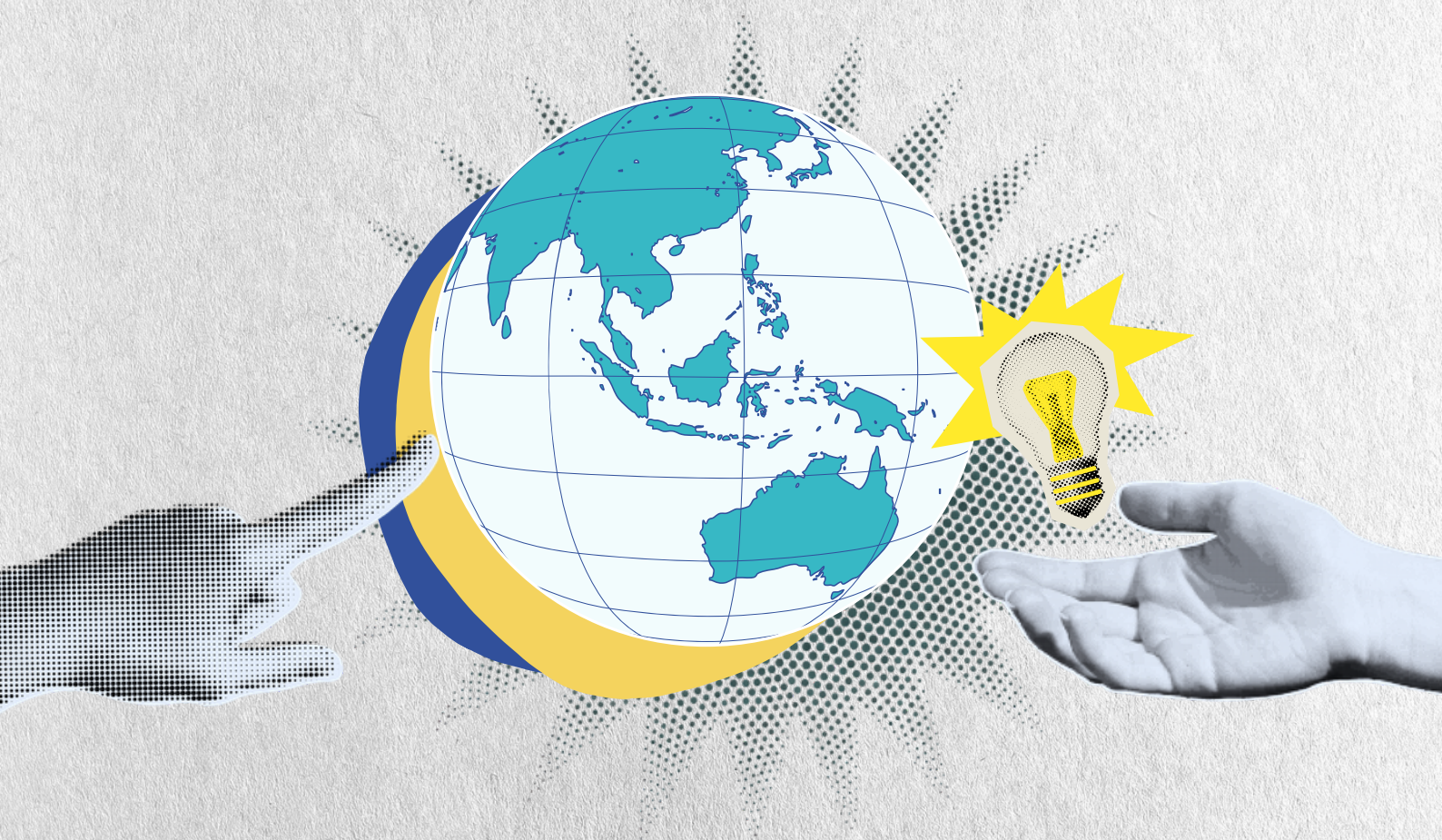


SCOPE IPR

EU-ASEAN Sustainable Connectivity
Package - Intellectual Property Rights

ASEAN Practical Guide to Understanding IP Valuation Reports

**FOR IP. OWNERS, INVESTORS
AND LENDERS**



EUIPO
EUROPEAN UNION
INTELLECTUAL PROPERTY OFFICE



Funded by
the European Union

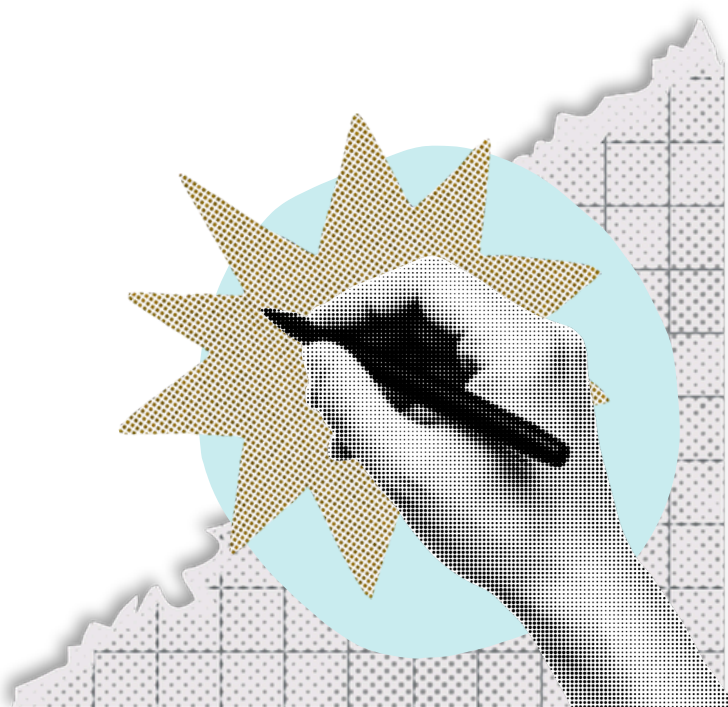


Table of Contents

Section 1: Introduction and Purpose	4
1.1 Background	4
1.2 Objective of the Guide	4
1.3 Structure of the Guide	5
Section 2: Understanding an IP Valuation Report	7
2.1 Information typically provided in an IP Valuation Report	7
Section 3: Understanding Strategy, Value Creation and the Valuation Context	10
3.1 IP and Corporate Strategy	10
3.2 IP as a Source of Competitive Advantage	11
3.3 From Valuation Purpose to Basis and Premise of Value	12
Section 4: Key Characteristics of IP and Its Environment	17
4.1 Characteristics of the Subject IP	17
4.2 The Environment in Which the IP Operates	19
Section 5: Understanding Risks associated with the IP	20
5.1 Understanding IP-Specific Risks	20
5.2 How Risks Are Reflected in a Valuation	22
5.3 Risk Management and Disclosure	22
