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# Exhibits

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Approved Sample

[Acq.Co. Holdings Ltd.]  
Valuation of Certain Intangible Assets of [ABC Corporation]  
for ASC 805 Purposes  
Valuation as of 31 March 20XX

**Signed By:**

**Dated: December 16, 2020**

[Acq.Co. Holdings Ltd.]

[ABC Corporation]

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**[Acq.Co. Holdings Ltd.]**  
**[ABC Corporation]**  
**Summary of Values**  
**Valuation as of 31 March 20xx**  
*(in USD '000s unless specified otherwise)*

**Exhibit: A**

Fair Value		Indicated	%
<b>Purchase Consideration</b>			
	Equity	88,024	98.90%
	Assumed Debt	976	1.10%
<b>Total Purchase Consideration</b>		<b>89,000</b>	<b>100.00%</b>
<b>Tangible Assets</b>			
	Operating Working Capital	2,073	2.33%
	Property and Equipment, Net	7,754	8.71%
	Net Non-Current Assets	8,591	9.65%
	<b>Total Tangible Assets</b>	<b>18,419</b>	<b>20.70%</b>
<b>Intangible Assets</b>			
	Trade Name and Trademarks	3,959	4.45%
	Technology	28,309	31.81%
	Noncompete Agreement	917	1.03%
	Assembled Workforce	9,916	11.14%
	<b>Total Intangible Assets</b>	<b>43,101</b>	<b>48.43%</b>
	Implied Goodwill	27,481	30.88%
<b>Purchase Consideration to be Allocated</b>		<b>89,000</b>	<b>100.00%</b>

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# Rates of Return

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Approved Sample

**[Acq.Co. Holdings Ltd.]**  
**[ABC Corporation]**  
**Weighted Average Return on Assets**  
**Valuation as of 31 March 20xx**  
*(in USD '000s unless specified otherwise)*

Exhibit: B

	Recommended Fair Value	After-tax return	Weighted return	
<b>Tangible Assets</b>				
Required Net WC	3,165	3.3%	0.1%	
PPE, Net	7,754	4.1%	0.3%	
Net Non-Current Assets	8,591	4.8%	0.5%	
<b>Total Tangible Assets</b>	<b>19,510</b>		<b>0.9%</b>	
<b>Identified Intangible Assets</b>				
Trade Name and Trademarks	3,959	15.5%	0.7%	
Technology	28,309	15.5%	4.9%	
Non-compete Agreements	917	15.5%	0.2%	
Assembled Workforce	9,916	15.5%	1.7%	
<b>Total Identified Intangibles</b>	<b>43,101</b>		<b>7.4%</b>	
Implied Goodwill	27,481	22.5%	6.9%	
<b>Total Purchase Consideration</b>	<b>90,092</b>		<b>15.2%</b>	<<WARA
			<b>15.5%</b>	<<WACC
Excess (Deficit) Working Capital	(1,092)		<b>15.5%</b>	<<IRR
<b>Total Purchase Consideration</b>	<b>89,000</b>			

**[Acq.Co. Holdings Ltd.]**  
**[ABC Corporation]**  
**Weighted Average Cost of Capital**  
**Valuation as of 31 March 20xx**

*(in USD '000s unless specified otherwise)*

**Exhibit: C**

Target Capital Structure	% Value
Equity	78.4%
Assumed Debt	21.6%
<b>After-tax cost of debt</b>	<b>100.0%</b>

Cost of Debt		
Prime Borrowing Rate	(a)	3.5%
Expected income tax rate		26.1%
<b>After-tax cost of debt</b>		<b>2.6%</b>

Cost of Equity		
Selected asset beta		0.89
Debt to equity market value	(b)	27.5%
Expected income tax rate		26.1%
Risk-free rate	(c)	1.2%
Re-levered beta		1.07
Market equity risk premium	(d)	5.2%
Company specific risk premium		6.0%
Size risk premium	(e)	6.1%
<b>Cost of equity capital</b>		<b>18.9%</b>

Weighted average cost of capital		
Debt	21.6%	2.6%
Equity	78.4%	18.9%
<b>WACC</b>		<b>15.4%</b>
<b>WACC(Rounded)</b>		<b>15.5%</b>

Notes::

- (a) Source: Prime rate
- (b) Based on assumed Debt/Equity Structure of [ABC Corporation]
- (c) Source: Federal Reserve Board statistical release as of: 31 Mar 20xx
- (d) Equity risk premium based on academic studies by Aswath Damodaran. Dated: January 1, 20xx
- (e) Small stock risk premium based on Duff & Phelps Systemic risk Premium Table

[Acq.Co. Holdings Ltd.]

[ABC Corporation]

### Beta Calculation

Valuation as of 31 March 20xx

(in USD '000s unless specified otherwise)

Exhibit: D

Guideline Public Companies	Equity beta	Total debt	Equity market value	Debt/equity market value	Income tax rate	Asset beta
Company 1	1.19	2,571	12,120	0.21	26.1%	1.03
Company 2	1.02	517	7,343	0.07	26.1%	0.97
Company 3	0.95	1,072	4,662	0.23	26.1%	0.81
Company 4	1.20	1,177	2,320	0.51	26.1%	0.87
Company 5	1.05	688	3,442	0.20	26.1%	0.91
Company 6	0.90	960	2,233	0.43	26.1%	0.68
Mean				0.27		0.88
Median				0.22		0.89

Beta Selected 0.89



**[Acq.Co. Holdings Ltd.]**  
**[ABC Corporation]**  
**Internal Rate of Return**  
**Valuation as of 31 March 20xx**  
*(in USD '000s unless specified otherwise)*

