-specific factors.

[6] Bank of America Merrill Lynch's U.S. corporate BBB effective bond yield as of June 30, 2018.

[7] Based on consideration of 1) the guideline public companies' capital structures presented in **Exhibit 14**, particularly the median (26.7%) debt capitalization percentage: and 2) the Company's actual (23.0% debt) and iterative (23.5% debt) capital structures as of the valuation date because we are valuing a non-controlling ownership interest, which does not have the ability to change the Company's capital structure. We also took into consideration the borrowing capacity of the Company. Based on these data points, we applied a 25.0% debt weighting in determining the Company's WACC.

[8] Based on consideration of the Company's historical growth rates, the projected growth rate for the Battery Manufacturing (3.0%) industry according to FirstResearch, management's expectations for future growth, and expectations for long-term inflation and GDP growth.

In U.S. Dollars

Guideline Public Company Analysis

Guideline Public Company	Exchange	Ticker	Enterprise Value	Total Debt	Capitalization % Debt	Capitalization % Equity	Beta Calculation [1][2][3] Levered	Beta Calculation [1][2][3] Unlevered	Beta Calculation [1][2][3] Relevered
Coslight Technology International Group Ltd	HKG	HKG:01043	292,937	248,091	84.7%	15.3%	1.54	0.36	0.45
Energizer Holdings, Inc.	NYS	ENR	4,396,236	1,128,700	25.7%	74.3%	0.82	0.68	0.85
EnerSys, Inc.	NYS	ENS	3,224,623	598,020	18.5%	81.5%	1.51	1.33	1.66
GS Yuasa Corp	TKS	TKS:6674	2,700,813	720,016	26.7%	73.3%	n/a	n/a	n/a
PT Nipress Tbk	IDX	IDX:NIPS	76,608	43,296	56.5%	43.5%	1.24	0.70	0.88
Statistical Analysis									
Maximum			$ 4,396,236	$ 1,128,700	84.7%	81.5%	1.54	1.33	1.66
Upper Quartile			3,224,623	720,016	56.5%	74.3%	1.52	0.86	1.08
Median			2,700,813	598,020	26.7%	73.3%	1.38	0.69	0.87
Average			2,138,244	547,624	42.4%	57.6%	1.28	0.77	0.96
Lower Quartile			292,937	248,091	25.7%	43.5%	1.14	0.60	0.75
Minimum			76,608	43,296	18.5%	15.3%	0.82	0.36	0.45

SIC Code Analysis [4]

SIC Code 369 (Miscellaneous Electrical Machinery, Equipment and Supplies Manufacturing)	n/a	n/a	n/a	n/a	n/a	n/a	0.96
Selected			**25.0%**	**75.0%**		**0.90**

Notes:
[1] Levered betas reflect five-year betas reported by PitchBook Data, Inc.
[2] Unlevered beta calculations utilize a historical income tax rate of 40.0%.
[3] Relevered beta calculation is based on the selected capital structure and an income tax rate of 24.6%.
[4] SIC Code betas are based on information through December 31, 2017 from the Duff & Phelps Cost of Capital Navigator.

Inputs

	Notes	Scenario	
	[1]	Low	High
Corporate Tax Rates			
Federal Income Tax Rate		21.0%	21.0%
State and Local Income Tax Rate (Prior to Tax Effect)	[3]	4.5%	4.5%
Personal Tax Rates			
Federal Income Tax Rate	[2]	32.0%	37.0%
State and Local Income Tax Rate	[3]	4.5%	4.5%
Federal Divided / Capital Gain Tax Rate	[4]	15.0%	20.0%
State and Local Dividend / Capital Gain Tax Rate	[3]	4.5%	4.5%
Net Investment Income Surtax Rate		0.0%	3.8%
Qualified Business Income Deduction (QBID) %	[5]	20.0%	20.0%

Passthrough Entity Premium Analysis - 20% QBID Deduction Applicable [5]

		Low						High					
		C Corporation		Passthrough Entity				C Corporation		Passthrough Entity			
				Baseline		Indicated Entity Tax Rate				Baseline		Indicated Entity Tax Rate	
	Notes	Tax Rate	Amount	Tax Rate	Amount	Tax Rate	Amount	Tax Rate	Amount	Tax Rate	Amount	Tax Rate	Amount
Business Pre-Tax Income			$ 100.00		$ 100.00		$ 100.00		$ 100.00		$ 100.00		$ 100.00
Entity Income Tax													
Federal Income Tax		21.0%	(21.00)	n/a	-	n/a	n/a	21.0%	(21.00)	n/a	-	n/a	n/a
State and Local Income Tax	[6]	3.6%	(3.56)	n/a	-	n/a	n/a	3.6%	(3.56)	n/a	-	n/a	n/a
		24.6%	(24.56)	0.0%	-	13.2%	(13.20)	24.6%	(24.56)	0.0%	-	13.4%	(13.40)
Business Income Available for Distribution			75.45		100.00		86.80		75.45		100.00		86.60
Personal Income Tax													
Federal Income Tax		n/a	-	32.0%	(32.00)	n/a	-	n/a	-	37.0%	(37.00)	n/a	-
Qualified Business Income Deduction		n/a	-	(6.4%)	6.40	n/a	-	n/a	-	(7.4%)	7.40	n/a	-
State and Local Income Tax	[7]	n/a	-	4.5%	(4.50)	n/a	-	n/a	-	4.5%	(4.50)	n/a	-
Federal Divided / Capital Gain Tax		15.0%	(11.32)	n/a	-	15.0%	(13.02)	20.0%	(15.09)	n/a	-	20.0%	(17.32)
State and Local Dividend / Capital Gain Tax		4.5%	(3.40)	n/a	-	4.5%	(3.91)	4.5%	(3.40)	n/a	-	4.5%	(3.90)
Net Investment Income Surtax		0.0%	-	0.0%	-	0.0%		3.8%	(2.87)	3.8%	(3.80)	3.8%	(3.29)
		19.5%	(14.71)	30.1%	(30.10)	19.5%	(16.93)	28.3%	(21.35)	37.9%	(37.90)	28.3%	(24.51)
Total Income Available After All Taxes			**$ 60.73**		**$ 69.90**		**$ 69.87**		**$ 54.09**		**$ 62.10**		**$ 62.09**
Effective Business Income Tax Rate			**24.6%**		**0.0%**		**13.2%**		**24.6%**		**0.0%**		**13.4%**
Total All-In Tax Rate			**39.3%**		**30.1%**		**30.1%**		**45.9%**		**37.9%**		**37.9%**
Indicated Passthrough Entity Premium	[8]						**15.1%**						**14.8%**
Selected Passthrough Entity Premium	[9]												**15.0%**

Notes:

[1] Based on estimated range of applicable tax rates under the fair market value standard.
[2] Low - Two brackets below top tax bracket. High - Top tax bracket.
[3] Based on FYE 9/30/17 effective state and local income tax rate for the Company.
[4] Low - Standard dividend / capital gain tax rate. High - Maximum dividend / capital gain tax rate.
[5] Based on *Delaware MRI* / Van Vleet SEAM methodologies. It is expected that the Company will qualify for the Qualified Business Income Deduction.
[6] Calculated net of Federal deduction benefit.
[7] Federal deduction benefit not considered due to limitations on the deductibility of income taxes on the personal level.
[8] Based on two calculations that produce the same result:
- (Total All-In C Corporation Tax Rate - Total All-In Baseline Passthrough Entity Tax Rate) / (1 - Total All-In C Corporation Tax Rate)
- (C Corporation Effective Business Income Tax Rate - Indicated Passthrough Entity Tax Rate) / (1 - C Corporation Effective Business Income Tax Rate)

[9] Based on consideration of Indicated Passthrough Entity Premiums ranging from 14.8% - 15.1%.