Section 6: Understanding the Valuation Approach, Method, Inputs & Assumptions	24
6.1 Understanding the Valuation Analysis	24
6.2 Understanding the Principal Valuation Approaches	26
6.3 Is the Selected Approach and Method Appropriate	27
6.4 Examining Inputs, Assumptions and Judgement	28
Section 7: Sensitivity Analysis and Corroborative Analysis	31
7.1 Sensitivity and Scenario Analysis	31
7.2 Corroborative Analysis	32
7.3 Interpreting the Valuation Range and Continuing Relevance	33

Table of Contents

Section 8: Illustrative Example: Interpreting an IP Valuation Report	35
8.1 Purpose and Scope of the Example	35
8.2 Understanding the Valuation Context	35
8.3 Valuation of the Patent	37
8.4 Valuation of the Trade mark	41
8.5 Valuation of Industrial Design	44
8.6 What the Illustrative Example Shows	48
Section 9: Practical Checklist	49
Appendix A: Glossary of Key Terms	51
Appendix B: Summary of the IDF Framework	53
Appendix C: Summary of the IVAS Guidance Note on Intangible Asset Valuation - Nine Focus Areas	54
Appendix D: Examples of Value-Relevant Metrics by Intangible Category	55
Appendix E: References and Further Reading	56