Exhibit: E

	Apr 1 to Dec 31	Projections for Years Ending December 31						Terminal
	20xx	20xx	20xx	20xx	20xx	20xx	20xx	
Total Company Revenue	24,713	34,705	36,901	39,486	42,260	44,373	45,705	47,076
Cost of Sales	(2,966)	(4,165)	(4,428)	(4,738)	(5,071)	(5,325)	(5,485)	(5,649)
<b>Gross Profit</b>	<b>21,748</b>	<b>30,540</b>	<b>32,473</b>	<b>34,748</b>	<b>37,189</b>	<b>39,049</b>	<b>40,220</b>	<b>41,427</b>
Operating expenses (excl. Dep.)	(11,121)	(15,617)	(16,605)	(17,769)	(19,017)	(19,968)	(20,567)	(21,184)
<b>EBITDA</b>	<b>10,627</b>	<b>14,923</b>	<b>15,867</b>	<b>16,979</b>	<b>18,172</b>	<b>19,081</b>	<b>19,653</b>	<b>20,243</b>
Depreciation and Ammortization	(741)	(1,041)	(1,107)	(1,185)	(1,268)	(1,331)	(1,371)	(1,883)
<b>Pre Tax Income</b>	<b>9,885</b>	<b>13,882</b>	<b>14,760</b>	<b>15,795</b>	<b>16,904</b>	<b>17,749</b>	<b>18,282</b>	<b>18,360</b>
Less: Tax 26.1%	(2,584)	(3,629)	(3,858)	(4,129)	(4,419)	(4,640)	(4,779)	(4,799)
<b>Net Income</b>	<b>7,301</b>	<b>10,253</b>	<b>10,902</b>	<b>11,666</b>	<b>12,485</b>	<b>13,110</b>	<b>13,503</b>	<b>13,560</b>
Add: Depreciation	741	1,041	1,107	1,185	1,268	1,331	1,371	1,883
Add/(less): Changes in DFNWC	(1,222)	(175)	(220)	(259)	(277)	(211)	(133)	(137)
Less: Capital expenditures	(989)	(1,388)	(1,476)	(1,579)	(1,690)	(1,775)	(1,828)	(1,883)
<b>Debt-free cash flow</b>	<b>5,832</b>	<b>9,731</b>	<b>10,313</b>	<b>11,012</b>	<b>11,785</b>	<b>12,455</b>	<b>12,913</b>	<b>13,423</b>
Cumulative years	0.750	1.750	2.750	3.750	4.750	5.750	6.750	
Mid-Year Period	0.375	1.250	2.250	3.250	4.250	5.250	6.250	
Present Value Factor 15.5%	0.9473	0.8350	0.7229	0.6258	0.5417	0.4689	0.4060	
<b>Present Value of cash flows</b>	<b>5,525</b>	<b>8,125</b>	<b>7,455</b>	<b>6,891</b>	<b>6,384</b>	<b>5,841</b>	<b>5,242</b>	

Present value discrete cash flows	45,464
Present value terminal cash flow	43,537
<b>Subtotal</b>	<b>89,000</b>
<b>Fair Value (rounded)</b>	<b>89,000</b>

<b>Total Purchase Consideration</b>	<b>89,000</b>
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Terminal value calculation	
Terminal cash flow	13,423
Long Term Growth Rate	3.0%
Capitalization Factor	12.5%
<b>Present value of terminal cash flow</b>	<b>43,537</b>

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# Financial Statements

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Approved Sample

**[Acq.Co. Holdings Ltd.]**  
**[ABC Corporation]**  
**Historical Income Statement**  
**Valuation as of 31 March 20xx**  
*(in USD '000s unless specified otherwise)*

Exhibit: F.1

Income Statement					Period ended:
	20xx	20xx	20xx	20xx	31 Mar 20xx
<b>Revenue</b>					
Revenue from sale of devices	17,271	18,598	19,351	20,845	5,440
Revenue from app subscriptions	10,369	10,397	10,383	10,370	2,798
<b>Total Revenue</b>	<b>27,640</b>	<b>28,995</b>	<b>29,734</b>	<b>31,215</b>	<b>8,238</b>
Cost of revenue	(11,842)	(12,053)	(11,076)	(10,448)	(3,145)
<b>Gross Profit</b>	<b>15,798</b>	<b>16,942</b>	<b>18,659</b>	<b>20,767</b>	<b>5,092</b>
<b>Operating expenses (excl. Dep.)</b>					
General and administrative	(7,761)	(8,148)	(7,400)	(7,417)	(1,946)
Sales and marketing	(2,479)	(4,636)	(4,715)	(5,075)	(745)
Research and development	(2,250)	(2,290)	(2,425)	(2,731)	(871)
<b>Total Operating expenses</b>	<b>(12,490)</b>	<b>(15,073)</b>	<b>(14,540)</b>	<b>(15,223)</b>	<b>(3,562)</b>
<b>EBITDA</b>	<b>3,308</b>	<b>1,868</b>	<b>4,119</b>	<b>5,544</b>	<b>1,530</b>
Depreciation	(1,377)	(1,236)	(1,403)	(1,191)	(238)
Amortization	0	0	0	0	0
<b>EBIT</b>	<b>1,931</b>	<b>632</b>	<b>2,715</b>	<b>4,353</b>	<b>1,293</b>
Taxes	26.1%	(505)	(165)	(710)	(1,138)
<b>Net Income</b>	<b>1,426</b>	<b>467</b>	<b>2,006</b>	<b>3,215</b>	<b>955</b>
<b>Selected performance metrics</b>					
Revenue growth from sale of devices	n/a	7.7%	4.1%	7.7%	n/a
Revenue growth from app subscriptions	n/a	0.3%	(0.1%)	(0.1%)	n/a
Revenue growth	n/a	4.9%	2.6%	5.0%	n/a
EBITDA growth	n/a	(43.5%)	120.5%	34.6%	n/a
EBIT growth	n/a	(67.3%)	329.7%	60.3%	n/a

[Acq.Co. Holdings Ltd.]