Product Manufacturing Company and Subsidiaries **June 30, 2018**
Guideline Transaction Population **Exhibit 16**

In U.S. Dollars

Business Description	Sale Date	SIC Code	Enterprise Value (EV)	Revenue	EBITDA	EBITDA Margin	Indicated Multiples EV / Revenue	Indicated Multiples EV / EBITDA
Rechargeable Batteries Manufacturer	1/13/2016	3691	$ 11,161,000	$ 13,108,000	n/a	n/a	0.85x	n/a
Manufacturer of Solar Energy and Battery Systems	11/10/2010	3691	24,000,000	12,240,567	2,753,930	22.5%	1.96x	8.7x
Designs and Manufactures Battery Management Tools for Secondary or Re-Chargeable Batteries	3/31/2010	3825	7,426,000	5,988,013	2,792,364	46.6%	1.24x	2.7x
Manufacturer of Lithium Ion Batteries	1/12/2010	3692	14,702,000	12,229,973	(141,534)	(1.2%)	1.20x	n/m
Batteries, UPS systems, Power Distribution, Generators, DC Power Systems, Fire Protection & Leak Detection Equipment	11/16/2007	3692	12,792,000	8,937,738	n/a	n/a	1.43x	n/a
Manufacturing and Sales of Battery Testing Equipment and Batteries	5/14/2003	5063	7,567,407	19,277,000	5,064,000	26.3%	0.39x	1.5x
Manufactures Automotive and Industrial Batteries and Recycles Lead	9/29/2000	3691	368,000,000	967,799,000	27,953,000	2.9%	0.38x	13.2x
Designs, Manufactures, Markets and Sells Standby Power Battery Products for use in a Variety of Industries and Applications	3/1/1999	3691	120,000,000	98,821,000	12,227,000	12.4%	1.21x	9.8x

Source:
Pratt's Stats
- SIC 3691 (Storage Batteries)
- SIC 3692 (Primary Batteries, Dry and Wet)
- Other comparable transactions identified

In U.S. Dollars

All Transactions (8 Transactions)

Statistical Analysis	Enterprise Value (EV)	Revenue	EBITDA	EBITDA Margin	Indicated Multiples EV / Revenue	Indicated Multiples EV / EBITDA
Maximum	$368,000,000	$967,799,000	$ 27,953,000	46.6%	1.96x	13.2x
Upper Quartile	48,000,000	39,163,000	10,436,250	25.3%	1.29x	9.8x
Median	13,747,000	12,674,284	3,928,182	17.4%	1.21x	8.7x
Lower Quartile	10,262,602	11,406,914	2,763,539	5.3%	0.74x	2.7x
Minimum	7,426,000	5,988,013	(141,534)	(1.2%)	0.38x	1.5x

In U.S. Dollars

Guideline Transaction Multiple Application

	Notes	Company Results	EBITDA Margin	Selected Guideline Multiples Low	Selected Guideline Multiples High	Indicated Enterprise Value Low	Indicated Enterprise Value High
Revenue Multiples							
TTM Normalized Revenue		$233,905,630		0.80x	0.90x	$187,100,000	$210,500,000
Weighted-Average Normalized Revenue		233,288,000		0.80x	0.90x	186,600,000	210,000,000
EBITDA Multiples							
TTM Normalized EBITDA		$ 19,106,084	8.2%	8.0x	9.0x	$152,800,000	$172,000,000
Weighted-Average Normalized EBITDA		21,025,000	9.0%	8.0x	9.0x	168,200,000	189,200,000

Valuation Analysis

	Notes	
Concluded Enterprise Value (Acquisition Basis)		**$185,000,000**
Less: Inverse of Enterprise Value Acquisition Premium (15.0%)	[1]	(27,750,000)
Concluded Enterprise Value (Fair Market Value Basis)		**157,250,000**
Adjustments to Enterprise Value		
Plus: Net Working Capital Surplus (Deficit)	[2]	1,779,437
Plus: Cash and Cash Equivalents	[3]	907,540
Plus: Excess Land	[4]	315,000
Plus: Federal Income Tax Deposit	[5]	1,466,291
Plus: Investment in Non-Marketable Equity Securities	[6]	750,000
Plus: Cash Surrender Value of Life Insurance	[5]	945,688
Plus: Interest Rate Swap Asset	[5]	368,015
Plus: Notes Receivable from Shareholder	[5]	219,464
Less: Supplemental Executive Retirement Plan	[5]	(872,067)
Less: Interest-Bearing Debt	[7]	(30,114,963)
Total Adjustments	[8]	**(24,235,595)**
Non-Controlling, Semi-Marketable Value of the Company's Equity		**$133,014,405**
Non-Controlling, Semi-Marketable Value of the Company's Equity (Rounded)		**$133,000,000**

Notes:

[1] The multiples analyzed involve acquisitions in which premiums above fair market value may have been paid for synergistic and control factors specific to those transactions. Therefore it was necessary to adjust the value derived from the application of this method for the synergistic and control premiums embedded in the multiples to arrive at a control and synergy-neutral multiple/value. The Mergerstat/BVR Control Premium Study indicates that the median enterprise value acquisition premium is approximately 18%, which equates to an implied discount of 15%. Therefore, an enterprise value acquisition discount (the inverse of the acquisition premium) of 15% was applied to the value indicated by the guideline transaction method to arrive a non-controlling, semi-marketable enterprise value on a fair market value basis.

[2] Based on analysis in **Exhibit 11**.

[3] Given that the Company's enterprise value represents its cash-free, debt-free value, the cash balance must be added in order to arrive at the Company's equity value (consistent with the reduction in enterprise value for interest-bearing debt).

[4] Non-operating asset (liability). Based on appraised value as of DATE in appraisal report dated DATE prepared by APPRAISAL FIRM. The appraisal reported indicated that the Company owns 10.43 acres of excess land. Management indicated that it believes the fair market value of this property did not change materially between the appraisal date and the valuation date.

[5] Non-operating asset (liability).

[6] Non-operating asset (liability). This reflects the Company's investment in INVESTMENT in December 2016. Given the close proximity of the investment date to the valuation date, management indicated that it believes the fair market value of this investment did not change materially between those dates.

[7] Given that the Company's enterprise value represents its cash-free, debt-free value, the interest-bearing debt balance must be subtracted in order to arrive at the Company's equity value.

[8] No adjustment made for the PV of intangible asset amortization benefit because the guideline transaction population includes acquisitions in which the purchase price considers the step-up in basis and related amortization benefit of acquired intangible assets. In addition, no adjustment for a passthrough entity premium was made because the guideline transaction population includes acquisitions of passthrough entities.