Section 1: Introduction and Purpose

Across the Association of Southeast Asian Nations (ASEAN), growing interest in IP commercialisation and IP-backed finance has increased the need for practical and accessible guidance on IP valuation, which provides an important basis for understanding the monetary value of IP in commercial and financing contexts. Although international valuation standards, methodologies and reference materials are available, differences in the maturity of innovation, commercialisation and financing ecosystems across ASEAN may affect how readily they can be applied in practice.

This practical guide ("Guide") was conceived as a practical reference and capacity-building tool that translates established valuation concepts into practical guidance applicable across the region and supports better understanding of IP valuation and the role of IP in commercialisation and financing. Developed under Activity 18 of the European Union Intellectual Property Office's SCOPE IPR Project, the Guide supports ASEAN's regional priorities on IP valuation and builds on earlier initiatives on IP valuation and IP-backed finance.

1.2 Objective of the Guide

The objective of this Guide is to serve as a practical tool for understanding IP valuation, interpreting valuation outputs and assumptions and helping key users of IP valuation reports make better-informed decisions.

The Guide is intended primarily for key users, comprising IP owners, including microenterprises and small and medium-sized enterprises (MSMEs), investors and lenders or financial institutions. It applies across different forms of IP rights.

1.3 Structure of the Guide

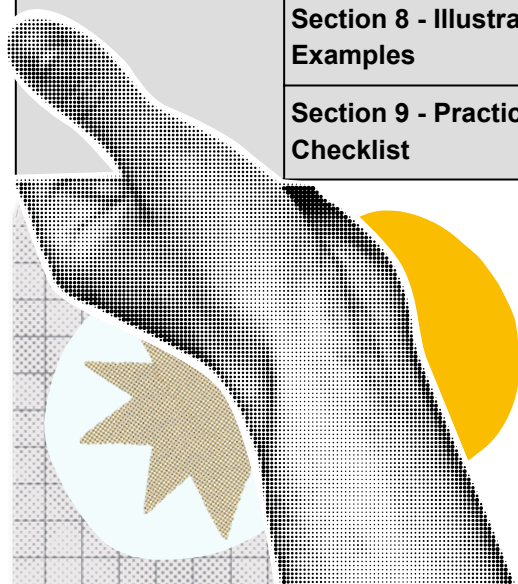
The Guide is organised into two parts. Part I, comprising Sections 2 and 3, establishes the foundation for understanding an IP valuation report. It explains the report's key components, how the subject IP is expected to generate economic benefits, and how the valuation purpose, basis and premise of value shape the meaning of the valuation conclusion. Part II, comprising Sections 4 to 9, provides a practical framework for reviewing and interpreting the report. It examines the characteristics of the subject IP and its operating environment, the material risks affecting its expected benefits, and the valuation approaches, methods, assumptions and inputs applied. It also guides users in interpreting sensitivity analysis, corroborative analysis and the valuation conclusion. Section 8 illustrates these concepts through illustrative examples, while Section 9 provides a practical review checklist to help users assess and interpret an IP valuation report.

The main narrative explains the concepts, analyses and disclosures commonly encountered in an IP valuation report, while the accompanying call-out boxes draw attention to why that information matters, how it should be interpreted and the implications for decision-making. This structure is intended to help users assess not only the valuation conclusion itself, but also the supporting information, assumptions, risks and judgements that underpin it.



The table below summarises the sections and what each section helps users understand or assess.