[ABC Corporation]

**Historical Income Statement - CommonSize**

Valuation as of 31 March 20xx

(in USD '000s unless specified otherwise)

Exhibit: F.2

Income Statement Common Size					Period ended:
	20xx	20xx	20xx	20xx	31 Mar 20xx
<b>Revenue</b>					
Revenue from sale of devices	62.5%	64.1%	65.1%	66.8%	66.0%
Revenue from app subscriptions	37.5%	35.9%	34.9%	33.2%	34.0%
<b>Total Revenue</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Cost of revenue	(42.8%)	(41.6%)	(37.2%)	(33.5%)	(38.2%)
<b>Gross Profit</b>	<b>57.2%</b>	<b>58.4%</b>	<b>62.8%</b>	<b>66.5%</b>	<b>61.8%</b>
<b>Operating expenses (excl. Dep.)</b>					
General and administrative	(28.1%)	(28.1%)	(24.9%)	(23.8%)	(23.6%)
Sales and marketing	(9.0%)	(16.0%)	(15.9%)	(16.3%)	(9.0%)
Research and development	(8.1%)	(7.9%)	(8.2%)	(8.7%)	(10.6%)
Total Operating expenses	(45.2%)	(52.0%)	(48.9%)	(48.8%)	(43.2%)
<b>EBITDA</b>	<b>12.0%</b>	<b>6.4%</b>	<b>13.9%</b>	<b>17.8%</b>	<b>18.6%</b>
Depreciation	(5.0%)	(4.3%)	(4.7%)	(3.8%)	(2.9%)
Amortization	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBIT</b>	<b>7.0%</b>	<b>2.2%</b>	<b>9.1%</b>	<b>13.9%</b>	<b>15.7%</b>
Taxes	(1.8%)	(0.6%)	(2.4%)	(3.6%)	(4.1%)
<b>Net Income</b>	<b>5.2%</b>	<b>1.6%</b>	<b>6.7%</b>	<b>10.3%</b>	<b>11.6%</b>

**[Acq.Co. Holdings Ltd.]**  
**[ABC Corporation]**  
**Historical Balance Sheet**  
**Valuation as of 31 March 20xx**  
*(in USD '000s unless specified otherwise)*

Exhibit: G.1

Balance Sheet	As of December 31,				3/31/20xx
	20xx	20xx	20xx	20xx	20xx
<b>Current Assets</b>					
Cash and Cash Equivalents	11,146	10,276	13,017	13,066	13,802
Marketable Securities	2,797	3,765	3,830	3,624	3,013
Inventories	3,583	3,618	3,698	3,703	3,602
Accounts Receivable	2,824	2,879	2,618	2,397	2,270
Prepaid Expenses and Other Current Assets	268	251	285	295	299
<b>Total Current Assets</b>	<b>20,618</b>	<b>20,788</b>	<b>23,449</b>	<b>23,086</b>	<b>22,986</b>
<b>Non-Current Assets</b>					
Land and Building	18,323	18,830	19,346	19,351	19,356
Plant and Equipment	15,404	17,443	17,394	17,594	17,922
Accumulated Depreciation	(6,100)	(7,336)	(8,739)	(9,931)	(10,168)
Net Plant Property and Equipment	9,305	10,107	8,655	7,663	7,754
Other Assets	11,802	13,164	14,440	14,251	14,063
<b>Total Non-Current Assets</b>	<b>39,430</b>	<b>42,101</b>	<b>42,440</b>	<b>41,265</b>	<b>41,173</b>
<b>Total Assets</b>	<b>60,048</b>	<b>62,889</b>	<b>65,889</b>	<b>64,351</b>	<b>64,159</b>
<b>Current Liabilities</b>					
Accounts Payable	1,829	2,008	2,050	1,773	1,496
Current Portion of Long-term Debt	334	351	317	213	210
Salaries and Benefirs Payabe	1,008	1,084	1,181	979	928
Deferred taxes	334	351	466	326	236
Other Current Liabilities	5,582	5,964	5,199	4,775	4,450
<b>Total Current Liabilities</b>	<b>9,086</b>	<b>9,759</b>	<b>9,213</b>	<b>8,067</b>	<b>7,321</b>
<b>Non-Current Liabilities</b>					
Long-Term Debt	1,038	1,148	929	829	766
Noncurrent deferred revenue	1,165	1,058	1,272	1,172	1,383
Noncurrent operating lease liabilities	966	1,166	766	666	871
Other Long-Term Liabilities	6,011	6,003	6,019	3,119	3,218
<b>Total Non-Current Liabilities</b>	<b>9,180</b>	<b>9,374</b>	<b>8,986</b>	<b>5,786</b>	<b>6,238</b>
<b>Total Liabilities</b>	<b>18,266</b>	<b>19,133</b>	<b>18,199</b>	<b>13,853</b>	<b>13,559</b>
Shareholders Equity	41,782	43,756	47,690	50,499	50,600
<b>Total Liabilities and Shareholders Equity</b>	<b>60,048</b>	<b>62,889</b>	<b>65,889</b>	<b>64,351</b>	<b>64,159</b>
Working Capital	11,532	11,029	14,235	15,019	15,665
Cash-Free, Debt-Free Net Working Capital	720	1,104	1,535	2,166	2,073

[Acq.Co. Holdings Ltd.]

[ABC Corporation]

# Historical Balance Sheet - CommonSize

Valuation as of 31 March 20xx

(in USD '000s unless specified otherwise)