Guideline Public Company	Ticker	SIC Code(s)	SIC Description	Company Profile
Coslight Technology International Group Ltd	HKG:01043	n/a	n/a	Manufacturer of lithium ion batteries. The company through its subsidiaries is engaged in manufacturing and sale of lithium-ion batteries along with manufacturing and sale of sealed lead acid batteries and related accessories.
Energizer Holdings, Inc.	ENR	3691, 3692, 8059; 3690	Storage Batteries, Primary Batteries, Dry and Wet, Nursing and Personal Care Facilities, Not Elsewhere Classified; Miscellaneous electrical machinery, equipment & supplies	Energizer Holdings Inc makes and distributes household batteries, specialty batteries, and lighting products. Energizer offers batteries using lithium, alkaline, carbon zinc, nickel metal hydride, zinc air, and silver oxide technologies. These products are sold under the Energizer and Eveready brands, at performance and premium price segments. Roughly half of the firm's revenue is generated in North America, and the rest comes from Latin America, Europe, the Middle East, Africa, and Asia-Pacific.
EnerSys, Inc.	ENS	5063, 3999	Wholesale-electrical apparatus & equipment, wiring supplies, Manufacturing Industries, Not Elsewhere Classified	Manufacturer, marketer and distributor of industrial batteries. The company manufactures and distributes reserve power and motive power batteries, battery chargers, power equipment, battery accessories and outdoor equipment enclosure systems to industrial customers worldwide. It also provides aftermarket and customer support services to its customers from over 100 countries through its sales and manufacturing locations around the world.
GS Yuasa Corp	TKS:6674	3691	Storage Batteries	Manufacturer and supplier of batteries.
PT Nipress Tbk	IDX:NIPS	3621	Motors & generators	Provider of energy storage solutions. The company is engaged in manufacturing batteries for the needs of many fields, such as automotive, forklift, renewable energy, telecommunications, infrastructure, defense, and security.

Source:
PitchBook Data, Inc.

Product Manufacturing Company and Subsidiaries **June 30, 2018**
Determination of Enterprise Value **Exhibit 20**

In Thousands of U.S. Dollars and Shares, Except for Stock Price

Reference				*A*	*B*	***C***	*D*	*E*	*F*	***G***
Formula						***= A x B***				***= C + D + E - F***
Guideline Public Company **[1]**	Exchange	Ticker	SIC Code(s)	Closing Stock Price	Shares Outstanding	**Market Value of Equity**	Minority Interest & Pref. Stock	Total Debt	Cash and Equivalents	**Enterprise Value**
Coslight Technology International Group Ltd	HKG	HKG:01043	n/a	0.35	388,184.000	**134,527**	26,885	248,091	116,566	**292,937**
Energizer Holdings, Inc.	NYS	ENR	3691, 3692, 8059; 3690	62.96	59,686.083	**3,757,836**	-	1,128,700	490,300	**4,396,236**
EnerSys, Inc.	NYS	ENS	5063, 3999	74.64	42,112.605	**3,143,285**	5,436	598,020	522,118	**3,224,623**
GS Yuasa Corp	TKS	TKS:6674	3691	4.57	410,985.281	**1,877,890**	281,011	720,016	178,103	**2,700,813**
PT Nipress Tbk	IDX	IDX:NIPS	3621	0.03	1,635,333.332	**44,780**	0	43,296	11,467	**76,608**

Source:
PitchBook Data, Inc.

Notes:
[1] All data as of the Valuation Date or the most recent reporting date prior to the valuation date available as of the date of report.

Product Manufacturing Company and Subsidiaries **June 30, 2018**
Guideline Public Company Fundamentals **Exhibit 21**

In Thousands of U.S. Dollars

Guideline Public Company [1]	Ticker	Revenue TTM	Revenue FY+1	Revenue FY+2	Gross Profit TTM	EBITDA TTM	EBITDA FY+1	EBITDA FY+2	Net Capital Expenditures TTM	Net Working Capital TTM
Notes			*[2]*	*[2]*			*[2]*	*[2]*		*[3]*
Coslight Technology International Group Ltd	HKG:01043	549,500	505,299	880,409	80,943	84,978	70,751	113,776	35,286	140,162
Energizer Holdings, Inc.	ENR	1,784,800	1,806,371	n/a	818,600	320,100	378,609	n/a	24,200	156,600
EnerSys, Inc.	ENS	2,581,891	2,723,000	2,825,700	656,940	317,644	352,382	398,034	69,369	544,369
GS Yuasa Corp	TKS:6674	3,706,809	3,981,713	4,096,120	839,417	366,991	371,146	403,576	n/a	767,715
PT Nipress Tbk	IDX:NIPS	80,435	n/a	n/a	12,503	83,382	n/a	n/a	n/a	32,732

Guideline Public Company [1]	Ticker	Financial Information Dates TTM	Financial Information Dates FY+1	Financial Information Dates FY+2	Gross Profit % TTM	EBITDA Margin TTM	EBITDA Margin FY+1	EBITDA Margin FY+2	Net CapEx / Revenue TTM	NWC / Revenue TTM	CAGR Revenue TTM to FY+1	CAGR Revenue TTM to FY+2	CAGR EBITDA TTM to FY+1	CAGR EBITDA TTM to FY+2
Coslight Technology International Group Ltd	HKG:01043	12/31/2017	12/31/2018	12/31/2019	14.7%	15.5%	14.0%	12.9%	6.4%	25.5%	(8.0%)	26.6%	(16.7%)	15.7%
Energizer Holdings, Inc.	ENR	3/31/2018	9/30/2019	n/a	45.9%	17.9%	21.0%	n/a	1.4%	8.8%	0.8%	n/m	11.8%	n/m
EnerSys, Inc.	ENS	3/31/2018	3/31/2019	3/31/2020	25.4%	12.3%	12.9%	14.1%	2.7%	21.1%	5.5%	4.6%	10.9%	11.9%
GS Yuasa Corp	TKS:6674	3/31/2018	3/31/2019	3/31/2020	22.6%	9.9%	9.3%	9.9%	n/a	20.7%	7.4%	5.1%	1.1%	4.9%
PT Nipress Tbk	IDX:NIPS	12/31/2017	n/a	n/a	15.5%	n/m	n/a	n/a	n/a	40.7%	n/m	n/m	n/m	n/m
Statistical Analysis														
Maximum		n/a	n/a	n/a	45.9%	17.9%	21.0%	14.1%	6.4%	40.7%	7.4%	26.6%	11.8%	15.7%
Upper Quartile		n/a	n/a	n/a	25.4%	16.1%	15.7%	13.5%	4.6%	25.5%	6.0%	15.8%	11.2%	13.8%
Median		n/a	n/a	n/a	24.8%	13.9%	14.3%	12.3%	3.5%	23.4%	1.4%	12.1%	1.8%	10.8%
Lower Quartile		n/a	n/a	n/a	15.5%	11.7%	12.0%	11.4%	2.0%	20.7%	(1.4%)	4.9%	(3.3%)	8.4%
Minimum		n/a	n/a	n/a	14.7%	9.9%	9.3%	9.9%	1.4%	8.8%	(8.0%)	4.6%	(16.7%)	4.9%

Source:
PitchBook Data, Inc.

Notes:
[1] All data as of the valuation date or the most recent reporting date prior to the valuation date available as of the date of report.
[2] Reflects consensus analyst estimates per PitchBook Data, Inc.
[3] Net working capital is calculated net of cash, non-operating assets (liabilities), interest-bearing debt and deferred income taxes.

