



VALUATION ESTIMATE PATENT

STAR COMPANY

Report based on the statements of Mr Anthony Stark



Your internal code: Jarvis



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This report is strictly confidential and is meant for the sole use of STAR COMPANY.

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SUMMARY

This valuation report is meant to give you an initial, yet relevant value range for the patent for « a smart assistant ». The patent application was filed on 15/02/2012, under number US2012xxxx.

This protection process covers the following geographical area: USA, China, Europe.

The invention is relevant to the following industries: smart devices, IoT.

DESCRIPTION OF THE INVENTION

« This is the masterpiece of our Company so far. We developed a smart assistant able to process any demand from his master. It includes a process of artificial intelligence able to learn humour in a quite outstanding amount of time. This smart assistant is nonetheless useful, and eager to serve his master when it comes to manage his house, his car, his IoT..., but also it is able to deliver a bunch of really outstanding jokes, particularly relevant and appreciated for our geek testers. »

METHOD USED AND DISCLAIMERS

This estimate is based **on the statements** made by Mr Anthony Stark, who is responsible for the truthfulness and accuracy of the information provided through the IP'NUTS web service. **These statements have not been validated by an independent expert** during the valuation estimate process. This process uses self-reported information covering the legal, technical, marketing, strategic and economic aspects of the Industrial Property rights to be valued. It should be noted that the figures given in this report should only be interpreted as an indication of value, based exclusively on the information provided by the Client, who is solely responsible for its accuracy and relevance.

Additionally, this valuation estimate is only valid for the date on which it was issued, and only to the extent that the statements on which it is based are truthful, accurate and current. Similarly, the forecasts reported in this document are those provided by the Client. Despite our ability to draw conclusions from them with the help of algorithms, these forecasts cannot be considered as factual or definitive: their validity depends on whether the Client's growth hypotheses actually happen.

The information is processed with the future earnings valuation method (discounted cash flows method), which is commonly used in this type of valuation, and is compliant with current standards and practices.



This method is the only one used here. It integrates, as much as possible, the different risk factors applicable to the context and situation of the asset.

Thus, this document offers a partial estimate based on this very method. To achieve a more precise valuation, and to properly assess the relevance of the valuation with regards to the asset's specificities, experts tend to use complementary methods.

Therefore, this report's estimate cannot be used to replace an independent valuation in any context where a valuation established by an independent expert is required, such as any accounting, financial, legal, tax or equity context.

CONCLUSION

Considering the statements and data provided by the Client, we deem the industrial property rights to be worth **between 000 and 000 Euros, which corresponds to an average value of 000 Euros, according to the method used here.**

GOING FURTHER

If you are looking to deepen your understanding and need a complete and independent evaluation of your intangible assets as a complement to this report, please reach out to us using the following contact information:

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ASSESSMENT OF THE LEGAL STATUS OF THE ASSET

The patent application was filed on 15/02/2012 with the application number US2012xxx.

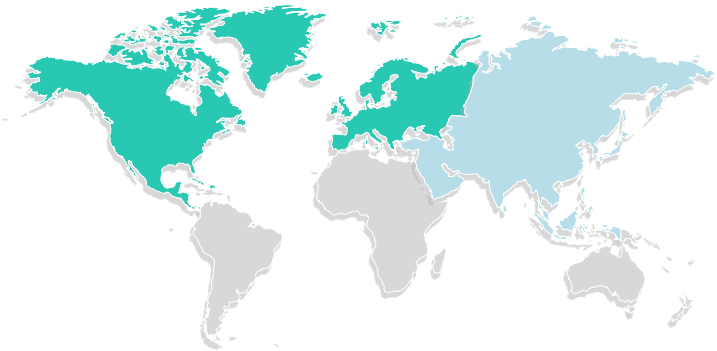
This patent application was published under publication number US2012xyxxx.

THESE INDUSTRIAL PROPERTY RIGHTS

COVER :

«Which_geographical_area_does_this_patent» : «Specify_the_country_or_countries»

- USA
- Europe
- China



Regarding the products or services that the Client commercializes or intends to commercialize, this patent covers an essential part of various product lines.



The Client considers this patent to be important to differentiate his business at 4/5.

Considering the Company's business, the importance of the trademark or know-how compared to this patent is evaluated by the Client as follows:



The Client deems that copying, imitating, or bypassing the patent has a level of difficulty of 5/5.