Part	Section	How the section helps users understand or assess
Part I: Introducing the IP valuation report	Section 2: Understanding an IP valuation report	What are the key components of an IP valuation report, and what does each component communicate?
IP valuation report	Section 3 - Understanding Strategy, Value Creation and the Valuation Context	How does the subject IP support strategy and economic benefits, how sustainable and attributable are those benefits, and how do the valuation purpose, basis and premise affect the meaning of the conclusion?
Part II: Interpreting an IP valuation report	Section 4 - Key Characteristics of IP and Its Environment	What is being valued, which legal, technological, functional and economic characteristics matter, and how do the operating environment, grouping and transferability affect the IP?
	Section 5 - Understanding Risks associated with the IP	Which material risks may affect the expected benefits, and where and how are those risks reflected in the valuation?
	Section 6 - Understanding the Valuation Approach, Method, Inputs and Assumptions	Which valuation approach and method were used, why are they appropriate, and which inputs and assumptions drive the result?
	Section 7 - Sensitive Analysis and Corroborative Analysis	How should users interpret the valuation result, sensitivity analysis, valuation range and corroborative analysis, and assess whether the conclusion remains relevant?
	Section 8 - Illustrative Examples	Illustrative Examples
	Section 9 - Practical Checklist	Practical Checklist for IP Valuation



Section 2: Understanding an IP Valuation Report

2.1 Information typically provided in an IP Valuation Report

An IP valuation report brings together the context, supporting information, analysis and professional judgement supporting its conclusion. Most IP valuation reports are built around a common set of components, although the structure, terminology and level of detail may vary between reports. This section provides an initial guide to those components, while later sections examine these components in greater detail.

The table below outlines typical components commonly found in an IP valuation report and explains what each component communicates. The components included, the terminology used and the level of detail provided may differ depending on the valuation purpose, scope of work, applicable professional requirements and the circumstances of the engagement.

Component	What it communicates
Client, intended use and intended users	Identifies the client, why the valuation was prepared, its intended use and its intended users, where applicable. These matters frame the valuation context and affect the appropriate scope, basis of value, assumptions and conclusion.
Scope of work	Summarises the agreed scope of work, including the valuation instructions, responsibilities and relevant restrictions. This helps users assess whether the work performed and the report produced are consistent with the agreed scope of work.
Identity and credentials of the valuer	Identifies the valuer and may describe relevant qualifications, experience and professional affiliations, together with material relationships or interests that may affect independence. This helps users understand who performed the valuation and the experience brought to the assignment.
Type and scope of IP being valued	Which material risks may affect the expected benefits, and where and how are those risks reflected in the valuation?
Valuation date, report date and valuation currency	States the date at which value is estimated, the date of the report and the currency or currencies used. The conclusion reflects the information, market conditions and circumstances relevant at the valuation date, which may differ from the report date.
Basis of value and applicable definition	Identifies the basis of value applied, the applicable definition and its source. The basis of value determines the meaning of the reported value and the fundamental assumptions under which it is estimated.
Business background and value drivers	Describes the relevant business, industry, products or services, markets and competitive position. It should explain how the subject IP is used and which factors are expected to support the scale, timing, growth and duration of the economic benefits attributed to it.

Component	What it communicates
Significant data, inputs and information relied upon	Identifies the significant financial, legal, technical, commercial and market data, inputs and other information used, their sources, relevant periods and the basis for their selection.
Environmental, social and governance considerations	Describes significant environmental, social and governance considerations affecting the expected benefits or the IP's continued relevance.
Significant assumptions and limiting conditions	Identifies significant or special assumptions, information constraints, reliance on representations, restrictions on use and other limiting conditions affecting how the analysis or conclusion should be interpreted.
Valuation approaches and methods	Identifies the valuation approach and specific method applied and explains why they are appropriate for the purpose, subject IP and available information. Different methods may produce different estimates of value. Where more than one estimate is developed, the report should explain how the results are reconciled in reaching the conclusion.
Valuation assumptions and inputs	Explains how key assumptions and inputs are applied in the analysis and the information, as well as the analysis and professional judgement supporting matters that materially influence the conclusion. These may include assumptions about future growth or economic life and inputs such as forecasts, royalty rates, discount rates, margins, and comparable market information or costs.
Findings of a specialist or service organisation	Identifies any significant findings obtained from a specialist or service organisation and explains how those findings were used in the valuation. This helps users understand the nature and extent of reliance on work performed by other parties and how it affects the analysis or conclusion.
Valuation conclusion and rationale	States the concluded value or range and explains the rationale for the conclusion, including any division of value among assets or a comparison of different valuation results. It should show how the conclusion follows from the analysis and identify the key assumptions, limitations and uncertainties affecting its interpretation.
Other professional and compliance disclosures	Identifies, where applicable, the significant use of artificial intelligence (AI) or other technology-based tools and resources and the governing valuation standards applied. It also states whether the valuation has been prepared in compliance with these governing valuation standards. These disclosures help users understand the professional framework applied and the extent of reliance on technology.