Product Manufacturing Company and Subsidiaries **June 30, 2018**
Guideline Public Company Multiple Analysis **Exhibit 22**

In Thousands of U.S. Dollars

Guideline Public Company	Ticker	Market Value of Equity	Enterprise Value	Revenue TTM	Revenue FY+1	Revenue FY+2	EBITDA TTM	EBITDA FY+1	EBITDA FY+2	EBITDA Margin TTM	EBITDA Margin FY+1	EBITDA Margin FY+2
Coslight Technology International Group Ltd	HKG:01043	134,527	292,937	549,500	505,299	880,409	84,978	70,751	113,776	15.5%	14.0%	12.9%
Energizer Holdings, Inc.	ENR	3,757,836	4,396,236	1,784,800	1,806,371	n/a	320,100	378,609	n/a	17.9%	21.0%	n/a
EnerSys, Inc.	ENS	3,143,285	3,224,623	2,581,891	2,723,000	2,825,700	317,644	352,382	398,034	12.3%	12.9%	14.1%
GS Yuasa Corp	TKS:6674	1,877,890	2,700,813	3,706,809	3,981,713	4,096,120	366,991	371,146	403,576	9.9%	9.3%	9.9%
PT Nipress Tbk	IDX:NIPS	44,780	76,608	80,435	n/a	n/a	83,382	n/a	n/a	n/m	n/a	n/a

Multiple Summary - Reported

Guideline Public Company	Ticker	EV / Revenue TTM	EV / Revenue FY+1	EV / Revenue FY+2	EV / EBITDA TTM	EV / EBITDA FY+1	EV / EBITDA FY+2	EBITDA Margin TTM	EBITDA Margin FY+1	EBITDA Margin FY+2
Coslight Technology International Group Ltd	HKG:01043	0.53x	0.58x	0.33x	3.4x	4.1x	2.6x	15.5%	14.0%	12.9%
Energizer Holdings, Inc.	ENR	2.46x	2.43x	n/a	13.7x	11.6x	n/a	17.9%	21.0%	n/a
EnerSys, Inc.	ENS	1.25x	1.18x	1.14x	10.2x	9.2x	8.1x	12.3%	12.9%	14.1%
GS Yuasa Corp	TKS:6674	0.73x	0.68x	0.66x	7.4x	7.3x	6.7x	9.9%	9.3%	9.9%
PT Nipress Tbk	IDX:NIPS	0.95x	n/a	n/a	n/m	n/a	n/a	n/m	n/a	n/a

Statistical Analysis - Reported Multiples	EV / Revenue TTM	EV / Revenue FY+1	EV / Revenue FY+2	EV / EBITDA TTM	EV / EBITDA FY+1	EV / EBITDA FY+2	EBITDA Margin TTM	EBITDA Margin FY+1	EBITDA Margin FY+2
Maximum	2.46x	2.43x	1.14x	13.7x	11.6x	8.1x	17.9%	21.0%	14.1%
Upper Quartile	1.25x	1.50x	0.90x	11.0x	9.8x	7.4x	16.1%	15.7%	13.5%
Median	0.95x	0.93x	0.66x	8.8x	8.2x	6.7x	13.9%	13.5%	12.9%
Lower Quartile	0.73x	0.65x	0.50x	6.4x	6.5x	4.6x	11.7%	12.0%	11.4%
Minimum	0.53x	0.58x	0.33x	3.4x	4.1x	2.6x	9.9%	9.3%	9.9%

Multiple Summary - Adjusted

Guideline Public Company	Ticker	GPC Size Premium	Calculated GPC Rate of Return	Multiple Adjustment Factor	EV / Revenue TTM	EV / Revenue FY+1	EV / Revenue FY+2	EV / EBITDA TTM	EV / EBITDA FY+1	EV / EBITDA FY+2	EBITDA Margin TTM	EBITDA Margin FY+1	EBITDA Margin FY+2
Notes		*[1]*	*[2]*	*[3]*	*[4]*	*[4]*	*[4]*	*[4]*	*[4]*	*[4]*			
Coslight Technology International Group Ltd	HKG:01043	5.37%	17.58%	112%	0.60x	0.65x	0.37x	3.9x	4.6x	2.9x	15.5%	14.0%	12.9%
Energizer Holdings, Inc.	ENR	1.38%	9.24%	59%	1.45x	1.44x	n/m	8.1x	6.9x	n/m	17.9%	21.0%	n/a
EnerSys, Inc.	ENS	1.38%	13.41%	85%	1.06x	1.01x	0.97x	8.6x	7.8x	6.9x	12.3%	12.9%	14.1%
GS Yuasa Corp	TKS:6674	1.60%	9.95%	63%	0.46x	0.43x	0.42x	4.6x	4.6x	4.2x	9.9%	9.3%	9.9%
PT Nipress Tbk	IDX:NIPS	5.37%	15.77%	100%	0.95x	n/m	n/m	n/m	n/m	n/m	n/m	n/a	n/a

Statistical Analysis - Adjusted Multiples	EV / Revenue TTM	EV / Revenue FY+1	EV / Revenue FY+2	EV / EBITDA TTM	EV / EBITDA FY+1	EV / EBITDA FY+2	EBITDA Margin TTM	EBITDA Margin FY+1	EBITDA Margin FY+2
Maximum	1.45x	1.44x	0.97x	8.6x	7.8x	6.9x	17.9%	21.0%	14.1%
Upper Quartile	1.06x	1.12x	0.70x	8.2x	7.1x	5.6x	16.1%	15.7%	13.5%
Median	0.95x	0.83x	0.42x	6.4x	5.7x	4.2x	13.9%	13.5%	12.9%
Lower Quartile	0.60x	0.60x	0.40x	4.4x	4.6x	3.6x	11.7%	12.0%	11.4%
Minimum	0.46x	0.43x	0.37x	3.9x	4.6x	2.9x	9.9%	9.3%	9.9%

Notes:
[1] Based on applicable CSRP size premium from the Duff & Phelps Cost of Capital Navigator (based on data available through December 31, 2017) utilizing the market value of equity of guideline public companies.
[2] Based on the following formula: Risk-free rate + (Equity risk premium x Levered beta) + Applicable GPC size premium. If historical levered beta was not available the selected beta for the Company was utilized.
[3] Based on ratio of estimated cost of equity for each GPC compared to the Company's cost of equity (15.70%).
[4] Unadjusted Multiple x Multiple Adjustment Factor

In U.S. Dollars

Guideline Public Company Multiple Application

	Notes	Amount	EBITDA Margin	Selected Guideline Multiples Low	Selected Guideline Multiples High	Indicated Enterprise Value Low	Indicated Enterprise Value High
Revenue Multiples							
TTM Normalized Revenue		$ 232,614,980		0.40x	0.50x	$ 93,000,000	$ 116,300,000
FY+1 Revenue		250,000,000		0.40x	0.50x	100,000,000	125,000,000
FY+2 Revenue		267,500,000		0.35x	0.40x	93,600,000	107,000,000
Weighted Average Normalized Revenue		233,288,000		0.40x	0.50x	93,300,000	116,600,000
EBITDA Multiples							
TTM Normalized EBITDA		$ 19,106,084	8.2%	6.0x	7.0x	$ 114,600,000	$ 133,700,000
FY+1 EBITDA		23,431,000	9.4%	5.0x	6.5x	117,200,000	152,300,000
FY+2 EBITDA		25,145,000	9.4%	3.5x	5.0x	88,000,000	125,700,000
Weighted Average Normalized EBITDA		21,025,000	9.0%	6.0x	7.0x	126,200,000	147,200,000

Valuation Analysis

	Notes	
Concluded Enterprise Value		**$ 120,000,000**
Adjustments to Enterprise Value		
Plus: PV of Goodwill / Intangible Asset Tax Amortizatio	[1]	835,777
Plus: Net Working Capital Surplus (Deficit)	[2]	1,779,437
Plus: Cash and Cash Equivalents	[3]	907,540
Plus: Excess Land	[4]	315,000
Plus: Federal Income Tax Deposit	[5]	1,466,291
Plus: Investment in Non-Marketable Equity Securities	[6]	750,000
Plus: Cash Surrender Value of Life Insurance	[5]	945,688
Plus: Interest Rate Swap Asset	[5]	368,015
Plus: Notes Receivable from Shareholder	[5]	219,464
Less: Supplemental Executive Retirement Plan	[5]	(872,067)
Less: Interest-Bearing Debt	[7]	(30,114,963)
Total Adjustments		**(23,399,818)**
Pre-Passthrough Adjustment Equity Value		**96,600,182**
Plus: Passthrough Entity Premium (15.0%)	[8]	14,490,027
Non-Controlling, Marketable Value of the Company's Equity		**$ 111,090,209**
Non-Controlling, Marketable Value of the Company's Equity (Rounded)		**$ 111,100,000**