Exhibit: G.2

Balance Sheet	As of December 31,				March 31,
	20xx	20xx	20xx	20xx	20xx
<b>Current Assets</b>					
Cash and Cash Equivalents	18.6%	16.3%	19.8%	20.3%	21.5%
Marketable Securities	4.7%	6.0%	5.8%	5.6%	4.7%
Inventories	6.0%	5.8%	5.6%	5.8%	5.6%
Accounts Receivable	4.7%	4.6%	4.0%	3.7%	3.5%
Prepaid Expenses and Other Current Assets	0.4%	0.4%	0.4%	0.5%	0.5%
<b>Total Current Assets</b>	<b>34.3%</b>	<b>33.1%</b>	<b>35.6%</b>	<b>35.9%</b>	<b>35.8%</b>
<b>Non-Current Assets</b>					
Land and Building	30.5%	29.9%	29.4%	30.1%	30.2%
Plant and Equipment	25.7%	27.7%	26.4%	27.3%	27.9%
Accumulated Depreciation	(10.2%)	(11.7%)	(13.3%)	(15.4%)	(15.8%)
Net Plant Property and Equipment	15.5%	16.1%	13.1%	11.9%	12.1%
Other Assets	19.7%	20.9%	21.9%	22.1%	21.9%
<b>Total Non-Current Assets</b>	<b>65.7%</b>	<b>66.9%</b>	<b>64.4%</b>	<b>64.1%</b>	<b>64.2%</b>
<b>Total Assets</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Current Liabilities</b>					
Accounts Payable	3.0%	3.2%	3.1%	2.8%	2.3%
Current Portion of Long-term Debt	0.6%	0.6%	0.5%	0.3%	0.3%
Salaries and Benefirs Payabe	1.7%	1.7%	1.8%	1.5%	1.4%
Deferred taxes	0.6%	0.6%	0.7%	0.5%	0.4%
Other Current Liabilities	9.3%	9.5%	7.9%	7.4%	6.9%
<b>Total Current Liabilities</b>	<b>15.1%</b>	<b>15.5%</b>	<b>14.0%</b>	<b>12.5%</b>	<b>11.4%</b>
<b>Non-Current Liabilities</b>					
Long-Term Debt	1.7%	1.8%	1.4%	1.3%	1.2%
Noncurrent deferred revenue	1.9%	1.7%	1.9%	1.8%	2.2%
Noncurrent operating lease liabilities	1.6%	1.9%	1.2%	1.0%	1.4%
Other Long-Term Liabilities	10.0%	9.5%	9.1%	4.8%	5.0%
<b>Total Non-Current Liabilities</b>	<b>15.3%</b>	<b>14.9%</b>	<b>13.6%</b>	<b>9.0%</b>	<b>9.7%</b>
<b>Total Liabilities</b>	<b>30.4%</b>	<b>30.4%</b>	<b>27.6%</b>	<b>21.5%</b>	<b>21.1%</b>
Shareholders Equity	69.6%	69.6%	72.4%	78.5%	78.9%
<b>Total Liabilities and Shareholders Equity</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**[Acq.Co. Holdings Ltd.]**  
**[ABC Corporation]**  
**Projected Financial Information**  
**Valuation as of 31 March 20xx**

Exhibit: H.1

(in USD '000s unless specified otherwise)

Projected Income Statement	Stub <sup>(a)</sup>		For the years ended 31 Dec				
	20xx	20xx	20xx	20xx	20xx	20xx	20xx
<b>Revenue</b>							
Revenue from sale of devices	16,319	23,064	24,678	26,652	28,785	30,224	31,131
Revenue from app subscriptions	8,395	11,641	12,223	12,834	13,476	14,150	14,574
<b>Total Revenue</b>	<b>24,713</b>	<b>34,705</b>	<b>36,901</b>	<b>39,486</b>	<b>42,260</b>	<b>44,373</b>	<b>45,705</b>
Cost of Sales	(2,966)	(4,165)	(4,428)	(4,738)	(5,071)	(5,325)	(5,485)
<b>Gross Profit</b>	<b>21,748</b>	<b>30,540</b>	<b>32,473</b>	<b>34,748</b>	<b>37,189</b>	<b>39,049</b>	<b>40,220</b>
Operating expenses (excl. Dep.)							
General and administrative	(6,178)	(8,676)	(9,225)	(9,872)	(10,565)	(11,093)	(11,426)
Sales and marketing	(2,471)	(3,470)	(3,690)	(3,949)	(4,226)	(4,437)	(4,570)
Research and development	(2,471)	(3,470)	(3,690)	(3,949)	(4,226)	(4,437)	(4,570)
<b>Total Operating expenses</b>	<b>(11,121)</b>	<b>(15,617)</b>	<b>(16,605)</b>	<b>(17,769)</b>	<b>(19,017)</b>	<b>(19,968)</b>	<b>(20,567)</b>
<b>EBITDA</b>	<b>10,627</b>	<b>14,923</b>	<b>15,867</b>	<b>16,979</b>	<b>18,172</b>	<b>19,081</b>	<b>19,653</b>
Depreciation	(741)	(1,041)	(1,107)	(1,185)	(1,268)	(1,331)	(1,371)
Amortization	0	0	0	0	0	0	0
<b>EBIT</b>	<b>9,885</b>	<b>13,882</b>	<b>14,760</b>	<b>15,795</b>	<b>16,904</b>	<b>17,749</b>	<b>18,282</b>
Taxes	26.1%	(2,584)	(3,629)	(3,858)	(4,129)	(4,419)	(4,640)
<b>Net Income</b>	<b>7,301</b>	<b>10,253</b>	<b>10,902</b>	<b>11,666</b>	<b>12,485</b>	<b>13,110</b>	<b>13,503</b>
Capital expenditures	4.0%	989	1,388	1,476	1,579	1,690	1,775
DFNWC	10.0%	2,471	3,470	3,690	3,949	4,226	4,437
Change in DFNWC		1,222	175	220	259	277	133

Notes:

(a) FY20xx revenue extrapolated on basis of revenue for the first three months period ending March 31, 20xx

(b) Cost drivers predicted on the basis of past 3-year and 5-year averages of cost % revenue and based on comparable companies' metrics.

**[Acq.Co. Holdings Ltd.]**  
**[ABC Corporation]**  
**Projected Financial Information**  
**Valuation as of 31 March 20xx**

**Exhibit: H.2**

*(in USD '000s unless specified otherwise)*

<b>Growth rate and assumptions <sup>(b)</sup></b>	<b>20xx</b>	<b>20xx</b>	<b>20xx</b>	<b>20xx</b>	<b>20xx</b>	<b>20xx</b>	<b>20xx</b>
Revenue growth from sale of devices	NA	6.0%	7.0%	8.0%	8.0%	5.0%	3.0%
Revenue growth from app subscriptions	NA	4.0%	5.0%	5.0%	5.0%	5.0%	3.0%
Cost of Sales % revenue	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
General and administrative	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Sales and marketing	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Research and development	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Depreciation, % of revenue	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Amortization, % of revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

<b>Growth rate and margins</b>	<b>20xx</b>	<b>20xx</b>	<b>20xx</b>	<b>20xx</b>	<b>20xx</b>	<b>20xx</b>	<b>20xx</b>
Revenue growth	NA	5.3%	6.3%	7.0%	7.0%	5.0%	3.0%
Gross profit margin	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%
Operating expenses % revenue	(45.0%)	(45.0%)	(45.0%)	(45.0%)	(45.0%)	(45.0%)	(45.0%)
EBITDA margin	43.0%	43.0%	43.0%	43.0%	43.0%	43.0%	43.0%
EBIT margin	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Net profit margin	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%

**Notes:**

(a) FY20xx revenue extrapolated on basis of revenue for the first three months period ending March 31, 20xx

(b) Cost drivers predicted on the basis of past 3-year and 5-year averages of cost % revenue and based on comparable companies' metrics.