Why it matters?	The information in an IP valuation report determines whether the valuation conclusion is relevant to the decision under consideration. The purpose and basis of value explain why the valuation was prepared and what the reported value represents, while the scope and valuation date define the rights, circumstances and point in time to which the conclusion applies. These matters are important because a valuation prepared for one purpose, on one basis, or for a particular scope and date, may not be relevant in another context. For example, a valuation prepared for financial reporting purposes may not provide an appropriate basis for assessing a proposed investment or the amount that may be obtained from IP offered as collateral. The valuation conclusion should therefore always be considered in the context of its stated purpose, basis of value, scope and valuation date.
How to interpret it?	An IP valuation report should be read as a connected analysis rather than as a collection of individual disclosures. The valuation conclusion reflects a series of judgements about how the subject IP generates economic benefits, the risks and uncertainties affecting those benefits, and the assumptions and supporting information used to estimate value. Users should therefore assess whether the report presents a coherent and credible explanation linking the subject IP, the expected economic benefits, the valuation approach and the resulting conclusion. A valuation conclusion is generally more persuasive where the assumptions, supporting information and analysis are internally consistent and support the stated purpose of the valuation. Where key assumptions appear unsupported, material risks are not clearly reflected, or the conclusion does not appear consistent with the underlying analysis, further explanation may be required before reliance is placed on the reported value.
Implications for decision-making?	Understanding these components enables users to determine whether, and to what extent, the valuation conclusion can support their decision. Where the valuation purpose and basis align with the intended use, and the assumptions, inputs and risks are appropriately supported and reflected in the analysis, and the reasoning underlying the conclusion is coherent, the valuation may provide a relevant basis for decision-making. Where they do not align, or material matters have not been adequately addressed, further information, updated analysis or a valuation prepared on a different basis may be required. This helps investors, IP owners and lenders to identify what the reported value can support, what it does not address and whether additional information or further analysis is required before relying on it.

Section 3: Understanding Strategy, Value Creation and the Valuation Context

A valuation report should explain the commercial role of the subject IP, the economic benefits attributed to it and the context in which those benefits are expected to arise. It should also identify the valuation purpose, basis and premise, so that users can assess what the conclusion represents and whether it is relevant to the intended decision. This section helps users consider whether the benefits attributed to the IP are commercially credible and whether the valuation has been prepared to answer the question relevant to their decision.

3.1 IP and Corporate Strategy

IP can support corporate strategy by protecting or enabling the products, services, processes, brands and commercial arrangements through which a business generates economic benefits. These benefits may take various forms, including revenue growth, price premiums, licensing income, cost savings, market access or reduced commercial risk. A valuation report should therefore explain the commercial role of the subject IP, the economic benefits attributed to it, and the key assets, capabilities and arrangements required to realise those benefits.

The existence of economic benefits does not, by itself, establish that those benefits are attributable solely to the IP concerned. In many cases, commercial performance reflects the combined contribution of multiple IP rights, business assets and organisational capabilities. The report should therefore explain how the contribution of the subject IP has been assessed and distinguished from other factors supporting the same benefits.