Notes:

[1] Based on analysis in **Exhibit 12**.
[2] Based on analysis in **Exhibit 11**.
[3] Given that the Company's enterprise value represents its cash-free, debt-free value, the cash balance must be added in order to arrive at the Company's equity value (consistent with the reduction in enterprise value for interest-bearing debt).
[4] Non-operating asset (liability). Based on appraised value as of DATE in appraisal report dated DATE prepared by APPRAISAL FIRM. The appraisal reported indicated that the Company owns 10.43 acres of excess land. Management indicated that it believes the fair market value of this property did not change materially between the appraisal date and the valuation date.
[5] Non-operating asset (liability).
[6] Non-operating asset (liability). This reflects the Company's investment in INVESTMENT in December 2016. Given the close proximity of the investment date to the valuation date, management indicated that it believes the fair market value of this investment did not change materially between those dates.
[7] Given that the Company's enterprise value represents its cash-free, debt-free value, the interest-bearing debt balance must be subtracted in order to arrive at the Company's equity value.
[8] Based on analysis in **Exhibit 15**. This adjustment takes into account the more favorable all-in tax rates for passthrough entities in relation to the C Corporations. Because the guideline public company method produces a C Corporation equivalent value (since the guideline public companies are all C Corporations), a passthrough entity premium was applied to adjust the indicated value for the benefit of the Company being taxed as a passthrough entity.

Product Manufacturing Company and Subsidiaries | **June 30, 2018**
Prior Transaction Analysis | **Exhibit 24**

In U.S. Dollars

SUPER BATTERY Acquisition (11/30/2016)

	Notes			
Indicated Enterprise Value	[1]			
Purchase Price		$ 5,595,038		
Plus: Net Working Capital Adjustment		8,604		
Less: Cash Acquired		-		
Plus: Interest-Bearing Debt Assumed		88,420		
Indicated Enterprise Value		**$ 5,692,062**		

Indicated Transaction Multiples

			Indicated Multiple	EBITDA %
2015 Revenue	[2]	$ 7,591,600	0.75x	
2015 Adjusted EBITDA	[2]	880,700	6.5x	11.6%

ALTERNATIVE BATTERY Acquisition (10/23/2016)

	Notes			
Indicated Enterprise Value	[1]			
Purchase Price		$ 355,965		
Plus: Net Working Capital Adjustment		-		
Less: Cash Acquired		-		
Plus: Interest-Bearing Debt Assumed		-		
Indicated Enterprise Value		**$ 355,965**		

Indicated Transaction Multiples

			Indicated Multiple	EBITDA %
Annualized YTD 8/16/16 Revenue	[2]	$ 397,296	0.90x	
Annualized YTD 8/16/16 Adjusted EBITDA	[2]	74,252	4.8x	18.7%

INDUSTRIAL PRODUCTS Acquisition (9/22/2016)

	Notes			
Indicated Enterprise Value	[1]			
Purchase Price		$ 4,316,614		
Less: Net Working Capital Adjustment		(224,404)		
Less: Cash Acquired		-		
Plus: Interest-Bearing Debt Assumed		-		
Indicated Enterprise Value		**$ 4,092,210**		

Indicated Transaction Multiples

			Indicated Multiple	EBITDA %
2015 Revenue	[2]	$ 8,323,000	0.49x	
2015 Adjusted EBITDA	[2]	626,000	6.5x	7.5%

Shareholders' Agreement

Formula-Based EBITDA Multiple	**5.5x**

Notes:
[1] Per 9/30/2017 financial statements.
[2] Based on the management-prepared due diligence analysis developed in connection with the acquisition.

Product Manufacturing Company and Subsidiaries | **June 30, 2018**
Summary of Lack of Marketability Discount Studies | **Exhibit 25**

Restricted Stock Studies

Study	Period	Number of Transactions	Average Discount	Median Discount
SEC Institutional Investor	1966-1969	398	25.8%	n/a
SEC Non-Reporting OTC Companies	1966-1970	n/a	32.6%	n/a
Gelman	1968-1970	89	33.0%	33.0%
Moroney	1968-1972	146	35.6%	33.0%
Trout	1968-1972	60	33.5%	n/a
Maher	1969-1973	34	35.4%	33.0%
Standard Research Consultants	1978-1982	28	n/a	45.0%
Willamette Management Associates	1981-1984	33	n/a	31.2%
Silber	1981-1988	69	33.8%	n/a
Johnson	1991-1995	72	20.0%	n/a
FMV Opinions	1980-1997	243	22.1%	20.1%
Columbia Financial Advisors - Two Year Holding Period	1996-1997	23	21.0%	n/a
Columbia Financial Advisors - One Year Holding Period	1997-1998	15	13.0%	9.0%
Management Planning	1980-2000	53	27.4%	24.8%
Pluris Valuation Advisors LLC - Liquistat	2005-2006	61	32.8%	34.6%

Statistical Analysis - All Studies (15 Studies)				
High			35.6%	45.0%
Upper Quartile			33.5%	33.0%
Median			**32.6%**	**33.0%**
Average			28.2%	29.3%
Lower Quartile			22.1%	24.8%
Low			13.0%	9.0%

Statistical Analysis - Pre-1990 Studies (9 Studies)				
High			35.6%	45.0%
Upper Quartile			34.6%	33.0%
Median			**33.5%**	**33.0%**
Average			32.8%	35.0%
Lower Quartile			32.8%	33.0%
Low			25.8%	31.2%

Pre-IPO Studies

Study	Period	Number of Transactions	Average Discount	Median Discount
Emory	1980-1981	12	59.0%	68.0%
Emory	1985-1986	19	43.0%	43.0%
Emory	1987-1989	21	38.0%	43.0%
Emory	1989-1990	17	46.0%	40.0%
Emory	1990-1992	30	34.0%	33.0%
Emory	1992-1993	49	45.0%	43.0%
Emory	1994-1995	45	45.0%	47.0%
Emory	1995-1997	84	43.0%	41.0%
Emory	1997-2000	266	50.0%	52.0%
Willamette Management Associates	1975-1997	1007	44.2%	50.4%
Willamette Management Associates	1999-2002	73	23.9%	31.6%
Valuation Advisors	1999	690	58.2%	63.3%
Valuation Advisors	2000	653	51.8%	56.4%
Valuation Advisors	2001	115	34.4%	37.5%
Valuation Advisors	2002	81	38.6%	42.7%
Valuation Advisors	2003	123	41.3%	40.1%
Valuation Advisors	2004	334	38.2%	40.8%
Valuation Advisors	2005	296	32.9%	38.4%
Valuation Advisors	2006	348	34.9%	39.1%

Statistical Analysis				
High			59.0%	68.0%
Upper Quartile			45.5%	48.7%
Median			**43.0%**	**42.7%**
Average			42.2%	44.8%
Lower Quartile			36.5%	39.6%
Low			23.9%	31.6%

In Thousands of U.S. Dollars

Inputs [1]

Market Value of Equity	$127,407	**[2]**
Revenues	$232,868	
Total Assets	$106,073	
Shareholders' Equity	$44,288	
Market to Book Ratio	2.9	
Net Income	9,160	**[3]**
Net Profit Margin	3.9%	**[3]**
Volatility	n/a	

Restricted Stock Equivalent Discount Analysis [4]