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# Intangible Assets Valuation

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Approved Sample

**[Acq.Co. Holdings Ltd.]**  
**[ABC Corporation]**  
**Trademark and Tradenames**  
**Valuation as of 31 March 20xx**  
*(in USD '000s unless specified otherwise)*

Exhibit: I

Fair Value of Trade Name and Trademarks								
Calculation: Relief from Royalty								
	Stub	Projections for Years Ending December 31						Terminal
		20xx	20xx	20xx	20xx	20xx	20xx	Year
Revenue		24,713	34,705	36,901	39,486	42,260	44,373	45,705
Royalty Savings (a)	3.5%	865	1,215	1,292	1,382	1,479	1,553	1,600
Maintenance Charge (b)	2.0%	(494)	(694)	(738)	(790)	(845)	(887)	(914)
Pre-Tax Royalty Savings		371	521	554	592	634	666	686
Income Taxes	26.1%	(97)	(136)	(145)	(155)	(166)	(174)	(179)
<b>After-Tax Royalty Savings</b>		<b>274</b>	<b>384</b>	<b>409</b>	<b>437</b>	<b>468</b>	<b>492</b>	<b>506</b>
Partial Period Adjustment		0.75	1	1	1	1	1	1
Cumulative years		0.75	1.75	2.75	3.75	4.75	5.75	6.75
Mid-Year Period		0.375	1.25	2.25	3.25	4.25	5.25	6.25
Present Value Factor	15.5%	0.9474	0.8352	0.7231	0.6260	0.5420	0.4693	0.4063
<b>Present Value of Royalty Savings</b>		<b>259</b>	<b>321</b>	<b>296</b>	<b>274</b>	<b>254</b>	<b>231</b>	<b>206</b>

Present value discrete cash flows	1,840
Present value terminal cash flow	1695
<b>Subtotal</b>	<b>3,536</b>
Tax amortization benefit	423
<b>Recommended Fair Value (rounded)</b>	<b>3,959</b>

Terminal value calculation	
After-Tax Royalty Savings	522
Capitalization Factor	12.50%
<b>Present value of terminal cash flow</b>	<b>1695</b>

Notes:

- (a) Refer to exhibit Exhibit: J  
(b) Information based on discussions with the Management.

**[Acq.Co. Holdings Ltd.]**  
**[ABC Corporation]**  
**Tradename - Royalty Rate Support**  
**Valuation as of 31 March 20xx**  
*(in USD '000s unless specified otherwise)*

**Exhibit: J**

Agreement						Royalty Rates	
date	Licensee	Licensee	Description	Duration	Intangible	Low	High
00-Jan-xx	Licensors 1	Licensee 1	N/A	5	Tradename	2.30%	2.80%
00-Jan-xx	Licensors 2	Licensee 2	N/A	5	Tradename	4.00%	4.00%
00-Jan-xx	Licensors 3	Licensee 3	N/A	5	Tradename	4.00%	4.00%
00-Jan-xx	Licensors 4	Licensee 4	N/A	5	Tradename	2.00%	2.50%
00-Jan-xx	Licensors 5	Licensee 5	N/A	5	Tradename	5.70%	5.70%
00-Jan-xx	Licensors 6	Licensee 6	N/A	5	Tradename	6.00%	7.00%
00-Jan-xx	Licensors 7	Licensee 7	N/A	5	Tradename	3.50%	3.50%
00-Jan-xx	Licensors 8	Licensee 8	N/A	5	Tradename	7.00%	7.00%
00-Jan-xx	Licensors 9	Licensee 9	N/A	5	Tradename	7.77%	8.77%
00-Jan-xx	Licensors 10	Licensee 10	N/A	5	Tradename	5.14%	6.14%
00-Jan-xx	Licensors 11	Licensee 11	N/A	5	Tradename	6.64%	7.14%
00-Jan-xx	Licensors 12	Licensee 12	N/A	5	Tradename	2.50%	2.50%

<b>High</b>	<b>7.77%</b>	<b>8.77%</b>
<b>3rd quartile</b>	<b>6.16%</b>	<b>7.00%</b>
<b>Median</b>	<b>4.57%</b>	<b>4.85%</b>
<b>Average</b>	<b>4.71%</b>	<b>5.09%</b>
<b>1st quartile</b>	<b>3.25%</b>	<b>3.33%</b>
<b>Low</b>	<b>2.00%</b>	<b>2.50%</b>

**[Acq.Co. Holdings Ltd.]**  
**[ABC Corporation]**  
**Non-Compete Agreement - A**  
**Valuation as of 31 March 20xx**

Exhibit: K.1

(in USD '000s unless specified otherwise)

Selected assumptions	
Probability of competition	15.0%
Agreement tenure (years)	3.0
Potential impact to revenue	(a) (9.0%)