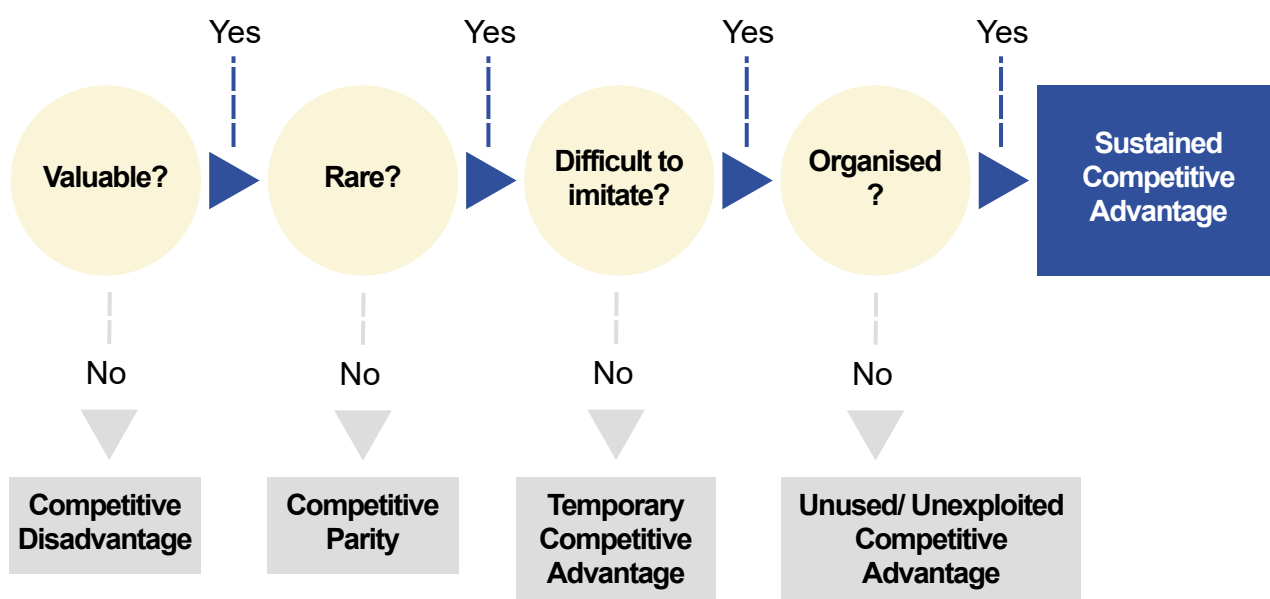
Users should assess whether the expected benefits attributed to the IP are commercially credible and consistent with its stated role within the business. Strategic considerations should influence the valuation only to the extent that they affect the expected economic benefits and are reflected in the valuation analysis through assumptions, forecasts, economic life, royalty rates or other valuation inputs. Product or business performance should not be attributed wholly to the subject IP without appropriate consideration of other contributing rights, assets and capabilities.

Strategic analysis and valuation analysis serve distinct but complementary purposes. Strategic analysis explains how the IP contributes to competitive advantage and economic benefits, while valuation analysis assesses the value of those benefits using recognised valuation approaches and methods. Strategic importance may support the rationale for expected benefits, but it does not, in itself, determine value. The valuation conclusion should therefore be considered in the context of the valuation analysis as a whole.

3.2 IP as a Source of Competitive Advantage

Users may apply a strategic framework to assess whether the expected benefits described in the valuation report are commercially credible and likely to be sustainable. Value, Rarity, Inimitability, and Organisation (VRIO) is one possible framework. It considers whether a defined resource or capability is valuable, rare, difficult to imitate and supported by the organisation. VRIO is not a valuation approach or method and need not appear in the valuation report itself. Its purpose in this Guide is to help users question the commercial reasoning behind the expected benefits and identify matters that may affect their scale, timing or duration.