Financial Characteristics Comparison

	Subject Company Value	Stout Study™ Quintile	Discount Indication	Selected Weight	Stout Suggested Weight
Size Characteristics					
Market Value	$127,407	3rd Quintile	18.3%	2	2
Revenues	$232,868	1st Quintile	12.1%	1	1
Total Assets	$106,073	2nd Quintile	11.4%	3	3
Balance Sheet Risk Characteristics					
Shareholders' Equity	$44,288	2nd Quintile	11.8%	2	2
Market-To-Book Ratio	2.9	2nd Quintile	14.5%	1	1
Profitability Characteristics					
Net Profit Margin	3.9%	2nd Quintile	14.6%	1	1
Market Risk Characteristics					
Volatility	NA	NA	NA	0	0

Indicated Restricted Stock Equivalent Discounts	
Range of Restricted Stock Equivalent Discount Indications	11.4% - 18.3%
Average Restricted Stock Equivalent Discount (Average of Discount Indications)	13.8%
Median Restricted Stock Equivalent Discount (Median of Discount Indications)	13.3%
Weighted Average Indicated Restricted Stock Equivalent Discount	**13.6%**

Best Comparables Analysis

	Weights Selected for Financial Characteristics Comparison Analysis	Variables Selected For Best Comparables Analysis	Stout Suggested Variables
Market Value	2	Yes	Yes
Revenues	1	Yes	Yes
Total Assets	3	Yes	Yes
Shareholders' Equity	2	Yes	Yes
Market-To-Book Ratio	1	Yes	Yes
Net Profit Margin	1	Yes	Yes
Volatility	0	No	No
Number of Variables to Match:		6	

Number of Matches	1	2	3	4	5	6	7
Transaction Count	481	233	79	28	10	4	0
Median Discount	13.8%	12.5%	13.7%	13.6%	16.6%	15.2%	NA

Indicated Restricted Stock Equivalent Discounts	
Average Indicated Restricted Stock Equivalent Discount (Average of Median Discounts)	14.2%
Median Indicated Restricted Stock Equivalent Discount (Median of Median Discounts)	13.7%
Indicated Restricted Stock Equivalent Discount Range	**12.5% - 16.6%**

Restricted Stock Equivalent Discount Conclusion

	Range of Indications	Average of Indications	Median of Indications	Weighted Average
Financial Characteristics Comparison	11.4% - 18.3%	13.8%	13.3%	**13.6%**
Best Comparables Analysis	**12.5% - 16.6%**	14.2%	13.7%	NA

Selected Restricted Stock Equivalent Discount	**13.6%**

Market Volatility Adjustment

Selected Restricted Stock Equivalent Discount	**13.6%**

	Observed VIX Less than 23.1	Observed VIX Less Than 23.1 40th Percentile	Median	60th Percentile
Indicated Market Volatility Adjustment Factors	1.00	1.10	1.25	1.45

	Valuation Date	Trailing 1-Month Average	Trailing 6-Month Average
VIX Value	16.09	13.94	16.28
Market Volatility Adjustment Range Indicated **[5]**	1.00	1.00	1.00

Selected Market Volatility Adjustment Factor	**1.00**
Adjusted Restricted Stock Equivalent Discount	**13.6%**

Indicated Lack of Marketability Discount

Adjusted Restricted Stock Equivalent Discount	**13.6%**

	40th Percentile	Median	60th Percentile
Indicated Multiplicative Adjustment Factor	1.60	1.90	2.00
Indicated Private Entity Discount Range **[5]**	21.8%	25.8%	27.2%

Discount for Lack of Marketability Indicated by Stout Study [6]	**26.5%**

Notes:
[1] All data as of TTM 6/30/2018.
[2] Based on non-controlling, non-marketable value of $86,000,000 adjusted to remove the impact of the 32.5% discount for lack of marketability.
[3] Based on TTM 6/30/18 pre-tax income tax-affected at a rate of 24.6%, consistent with C corporation tax rates similar to the companies in the Stout Study.
[4] Excludes transactions with "% Shares Placed" > 30%.
[5] The market volatility adjustment and the PED adjustment are based on one-year holding period transactions and the entire database, respectively. Trimming data for the valuation date, registration rights, holding period, and premiums will not change the values of the adjustment factors.
[6] Because the Adjusted Restricted Stock Equivalent Discount was less than 20%, the median and 60th percentile data points should be considered according to Stout.

Financial Valuation Group - Voting Premium Study

Year	Notes	Average of High/Low Premiums: Average	Median
1992		7.7%	4.5%
1993		4.8%	4.1%
1994		5.4%	2.3%
1996		3.3%	1.6%
1998		2.2%	1.4%
1999		5.9%	7.8%
2000		5.7%	1.0%
2001		11.6%	2.2%
2002		7.2%	1.7%
2003		6.5%	1.3%
2004		6.5%	0.5%
2005		1.8%	0.2%
Statistical Analysis			
High		11.6%	7.8%
Upper Quartile		6.7%	2.8%
Median		5.8%	1.6%
Average		5.7%	2.4%
Lower Quartile		4.4%	1.2%
Low		1.8%	0.2%
Indicated Non-Voting Discounts			
High	[1]	10.4%	7.2%
Upper Quartile	[1]	6.3%	2.7%
Median	**[1]**	**5.5%**	**1.6%**
Average	[1]	5.4%	2.3%
Lower Quartile	[1]	4.2%	1.2%
Low	[1]	1.8%	0.2%

Summary of Voting Premium Studies

Study	Indicated Voting Premium	Indicated Non-Voting Discount [1]
Financial Valuation Group	1.6% - 5.8%	1.6% - 5.5%
Lease, McConnell & Mikkleson	5.4%	5.1%
O'Shea & Siwicki	3.5%	3.4%
Houlihan, Lokey, Howard & Zukin	2.1% - 3.2%	2.0% - 3.1%

Notes:
[1] Inverse of voting premiums.

Lack of Control Discount Summary

Selected Lack of Control Discount	**[1]**	**n/a**

Lack of Marketability Discount Summary

Lack of Marketability Discount Analyses		Low	Median	High
Restricted Stock Studies (Pre-1990)	**[2]**	31.2%	33.0%	45.0%
Pre-IPO Studies	**[2]**	31.6%	42.7%	68.0%
			Indicated	
Stout Study	**[3]**		26.5%	
Selected Lack of Marketability Discount	**[4]**		**32.5%**	

Notes:

[1] The income and market-based approaches used to value the Company utilized non-controlling benefit streams. Therefore, the values indicated by these approaches are non-controlling in nature and a further lack of control adjustment was not

[2] Based on analysis in **Exhibit 25**.

[3] Based on analysis in **Exhibit 26**.

[4] The selected lack of marketability discount of 32.5% is reasonable as it falls between the discount indicated by the Stout Restricted Stock Study (26.5%) and the median of the Pre-IPO (42.7%) studies. The 32.5% lack of marketability discount is also consistent with the median discount of the restricted stock studies (33.0%). Finally, the selected discount takes into account the fact that the shares being valued are non-voting, for which studies indicate an additional discount of 1.6%-5.5% is appropriate (as presented in **Exhibit 27**).