	Apr 1 to 31-Dec		Jan 1 to 31-Mar	
Without Competition	20xx	20xx	20xx	20xx
Revenue	24,713	34,705	36,901	9,872
<b>EBITDA</b>	<b>10,627</b>	<b>14,923</b>	<b>15,867</b>	<b>4,245</b>
Depreciation	(741)	(1,041)	(1,107)	(296)
<b>EBIT</b>	<b>9,885</b>	<b>13,882</b>	<b>14,760</b>	<b>3,949</b>
Less: Taxes	26.1% (2,584)	(3,629)	(3,858)	(1,032)
<b>Net Income</b>	<b>7,301</b>	<b>10,253</b>	<b>10,902</b>	<b>2,916</b>
Add: Depreciation	741	1,041	1,107	296
Changes in DFNWC	(1,222)	(175)	(220)	2,703
Capital expenditures	(989)	(1,388)	(1,476)	(395)
<b>Debt-free cash flow</b>	<b>5,832</b>	<b>9,731</b>	<b>10,313</b>	<b>5,521</b>
Partial Period Adjustment	0.75	1	1	0.25
Cumulative years	0.75	1.75	2.75	3
Mid-Year Period	0.375	1.25	2.25	2.875
Present Value Factor	15.5% 0.9474	0.8352	0.7231	0.6608
<b>Present Value</b>	<b>5,526</b>	<b>8,127</b>	<b>7,457</b>	<b>3,648</b>

	Apr 1 to 31-Dec		Jan 1 to 31-Mar	
With Competition	20xx	20xx	20xx	20xx
Revenue	22,489	31,581	33,580	8,983
<b>EBITDA</b>	<b>9,670</b>	<b>13,580</b>	<b>14,439</b>	<b>3,863</b>
Depreciation	(675)	(947)	(1,007)	(269)
<b>EBIT</b>	<b>8,996</b>	<b>12,632</b>	<b>13,432</b>	<b>3,593</b>
Less: Taxes	(2,351)	(3,302)	(3,511)	(939)
<b>Net Income</b>	<b>6,644</b>	<b>9,330</b>	<b>9,921</b>	<b>2,654</b>
Add: Depreciation	675	947	1,007	269
Changes in DFNWC	(1,112)	(160)	(200)	2,460
Capital expenditures	(900)	(1,263)	(1,343)	(359)
<b>Debt-free cash flow</b>	<b>5,307</b>	<b>8,855</b>	<b>9,385</b>	<b>5,024</b>
Partial Period Adjustment	0.75	1	1	0.25
Cumulative years	0.75	1.75	2.75	3
Mid-Year Period	0.375	1.25	2.25	2.875
Present Value Factor	0.9474	0.8352	0.7231	0.6608
<b>Present Value</b>	<b>5,028</b>	<b>7,395</b>	<b>6,786</b>	<b>3,320</b>

Notes:

(a) Based on discussions with the Management.

[Acq.Co. Holdings Ltd.]  
[ABC Corporation]  
**Non-Compete Agreement - A**  
**Valuation as of 31 March 20xx**  
*(in USD '000s unless specified otherwise)*

Exhibit: K.2

Fair Value Calculation	
PV of cash flows with Non-Compete Agreement in Place	24,758
PV of cash flows without Non-Compete Agreement in Place	22,530
<b>Indicated Value of non-Compete Agreement</b>	<b>2,228</b>
Probability of competition	15.0%
<b>Subtotal</b>	<b>334</b>
Tax amortization benefit	40
<b>Fair Value (rounded)</b>	<b>374</b>

Key Metrics	20xx	20xx	20xx	20xx
EBITDA margin	43.0%	43.0%	43.0%	43.0%
Operating expenses, total	45.0%	45.0%	45.0%	45.0%
Depreciation	3.0%	3.0%	3.0%	3.0%
Net working capital	10.0%	10.0%	10.0%	10.0%
Capital expenditures	4.0%	4.0%	4.0%	4.0%

Notes:

(a) Based on discussions with the Management.

**[Acq.Co. Holdings Ltd.]**  
**[ABC Corporation]**  
**Non-Compete Agreement - B**  
**Valuation as of 31 March 20xx**

Exhibit: L.1

(in USD '000s unless specified otherwise)

Selected assumptions	
Probability of competition	15.0%
Agreement tenure (years)	3.5
Potential impact to revenue	(a) (12.0%)

	Apr 1 to 31-Dec		Jan 1 to 30-Sep	
Without Competition	20xx	20xx	20xx	20xx
Revenue	24,713	34,705	36,901	29,615
<b>EBITDA</b>	<b>10,627</b>	<b>14,923</b>	<b>15,867</b>	<b>12,734</b>
Depreciation	(741)	(1,041)	(1,107)	(888)
<b>EBIT</b>	<b>9,885</b>	<b>13,882</b>	<b>14,760</b>	<b>11,846</b>
Less: Taxes	26.1% (2,584)	(3,629)	(3,858)	(3,097)
<b>Net Income</b>	<b>7,301</b>	<b>10,253</b>	<b>10,902</b>	<b>8,749</b>
Add: Depreciation	741	1,041	1,107	888
Changes in DFNWC	(1,222)	(175)	(220)	729
Capital expenditures	(989)	(1,388)	(1,476)	(1,185)
<b>Debt-free cash flow</b>	<b>5,832</b>	<b>9,731</b>	<b>10,313</b>	<b>9,182</b>
Partial Period Adjustment	0.75	1	1	0.75
Cumulative years	0.75	1.75	2.75	3.5
Mid-Year Period	0.375	1.25	2.25	3.125
Present Value Factor	15.5% 0.9474	0.8352	0.7231	0.6374
<b>Present Value</b>	<b>5,526</b>	<b>8,127</b>	<b>7,457</b>	<b>5,853</b>

	Apr 1 to 31-Dec		Jan 1 to 30-Sep	
With Competition	20xx	20xx	20xx	20xx
Revenue	21,748	30,540	32,473	26,061
<b>EBITDA</b>	<b>9,352</b>	<b>13,132</b>	<b>13,963</b>	<b>11,206</b>
Depreciation	(652)	(916)	(974)	(782)
<b>EBIT</b>	<b>8,699</b>	<b>12,216</b>	<b>12,989</b>	<b>10,424</b>
Less: Taxes	(2,274)	(3,193)	(3,395)	(2,725)
<b>Net Income</b>	<b>6,425</b>	<b>9,023</b>	<b>9,594</b>	<b>7,699</b>
Add: Depreciation	652	916	974	782
Changes in DFNWC	(1,075)	(154)	(193)	641
Capital expenditures	(870)	(1,222)	(1,299)	(1,042)
<b>Debt-free cash flow</b>	<b>5,132</b>	<b>8,563</b>	<b>9,076</b>	<b>8,080</b>
Partial Period Adjustment	0.75	1	1	0.75
Cumulative years	0.75	1.75	2.75	3.5
Mid-Year Period	0.375	1.25	2.25	3.125
Present Value Factor	0.9474	0.8352	0.7231	0.6374
<b>Present Value</b>	<b>4,863</b>	<b>7,152</b>	<b>6,563</b>	<b>5,150</b>

Notes:

(a) Based on discussions with the Management.