Has the Client identified any counterfeiters? No

The Client deems the litigation risk level for this patent to be about 2/5.

The Client believes his defense strategy for his patent rights to have the following strength: 5/5.

According to this information, we deem **the IP rights have the following legal strength:**

XX %



TECHNOLOGY AND PROJECT MATURITY

The invention has not been commercialized yet. The technology readiness level is evaluated as follows:



9

Validation of the system in a real environment

8

Demonstration in a simulated real environment

7

Experimental proof of concept

6

Qualification of the complete system in an operational environment

5

Validation of the technology in a representative environment

4

Formulation of the technological concept

3

Demonstration in an operational environment

2

Validation of the concept's key functions in a laboratory

1

Observation of the basic principle

According to the Client, the average life span of the patented technology on the target market is about 10 years.

To commercialize this invention, the Client needs to negotiate agreements with competitors.

The Client rates his progression with regards to completing the above needs as follows: 3/5.



ASSESSMENT OF THE TARGET MARKET

On the target market, the operating company is:

<input type="radio"/> unknown on the market	
<input type="radio"/> a marginal player	
<input type="radio"/> a player among others	
<input type="radio"/> a significant player	
<input checked="" type="radio"/> in the top 5 players	X
<input type="radio"/> a market leader	

According to the Client, the quality and performance of the invention's marketing strategy is rated as follows: 4.5/5.

Are there competing products on the market? No

Is the end customer willing to pay more for this invention? Yes

The expected growth in the target market is of about 25%.

According to this information, we rate **the strength of the operating company's market position** as follows:

XX %.

ASSET VALUATION: DISCOUNTED FUTURE EARNINGS METHOD

This method establishes that industrial property rights are worth the net present value of the future cash flows they are able to generate.

The asset value is thus calculated as the sum of the forecasted operating cash flows discounted at a rate reflecting market profitability requirements applicable to the operating company.

1 HYPOTHESES CONSIDERED

We look at the operating scenario provided by the Client, integrating the sales data and profit margin rates directly linked to operating the asset, in the relevant geographical area, and **over a period of xx years**.

The calculations integrate a broad range of information, including:

- Technology maturity
- The **contribution of IP rights** in the revenue generated by the sale of the products or services. This average contribution, based on the information provided by the Client, is evaluated at **xx % of the net margin generated** by the sale of products related to these rights.
- □ A **discount rate** (t_a), set at **XX %** considering the industry, the geographical area, and the risk specific to the market and the presumed situation of the operator.
- The potential **legal risk** related to the asset. Here, according to the statements collected, the legal force of the IP rights is rated as follows: **XX%**.
- □ The **operational risk** related to the IP rights. Here, according to the statements collected, the company's commercial and strategic strength when it comes to patent operation, is estimated at **XX%**.

2 VALUATION SCENARIO

The basic operating scenario outlined by the Client is as follows.

Size of the operating company: corporation

The business model can be described as follows:

○ Patent licensing / commission on sales	50%
○ Direct sales of products or services	50%
○ Indirect sales via a network of partners	0%
○ Other	0%

The Client believes he can operate this patented invention, as it is, for 10 years.

According to the client, and considering the revenue related to the use of the invention, the revenue growth over the coming years, in the geographical area set above, can be described as follows:

xxx

According to the client, and considering the revenue related to the use of the invention, the net operating income (EBITDA) should grow, in the geographical area set above, as follows:

xxx

In the table below, N is for the current year (when editing this document).

Currency : «DEVISE».

Year	N	N+1	N+2	N+3	N+4	N+5	N+6
Revenue	0	0	0	0	0	0	0
Profit margin rate	0	0	0	0	0	0	0

Year	N+7	N+8	N+9	N+10	N+11	N+12	N+13
Revenue	0	0	0	0	0	0	0
Profit margin rate	0	0	0	0	0	0	0
Year	N+14	N+15	N+16	N+17	N+18	N+19	N+20
Revenue	0	0	0	0	0	0	0
Profit margin rate	0	0	0	0	0	0	0

According to the Client, the qualitative contribution of this patent to the profits is of 50%.

According to the Client, without this patent, the business described here would be threatened at 50%.

Considering the various data sets we processed, we have chosen to use a contribution rate of XX%.

3 CONCLUSION

According to the operating scenario and the various risk factors considered, the estimated average value of these IP rights is of about 000 USD.