SEC Cost of Flotation Study (1974)

Size of Issue ($ Millions)	Number	Compensation (%)	Other Expenses (%)	Total Expenses (%)
Under $0.5	3	8.2%	10.9%	19.1%
$0.5 - $0.99	227	12.5%	8.3%	20.7%
$1.0 - $1.99	271	10.6%	5.9%	16.5%
$2.0 - $4.99	450	8.2%	3.7%	11.9%
$5.0 - $9.99	287	6.7%	2.0%	8.7%
$10.0 - $19.99	170	5.5%	1.1%	6.6%
$20.0 - $49.99	109	4.4%	0.6%	5.0%
$50.0 - $99.99	30	3.9%	0.3%	4.3%
$100.0 - $499.99	12	3.0%	0.2%	3.2%
Total/Averages	**1,559**	**8.3%**	**4.3%**	**12.6%**

Ritter Study (1987)

Gross Proceeds ($ Millions)	Number of Offers	Underwriting Discount (%)	Other Expenses (%)	Total Cash Expenses (%)
Firm Commitment Offers				
$0.0 - $1.99	68	9.9%	9.7%	19.6%
$2.0 - $3.99	165	9.8%	7.6%	17.4%
$4.0 - $5.99	133	9.1%	5.7%	14.8%
$6.0 - $9.99	122	8.0%	4.3%	12.3%
$10.0 - $120.2	176	7.2%	2.1%	9.3%
All Offers	**664**	**8.7%**	**5.4%**	**14.0%**
Best Efforts Offers				
$0.0 - $1.99	175	10.7%	9.6%	20.2%
$2.0 - $3.99	146	10.0%	6.2%	16.2%
$4.0 - $5.99	23	9.9%	3.7%	13.6%
$6.0 - $9.99	15	9.8%	3.4%	13.2%
$10.0 - $120.2	5	8.0%	2.4%	10.4%
All Offers	**364**	**10.3%**	**7.5%**	**17.8%**

Indicated Lack of Marketability Discount

Study	Applicable Value Range **[1]**	Applicable Discount
SEC Cost of Flotation Study (1974)	$100.0 - $499.99	3.2%
Ritter Study (1987) - Firm Commitment	$10.0 - $120.2	9.3%
Ritter Study (1987) - Best Efforts	$10.0 - $120.2	10.4%
Selected Lack of Marketability Discount - Controlling, Non-Marketable Ownership Interest		**5.0%**

Notes:

[1] Applicable value range based on the controlling, marketable value of the Company's equity indicated by the valuation methods applied.

Product Manufacturing Company and Subsidiaries | **June 30, 2018**
Reconciliation and Conclusion of Value | **Exhibit 30**

In U.S. Dollars

	Notes	Discounted Cash Flow Method	Guideline Transaction Method	Guideline Public Company Method
Discount for Lack of Control	[1]	0.0%	0.0%	0.0%
Discount for Lack of Marketability	[2]	32.5%	27.5%	32.5%
Value of the Company's Equity Prior to Lack of Control Discount		**$ 127,800,000**	**$ 133,000,000**	**$ 111,100,000**
Less: Discount for Lack of Control		-	-	-
Value of the Company's Equity Prior to Lack of Marketability Discount		**127,800,000**	**133,000,000**	**111,100,000**
Less: Discount for Lack of Marketability		(41,535,000)	(36,575,000)	(36,108,000)
Non-Controlling, Non-Marketable, Non-Voting Value of the Company's Equity		**$ 86,265,000**	**$ 96,425,000**	**$ 74,992,000**

Conclusion of Value

Concluded Non-Controlling, Non-Marketable, Non-Voting Value of the Company's Equity	**$ 86,000,000**
Divided By: Shares Outstanding	218,400
Concluded Non-Controlling, Non-Marketable, Non-Voting Value Per Share (Rounded)	**$ 393.77**

Notes:

[1] The income and market-based approaches used to value the Company utilized non-controlling benefit streams. Therefore, the values indicated by these approaches are non-controlling in nature and a further lack of control adjustment was not applicable.

[2] Based on the analysis in **Exhibit 28.** The lack of marketability discount applied to the value of the Company indicated by the guideline transaction method must be reduced in order to take into consideration the fact that the transactions analyzed involved the sale of controlling interests in privately-held entities from Pratt's Stats (for which some level of lack of marketability is already implicit in the transaction price). Based on the analysis in **Exhibit 29**, we estimated that a 5.0% discount for the lack of marketability was already reflected in the guideline transaction method value for the Company based on the applicaton of the Pratt's Stats transaction data. Therefore the applicable discount for lack of marketability applied to the guideline transaction method was reduced to 27.5%.

Appendix A

Assumptions and Limiting Conditions

This valuation is subject to the following assumptions and limiting conditions:

1. This Report and the resulting conclusion of value should not be used for any other purpose than that identified in the Report. The distribution of this Report is restricted to the Company and its owners, their respective counsel, and any applicable taxing, governmental or judicial authorities and should not be used by any other party for any purpose. This Report may not be distributed to any other outside parties without our prior written consent.

2. The information, estimates and opinions contained in this Report are obtained from sources considered to be reliable. However, we assume no liability for such sources.

3. The Company's representatives warranted to us that the information they supplied was complete and accurate to the best of their knowledge and that the financial statements and other information correctly reflect the Company's results of operations and financial condition in accordance with generally accepted accounting principles, unless otherwise noted. Information supplied by management has been accepted as correct without further verification. VALUATION FIRM did not audit, review, compile or attest to the underlying information as part of this engagement, and therefore, expresses no opinion or assurance on that information.

4. Possession of this Report, or a copy thereof, does not carry with it the right of publication of all or part of it, nor may it be used for any purpose by anyone but the client without the previous written consent of the client or us and, in any event, only with proper attribution.

5. We are not required to give testimony in court, or be in attendance during any hearings or depositions, with reference to the company being valued, unless previous arrangements have been made in writing. Fees for any work performed outside of the preparation of this Report will be billed on an hourly basis based on our standard hourly rates.

6. The conclusion of value presented in this Report applies to this valuation only and may not be used out of the context presented herein. This valuation is valid only for the purpose or purposes specified herein. The Report is only valid for the effective date specified herein.

7. This valuation reflects facts and conditions existing at the Valuation Date. Subsequent events have not been considered, and we have no obligation, but reserve the right, to update our Report for such events and conditions.

8. This Report was prepared under the direction of VALUATION ANALYST. Neither the professionals who worked on this engagement, nor the partners of VALUATION FIRM, have any present or contemplated future interest in the Company, or any other interest that might prevent us from performing an unbiased valuation. Our compensation is not contingent on any action or event resulting from the analyses, opinions, or conclusion in, or the use of, this Report.

9. VALUATION FIRM is not a guarantor of value. VALUATION FIRM has, however, performed conceptually sound and commonly accepted methods of valuation in determining the conclusion of value included in this Report.

10. The historical financial statements included with this Report are to be used solely in the valuation process of the Company. The presentation of these financial statements may be incomplete or otherwise contain departures from generally accepted accounting principles. Nothing has come to our attention that would indicate that the Company intends to use this presentation for any purpose other than valuation.

11. The public, industry and statistical information has been obtained from sources we believe to be reliable. However, we make no representation as to the accuracy or completeness of such information and have performed no procedures to corroborate the information.

Appendix A

Assumptions and Limiting Conditions

12. The conclusion of value arrived at herein is based on the assumption that the current level of management expertise and effectiveness would continue to be maintained at the Company and that the character and integrity of the enterprise would not be materially or significantly changed.

13. This Report and the conclusion of value arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. It may not be used for any other purpose or by any other party for any purpose. Furthermore the Report and conclusion of value are not intended by the author and should not be construed by the reader to be investment advice in any manner whatsoever. The conclusion of value represents the considered opinion of VALUATION FIRM based on information furnished to us by the Company, the Company's representatives, and other sources.

14. Neither all nor any part of the contents of this Report (especially the conclusion of value, the identity of any valuation specialist(s), or the firm with which such valuation specialists are connected or any reference to any of their professional designations) should be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other means of communication, including but not limited to the Securities and Exchange Commission or other governmental agency or regulatory body, without the prior written consent and approval of VALUATION FIRM.