- **Valuable:** The IP supports a relevant economic benefit, such as revenue, a price premium, cost savings, market access or risk reduction. A valuation report may analyse the nature of the benefit and the supporting information connecting it to the IP rather than assume that legal protection alone creates value.
- **Rare:** The IP, or the capability it supports, is not widely available to competitors. The analysis may consider competing products, substitute technologies and alternative ways of achieving a similar outcome because rarity is relative to the relevant market and period.
- **Inimitable:** Competitors would face meaningful difficulty, time or cost in replicating, substituting for or designing around the benefit. The analysis may consider the scope of protection, technical complexity, trade secrets, accumulated know-how and complementary capabilities. These factors inform the expected duration of the benefit but are not direct measures of value.
- **Organised:** The business has the people, processes, systems, commercial arrangements and supporting assets needed to use or commercialise the IP. A valuation report may describe these capabilities and the continued investment required where they influence the expected benefits.



Any such analysis should relate to a clearly defined subject, such as a particular IP right, a defined collection of related IP rights or a capability supported by specified IP. The report should identify the relevant market, territories and valuation date and explain the supporting information considered, including competing solutions, substitutes, barriers to imitation and the capabilities required to capture the benefit.

The report should connect the strategic findings to the valuation. Supporting information concerning value creation may inform the nature of the expected benefit. Information concerning rarity and difficulty of imitation may inform competitive position and the period over which differentiation may persist. Organisational capability identifies dependencies and continued investment required to capture the benefit. These findings may guide forecasts, growth assumptions, economic life, royalty assumptions, scenarios or risk assessment, but should not be converted mechanically into a premium, discount or fixed adjustment.

3.3 From Valuation Purpose to Basis and Premise of Value

The valuation purpose identifies the decision, reporting requirement or question that the valuation is intended to support. The basis and premise of value then define the perspective from which value is estimated and the circumstances in which the subject IP is assumed to be used or realised. Together, they establish the context within which the valuation conclusion should be interpreted.

Users should assess whether the valuation purpose, basis and premise are clearly stated and applied consistently throughout the report. These matters influence the rights being valued, the expected economic benefits considered, the assumptions adopted and, ultimately, the meaning of the valuation conclusion. A value prepared for one purpose or under one set of assumptions should not be interpreted as though it answers a different valuation question.

The same IP may have different values depending on the perspective adopted and the circumstances assumed. For example, a value based on continued use within an existing business may differ from a value based on transfer to another party, while a value reflecting the assumptions of market participants may differ from one reflecting the circumstances of a particular owner or prospective owner. Users should therefore consider whether the valuation context aligns with the decision under consideration before relying on the reported value.

The valuation purpose identifies the question being addressed, while the basis and premise of value determine the perspective and circumstances under which value is estimated. These concepts are fundamental because they influence what the reported value represents and how it should be interpreted. Users should therefore understand the basis and premise applied before relying on the valuation conclusion.

The table below summarises commonly encountered bases and premises of value and their implications for interpretation.

Basis and premise of value	Meaning in the valuation context	Typical use and how it shapes the conclusion
Market Value	An estimate reflecting the assumptions that market participants would generally make in an exchange between willing parties acting knowledgeably, prudently and without compulsion.	Valuers generally use Market Value when the valuation is intended to reflect the assumptions of market participants rather than the circumstances of a particular owner or purchaser. The conclusion excludes benefits or constraints that are unique to a specific party and may therefore differ from the price negotiated in a particular transaction.
Market Rent	An estimate of the amount for which an asset would be leased or licensed between willing market participants on appropriate terms.	Valuers generally use Market Rent when estimating the market-based amount payable for the right to use IP under a licence or similar arrangement. The conclusion depends on the licence terms assumed, including the rights granted, territories, duration, exclusivity and restrictions, so a different licence structure may produce a different amount.
Investment Value	The value of the IP to a particular owner or prospective owner, reflecting that party's circumstances, objectives and ability to use the IP.	Valuers generally use Investment Value when the valuation concerns the value of the IP to a particular owner or prospective owner. The conclusion may be higher or lower than Market Value because it reflects that party's specific strategy, capabilities, constraints and expected benefits, which may not be available to another party.
Equitable Value	An estimate of a price that is fair between identified parties, taking account of their respective interests and circumstances.	Valuers generally use Equitable Value when the valuation concerns a fair outcome between identified parties, such as in a restructuring, dispute or negotiated arrangement. The conclusion reflects the respective interests and circumstances of those parties and may therefore differ from a value based on the assumptions of market participants generally.
Synergistic Value	The additional value arising from combining IP with other assets or interests, where the combined value exceeds the sum of their separate values.	Valuers generally use Synergistic Value when combining the IP with particular assets, businesses or capabilities is expected to create additional revenue, cost savings, market access or other benefits. The conclusion may exceed the IP's separate value, but the additional amount is relevant only to parties capable of realising the identified synergies.

