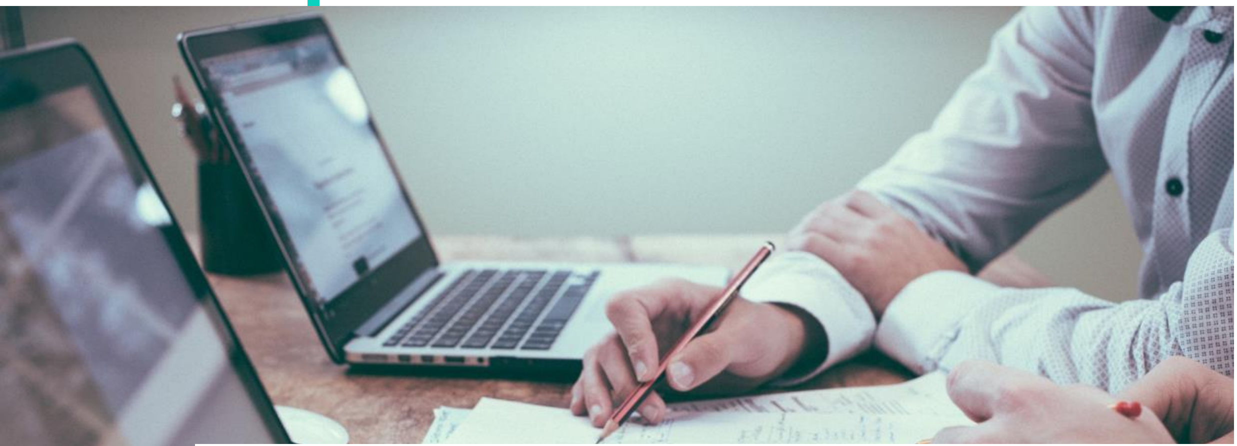

VALUATION ESTIMATE
TRADEMARK

Best Company

Report based on the statements of Mr Lovered

Trademark: BestMarkEver

Issue date: 02/05/2019

2019

IP'NUTS
IP value

This report is strictly confidential and is meant for the sole use of the Best Company.

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SUMMARY

This valuation report is meant to give you an initial, yet relevant value range for the trademark: BestMarkEver, which is a verbal trademark.

This trademark is used in the following industries: Business services, Finance.

According to the Client's statements, the trademark was registered on 20/04/2018 under number 123456.

The brand is protected in the following countries: Germany.

METHOD USED AND DISCLAIMERS

This estimate is based **on the statements** made by Mr Lovered, 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 (ISO 10668) 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.

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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 of your IP rights, 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 trademark BestMarkEver, subject of this valuation estimate, is a verbal trademark.

It operates in the following industries: Business services, Finance.

Considering the Client's statements, the trademark was registered on 20/04/2018 under number 123456.

The brand is protected in the following countries: Germany.

Assuming the accuracy of the Client's statements, these rights protect:

- The geographical area where the brand is used in an acceptable way.
- The products and services marketed via this brand in a very satisfactory way.

The Client considers his brand to be unique and distinctive at 4/5.

The customer also declares that he has reinforced this trademark's rights with additional rights, such as logos, other trademark variations or domain names.

Regarding the protection process,

- The trademark is not implicated in any litigation.
- There is no identified infringer.

The risk of litigation on this brand is assessed by the Client at 3.5/5.

The strength of the defence strategy related to these rights is evaluated at 2/5.

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

Considering the Company's business, the importance of the brand, in comparison to the other strengths of the company (know-how, patents, product design, quality, distribution network, etc.) is evaluated by the Client as follows:

TRADEMARK OTHER STRENGTHS

20%

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

XX %.

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ASSESSMENT OF THE OPERATION OF THIS TRADEMARK

The trademark is currently being used.

The operating company is a start-up.

The average life span of the products and services is about 5 years, as mentioned by the Client.

The Client intends to exploit this trademark for 10 years, starting from the issue date of this report.

On the target market, the operating company is :

unknown on the market	
a marginal player	
a player among others	X
a significant player	
in the top 5 players	
market leader	

The Client allocated a 3/5 mark when evaluating the performance of the marketing strategy used to develop the trademark.

Consumers value, and are attached to the brand at 1/5.

The trademark does not create customer loyalty,

The brand does not affect the purchase decision of consumers or customers.

Regardless of the technical specificities of the products and services sold, the brand's prices are not above market average.

Compared to its competitors, the brand is positioned as follows: *details.*

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In addition to its dominant activity, the company has developed secondary activities around this brand: *details.*

According to the answers provided, the Client deems the brand's development potential to be moderate.

The trademark generates a licensing revenue of about 000 Euros per year. According to the Client, this revenue could grow at a rate of around 5% in the next 3 years. The average royalty rate for these licensing agreements is xx%.

According to this information, we rate **the brand's operational performance** as follows:

XX%

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ASSET VALUATION: DISCOUNTED FUTURE EARNINGS METHOD

There are many ways to value a trademark. One can use valuation methods based on costs, market comparables, or expected future earnings. The ISO 10668 on financial evaluation of brands outlines all of them, but states its preference for the future earnings approach, based on an upstream multi-criteria analysis of the brand. Indeed, this standard specifies that the value of a trademark must represent the economic advantage generated by the trademark during its expected economic life. This approach focuses on revenue: in general, the monetary value must be calculated by reference to cash flows. More specifically, these flows must correspond to the cash flows reasonably attributable to the trademark.

Here we use a valuation method based on expected future earnings,

- by looking at the revenue generated by the products and services related to the trademark, to which a royalty rate is applied,
- or looking directly at the licensing revenue generated by the trademark.

A modulation ratio, looking at all the trademark's specific characteristics, is then applied, along with a discount rate for the expected operations over a given period of time.

Determining the royalty rate is an important element of any brand valuation. This rate varies depending on the type of license and the market. Indeed, it is not uncommon to find the royalty rate is lower in low-margin activities such as food and mass-retail than in high-margin businesses such as luxury goods.

The discount rate will be determined from the risk-free rate, the market profitability, the market risk premium, the beta and the resulting cost of capital.

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:

- The expected length of operation
- The **contribution of IP rights** in creating value for each product or service line, which if looked at in conjunction with other circumstantial factors, can be used to determine the royalty rate. This average contribution, based on the information provided by the

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Client, is evaluated at **xx % of the total revenue generated** by the company operating the trademark.

- A **discount rate** (t_a), set at **xx %** considering the industry indicated by the Client, the geographical location, the market specific risk, and the overall circumstances of the operator.
- The performance ratio of the brand, based on **our scoring of legal risk and operating performance** in relation to the trademark. Here, according to the statements collected, we apply a multiplier coefficient of xx. If this coefficient is higher than 1, the trademark is particularly strong. Below 1, we consider that the trademark suffers from a few weaknesses, which diminish its value.

2 VALUATION SCENARIO

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

Size of the operating company: start-up.

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

details

The Client expects a growth rate of xx% in the next 3 years.

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

Currency : Euros.

Year	N	N+1	N+2	N+3	N+4	N+5	N+6
Revenue	0	0	0	0	0	0	0

The average gross profit margin rate for the relevant business activities is of xx%.

According to the Client, the qualitative contribution of this trademark to the profits is of xx%.

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

Considering the different elements outlined above, we have chosen to use a contribution rate of xx%.

3 CONCLUSION

According to this data, this operating scenario, and the calculations applied based on the different risk factors, the trademark studied here is deemed to have an average estimated value of 000 Euros, and a value range of 000 to 000 Euros.

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