15. The contents of the Economic Outlook section of this Report are quoted from the Economic Outlook Update™ 2Q 2018 published by Business Valuation Resources, LLC, reprinted with permission. The editors and Business Valuation Resources, LLC, while considering the contents to be accurate as of the date of publication of the Update, take no responsibility for the information contained therein. Relation of this information to this valuation engagement is the sole responsibility of the author of this Report.

16. No change of any item in this appraisal report shall be made by anyone other than VALUATION FIRM, and we shall have no responsibility for any such unauthorized change.

17. If prospective financial information approved by management has been used in our work, we have not examined or compiled the prospective financial information and therefore, do not express an audit opinion or any other form of assurance on the prospective financial information or the related assumptions. Events and circumstances frequently do not occur as expected, and there will usually be differences between prospective financial information and actual results, and those differences may be material.

18. We conducted interviews with management concerning the past, present and prospective operating results of the Company.

19. Our conclusion of value assumes the assets and liabilities as of the Valuation Date presented to us by management were intact as of that date and are materially correct. Any change in the level of assets or liabilities could cause a change in the value we estimated. Furthermore, we assume that there are no hidden or unexpected conditions that would adversely affect the value we estimated.

20. Except as noted, we have relied on the representations of the owners, management and other third parties concerning the value and useful condition of all equipment, real estate and investments used in the business, and any other assets or liabilities, except as specifically stated to the contrary in this report. We have not attempted to confirm whether or not all assets of the business are free and clear of liens and encumbrances or that the entity has good title to all assets.

21. No third parties are intended to be benefited. An engagement for a different purpose, or under a different standard or basis of value, or for a different date of value, could result in a materially different conclusion of value.

Appendix A

Assumptions and Limiting Conditions

22. VALUATION FIRM is not an environmental consultant or auditor, and it takes no responsibility for any actual or potential environmental liabilities. Any person entitled to rely on this Report, wishing to know whether such liabilities exist, or the scope and their effect on the value of the property, is encouraged to obtain a professional environmental assessment. VALUATION FIRM does not conduct or provide environmental assessments and has not performed one for the subject property.

23. VALUATION FIRM has not determined independently whether the Company is subject to any present or future liability relating to environmental matters (including, but not limited to CERCLA/ Superfund liability), nor the scope of any such liabilities. VALUATION FIRM's valuation takes no such liabilities into account, except as they have been reported to us by the Company or by an environmental consultant working for the Company, and then only to the extent that the liability was reported to us in an actual or estimated dollar amount. Such matters, if any, are noted in the Report. To the extent such information has been reported to us, VALUATION FIRM has relied on it without verification and offers no warranty or representation as to its accuracy or completeness.

24. Any decision to purchase, sell or transfer any interest in the Company shall be your sole responsibility, as well as the structure to be utilized and the price to be accepted. An actual transaction involving the subject business might be concluded at a higher value or at a lower value, depending upon the circumstances of the transaction and the business, and the knowledge and motivations of the buyers and sellers at that time.

Appendix B

Principal Information Sources and References

1. FYE 9/30/2012 – FYE 9/30/2017 Product audited financial statements prepared by CPA FIRM.

2. FYE 9/30/2013 – FYE 9/30/2017 and YTD 6/30/2018 Management-prepared segment financial statements for Product and its subsidiaries.

3. June 2018 Board of Directors segment reporting packages for Product and its subsidiaries.

4. FYE 9/30/2013 – FYE 9/30/2017 Federal income tax returns prepared by CPA FIRM.

5. Management-prepared financial projections for FYE 9/30/2018 – FYE 9/30/2019 and related schedules.

6. 9/30/2017 depreciation schedules by segment for Product and its subsidiaries.

7. Product's bank financing agreements.

8. Acquisition due diligence summaries prepared in connection with Product's acquisitions of SB, ALTERNATIVE BATTERY and IP.

9. Appraisal Report for the real property located at ADDRESS, CITY, STATE as of DATE prepared by APPRAISER dated DATE.

10. Valuation Report for Product as of DATE prepared by VALUATION FIRM dated DATE.

11. Amended and Restated Shareholders' Agreement dated July 6, 2011.

12. Board of Directors meeting minutes from 7/27/2017 – 5/8/2018.

13. 10/1/2018 Capitalization table.

14. Organizational chart.

15. Product website: WEBSITE.

16. Valuing A Business – The Analysis and Appraisal of Closely Held Companies, Fifth Edition, Shannon Pratt, McGraw-Hill Publishing, 2008.

17. Financial Valuation – Applications and Models, Third Edition, James R. Hitchner, John Wiley & Sons, Inc., 2011.

18. Statement on Standards for Valuation Services No. 1. Issued by the American Institute of Certified Public Accountants' Consulting Services Executive Committee. June 2007.

19. IRC, Revenue Ruling 59-60, Revenue Ruling 68-609, Revenue Ruling 65-193, Revenue Ruling 80-213, Revenue Ruling 81-253, Revenue Ruling 83-120, Revenue Ruling 93-12, and Revenue Ruling 2007-44.

20. Various articles appearing in the following professional publications: "Journal of Accountancy," "The Tax Advisor," "The Valuation Examiner," "Business Valuation Update," "U.S. Economic Digest," and various other professional newsletters.

Appendix B

Principal Information Sources and References

21. Duff & Phelps Cost of Capital Navigator, 2018.

22. RMA Annual Statement Studies, 2013-2016.

23. Mergerstat/BVR Control Premium Study Database from Business Valuation Resources, 2018.

24. Pratt's Stats Database from Business Valuation Resources, 2018.

25. Pitchbook Database from Business Valuation Resources, 2018.

26. Stout Discount for Lack of Marketability Study and Calculator, 2018.

27. Salary Assessor from Economic Research Institute, 2018.

28. Economic Outlook Update 2Q 2018. Business Valuation Resources, LLC

29. FirstResearch Industry Profiles: "Battery Manufacturing," dated May 28, 2018.

30. "Daily Treasury Long-Term Rates." www.treasury.gov.

31. "BoA Merrill Lynch U.S. Corporate BBB Effective Yield." https://fred.stlouisfed.org/series/BAMLC0A4CBBBEY.

32. Discussions and communications with OUTSIDE CPA, CPA, CGMA, JD (the Company's outside tax accountant and a shareholder of Product).

33. Miscellaneous accounting and legal information supplied by the Company's representatives.

34. Miscellaneous publicly available economic and financial information.

35. Various other valuation resources, literature and articles.

Appendix C

Valuation Representation/Certification

I represent/certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions of value are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, independent, unbiased, objective professional analyses, opinions and conclusions.
- I have no present or prospective/contemplated financial or other interest in the business or property that is the subject of this Report and I have no personal financial or other interest or bias with respect to the property or the parties involved.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is fee-based and is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the outcome of the valuation, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The economic and industry data included in the Report have been obtained from various printed or electronic reference sources that I believe to be reliable. I have not performed any corroborating procedures to substantiate that data.
- My analyses, opinions, conclusions and this detailed appraisal Report were developed in conformity with the American Institute of Certified Public Accountants' *Statement on Standards for Valuation Services No. 1* and the National Association of Certified Valuators and Analysts' standards.
- The parties for which the information and use of the Report is restricted are identified. The Report is not intended to be and should not be used by anyone other than such parties.
- I have no obligation to update the Report or the conclusion of value for information that comes to my attention after the date of the Report, although I reserve the right to do so.
- This valuation and Report have been completed under the direction of VALUATION ANALYST. VALUATION ANALYST is a Certified Public Accountant licensed in Ohio and is accredited in business valuation by the American Institute of Certified Public Accountants. ASSISTANT ANALYST provided professional assistance in the preparation of this Report.

VALUATION ANALYST