[Acq.Co. Holdings Ltd.]  
[ABC Corporation]  
**Non-Compete Agreement - B**  
**Valuation as of 31 March 20xx**  
*(in USD '000s unless specified otherwise)*

Exhibit: L.2

Fair Value Calculation	
PV of cash flows with Non-Compete Agreement in Place	26,963
PV of cash flows without Non-Compete Agreement in Place	23,727
<b>Indicated Value of non-Compete Agreement</b>	<b>3,236</b>
Probability of competition	15.0%
<b>Subtotal</b>	<b>485</b>
Tax amortization benefit	58
<b>Fair Value (rounded)</b>	<b>543</b>

Key Metrics	20xx	20xx	20xx	20xx
EBITDA margin	43.0%	43.0%	43.0%	43.0%
Operating expenses, total	45.0%	45.0%	45.0%	45.0%
Depreciation	3.0%	3.0%	3.0%	3.0%
Net working capital	10.0%	10.0%	10.0%	10.0%
Capital expenditures	4.0%	4.0%	4.0%	4.0%

Notes:

(a) Based on discussions with the Management.





**[Acq.Co. Holdings Ltd.]**  
**[ABC Corporation]**  
**Assembled Workforce**  
**Valuation as of 31 March 20xx**  
*(in USD '000s unless specified otherwise)*

**Exhibit: N**

Employee category	Annual compensation <sup>(a)</sup>	Burden rate (%) <sup>(a)</sup>	Average total compensation	Recruiting costs per individual <sup>(a)</sup>	Months to full productivity <sup>(a)</sup>	Productivity when hired % <sup>(a)</sup>	Productivity loss
	A	B	C = A*(1+B)	D	F	G	H = (F*(1-G)/2)*(C/12)
Chief Executive's Office	660	20.0%	792	75	2	25.0%	50
Senior Management	560	20.0%	672	60	3	35.0%	55
Sales & Marketing Executives	410	15.0%	472	40	3	35.0%	38
R&D Operations	360	25.0%	450	42	3	35.0%	37
Manufacturing Operations	310	20.0%	372	40	3	35.0%	30
Customer Support & Staff	260	20.0%	312	38	3	35.0%	25

Employee category	Number of employees	Total recruiting costs	Total productivity loss	Total cost
Chief Executive's Office	4	300	198	498
Senior Management	10	600	546	1,146
Sales & Marketing Executives	60	2,400	2,299	4,699
R&D Operations	20	840	731	1,571
Manufacturing Operations	40	1,600	1,209	2,809
Customer Support & Staff	20	760	507	1,267
<b>Total</b>	<b>154</b>			<b>11,990</b>

Total Workforce cost	11,990
Less: Income Tax	(3,134)
Tax Amortization Benefit	1,060
<b>Fair Value of Assembled Workforce</b>	<b>9,916</b>

Notes:

(a) Information as provided by the management.

**[Acq.Co. Holdings Ltd.]**  
**[ABC Corporation]**  
**Contributory Asset Charges**  
**Valuation as of 31 March 20xx**  
*(in USD '000s unless specified otherwise)*

Exhibit: O

	Stub	Projections for Years Ending December 31						
		20xx	20xx	20xx	20xx	20xx	20xx	20xx
Total Revenue		24,713	34,705	36,901	39,486	42,260	44,373	47,076
Total operating expenses, excl depreciation		14,087	19,782	21,034	22,507	24,088	25,293	26,833
<b>Asset</b>								
Debt-free net working capital (DFNWC)		2,471	3,470	3,690	3,949	4,226	4,437	4,708
Charge (after-tax rate)	3.3%	82	115	123	131	140	147	156
Charge (after-tax rate), % of total revenue		0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Normalized level, % of revenue		0.3%						
<b>Fixed assets (excluding land)</b>								
Beginning PPE		17,922	18,169	18,517	18,886	19,280	19,703	20,147
Capital expenditure		989	1,388	1,476	1,579	1,690	1,775	1,883
Depreciation		(741)	(1,041)	(1,107)	(1,185)	(1,268)	(1,331)	(1,883)
Ending PPE		18,169	18,517	18,886	19,280	19,703	20,147	20,604
Average		18,046	18,343	18,701	19,083	19,492	19,925	20,604
Charge (after-tax rate)	4.1%	733	745	760	775	792	809	837
Charge (after-tax rate), % of total revenue		3.0%	2.1%	2.1%	2.0%	1.9%	1.8%	1.8%
Normalized level, % of revenue		2.1%						
<b>Assembled workforce</b>								
		9,916	9,916	9,916	9,916	9,916	9,916	9,916
Charge (after-tax rate)	15.5%	1,537	1,537	1,537	1,537	1,537	1,537	1,537
Charge (after-tax rate), % of total revenue		6.2%	4.4%	4.2%	3.9%	3.6%	3.5%	3.3%
Normalized level, % of revenue		4.1%						
<b>Non Compete Agreements - 1</b>								
		374	374	374	374	374	374	374
Charge (after-tax rate)	15.5%	58	58	58	58	58	58	58
Charge (after-tax rate), % of total revenue		0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%
Normalized level, % of revenue		0.2%						
<b>Non Compete Agreements - 2</b>								
		543	543	543	543	543	543	543
Charge (after-tax rate)	15.5%	84	84	84	84	84	84	84
Charge (after-tax rate), % of total revenue		0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Normalized level, % of revenue		0.2%						
<b>Selected Contributory Asset charges</b>								
Developed Technology	6.8%							

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# Appendices

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Approved Sample

[Acq.Co. Holdings Ltd.]  
[ABC Corporation]  
**Comparable Company Metrics**  
Valuation as of 31 March 20xx

Exhibit: P.1

Revenue growth	LFY date	LFY-4	LFY-3	LFY-2	LFY-1	LFY	LTM	3-year Average	5-year Average
Company 1	12/31/20xx	9.8%	12.8%	9.8%	6.8%	7.8%	3.8%	8.1%	9.4%
Company 2	12/31/20xx	8.8%	7.8%	12.8%	9.8%	7.8%	3.8%	10.1%	9.4%
Company 3	12/31/20xx	12.8%	12.8%	6.8%	6.8%	7.8%	7.8%	7.1%	9.4%
Company 4	12/31/20xx	12.8%	10.8%	5.8%	12.8%	9.8%	3.8%	9.5%	10.4%
Company 5	12/31/20xx	10.8%	11.8%	11.8%	12.8%	9.8%	4.8%	11.5%	11.4%
Company 6	12/31/20xx	7.8%	8.8%	9.8%	12.8%	6.8%	7.8%	9.8%	9.2%
<b>High</b>		12.8%	12.8%	12.8%	12.8%	9.8%	7.8%	11.5%	11.4%
<b>Mean</b>		10.5%	10.8%	9.5%	10.3%	8.3%	5.3%	9.4%	9.9%
<b>Median</b>		10.3%	11.3%	9.8%	11.3%	7.8%	4.3%	9.6%	9.4%
<b>Low</b>		7.8%	7.8%	5.8%	6.8%	6.8%	3.8%	7.1%	9.2%

Gross Margin	LFY date	LFY-4	LFY-3	LFY-2	LFY-1	LFY	LTM	3-year Average	5-year Average
Company 1	12/31/20xx	77.0%	81.0%	88.0%	94.0%	93.0%	90.0%	91.7%	86.6%
Company 2	12/31/20xx	76.0%	84.0%	90.0%	88.0%	93.0%	86.0%	90.3%	86.2%
Company 3	12/31/20xx	77.0%	85.0%	90.0%	85.0%	94.0%	86.0%	89.7%	86.2%
Company 4	12/31/20xx	78.0%	82.0%	88.0%	90.0%	88.0%	91.0%	88.7%	85.2%
Company 5	12/31/20xx	78.0%	83.0%	87.0%	94.0%	91.0%	92.0%	90.7%	86.6%
Company 6	12/31/20xx	76.0%	84.0%	86.0%	91.0%	93.0%	92.0%	90.0%	86.0%
<b>High</b>		78.0%	85.0%	90.0%	94.0%	94.0%	92.0%	91.7%	86.6%
<b>Mean</b>		77.0%	83.2%	88.2%	90.3%	92.0%	89.5%	90.2%	86.1%
<b>Median</b>		77.0%	83.5%	88.0%	90.5%	93.0%	90.5%	90.2%	86.2%
<b>Low</b>		76.0%	81.0%	86.0%	85.0%	88.0%	86.0%	88.7%	85.2%

**[Acq.Co. Holdings Ltd.]**  
**[ABC Corporation]**  
**Comparable Company Metrics**  
**Valuation as of 31 March 20xx**

**Exhibit: P.2**

EBITDA Margin	LFY date	LFY-4	LFY-3	LFY-2	LFY-1	LFY	LTM	3-year Average	5-year Average
Company 1	12/31/20xx	38.0%	43.0%	39.0%	49.0%	35.0%	44.0%	41.0%	40.8%
Company 2	12/31/20xx	50.0%	49.0%	44.0%	38.0%	42.0%	49.0%	41.3%	44.6%
Company 3	12/31/20xx	43.0%	42.0%	35.0%	40.0%	36.0%	41.0%	37.0%	39.2%
Company 4	12/31/20xx	35.0%	39.0%	45.0%	40.0%	37.0%	47.0%	40.7%	39.2%
Company 5	12/31/20xx	37.0%	45.0%	36.0%	45.0%	39.0%	47.0%	40.0%	40.4%
Company 6	12/31/20xx	44.0%	49.0%	50.0%	39.0%	40.0%	43.0%	43.0%	44.4%
<b>High</b>		50.0%	49.0%	50.0%	49.0%	42.0%	49.0%	43.0%	44.6%
<b>Mean</b>		41.2%	44.5%	41.5%	41.8%	38.2%	45.2%	40.5%	41.4%
<b>Median</b>		40.5%	44.0%	41.5%	40.0%	38.0%	45.5%	40.8%	40.6%
<b>Low</b>		35.0%	39.0%	35.0%	38.0%	35.0%	41.0%	37.0%	39.2%

EBIT Margin	LFY date	LFY-4	LFY-3	LFY-2	LFY-1	LFY	LTM	3-year Average	5-year Average
Company 1	12/31/20xx	26.0%	32.0%	27.0%	30.0%	33.0%	33.0%	30.0%	29.6%
Company 2	12/31/20xx	36.0%	25.0%	27.0%	32.0%	31.0%	36.0%	30.0%	30.2%
Company 3	12/31/20xx	30.0%	33.0%	35.0%	36.0%	35.0%	37.0%	35.3%	33.8%
Company 4	12/31/20xx	27.0%	32.0%	26.0%	39.0%	27.0%	39.0%	30.7%	30.2%
Company 5	12/31/20xx	28.0%	37.0%	32.0%	38.0%	26.0%	38.0%	32.0%	32.2%
Company 6	12/31/20xx	25.0%	31.0%	32.0%	37.0%	35.0%	36.0%	34.7%	32.0%
<b>High</b>		36.0%	37.0%	35.0%	39.0%	35.0%	39.0%	35.3%	33.8%
<b>Mean</b>		28.7%	31.7%	29.8%	35.3%	31.2%	36.5%	32.1%	31.3%
<b>Median</b>		27.5%	32.0%	29.5%	36.5%	32.0%	36.5%	31.3%	31.1%
<b>Low</b>		25.0%	25.0%	26.0%	30.0%	26.0%	33.0%	30.0%	29.6%