Basis and premise of value	Meaning in the valuation context	Typical use and how it shapes the conclusion
Liquidation Value	The amount expected to be realised when the IP or a group of assets is sold under liquidation assumptions. The conclusion depends on the assets included, the assumed sale process and the time available for marketing.	Valuers generally use Liquidation Value when the valuation concerns the amount expected to be realised from selling the IP or a group of assets following closure, restructuring, distress or enforcement. The conclusion may be lower than a value based on continued use because the IP may be separated from the business, complementary assets or commercial capabilities that support its existing benefits, and it will also depend on whether the liquidation is orderly or forced.
Current Use or Existing Use	A premise under which the IP continues to be used in the manner assumed at the valuation date, together with the related operating environment and complementary assets identified in the report.	Valuers generally use the Current Use or Existing Use premise when the IP is assumed to continue operating within its present business or operating model. The conclusion may include benefits supported by people, systems, know how, licences, approvals, distribution channels or other complementary assets and may therefore exceed the value achievable if the IP were transferred without them.
Highest and Best Use	A premise reflecting the use that is legally permissible, practically achievable and financially feasible and that results in the highest value under the applicable basis of value.	Valuers generally use the Highest and Best Use premise when the IP may be capable of a different use, licence structure, combination or commercialisation strategy that could produce a higher value than its current use. The conclusion reflects that alternative use only if it is legally permissible, practically achievable and financially feasible, so its relevance depends on the supporting rights, investment, capabilities and market conditions being available.
Orderly Liquidation	A liquidation circumstance in which sufficient time is available to identify potential purchasers, market the IP and complete a sale without requiring an immediate disposal.	Valuers generally apply an Orderly Liquidation circumstance when the IP is expected to be sold following closure, restructuring or enforcement and sufficient time remains for a reasonable marketing process. The resulting amount may still be lower than a continued-use value because the IP is being realised outside its existing operating context, but it would generally reflect a less constrained process than a forced sale.

Basis and premise of value	Meaning in the valuation context	Typical use and how it shapes the conclusion
Forced Sale	A transaction circumstance involving compulsion to sell or a marketing period that is insufficient for an appropriate market process. It describes the conditions of the sale rather than a separate basis of value.	Valuers generally apply a Forced Sale circumstance when compulsion, legal process, financial distress or limited time prevents an appropriate marketing process. The resulting amount may be lower than Market Value or an orderly liquidation amount because there is less time to identify suitable purchasers, provide relevant information and negotiate terms, and should therefore be understood as a constrained sale outcome rather than the IP's general market value.

The basis and premise of value provide the context within which the valuation conclusion should be interpreted. Users should assess whether they are clearly stated, applied consistently and appropriate for the intended decision. Conclusions prepared on different bases, premises or transaction assumptions may not be directly comparable, as they may reflect different perspectives and assumed circumstances. The reported value should not be interpreted as a transaction price, recoverable amount or collateral realisation value unless that is consistent with the stated valuation context. Where owner-specific circumstances or synergies have been considered, users should understand how these have influenced the conclusion and its relevance to the intended use.



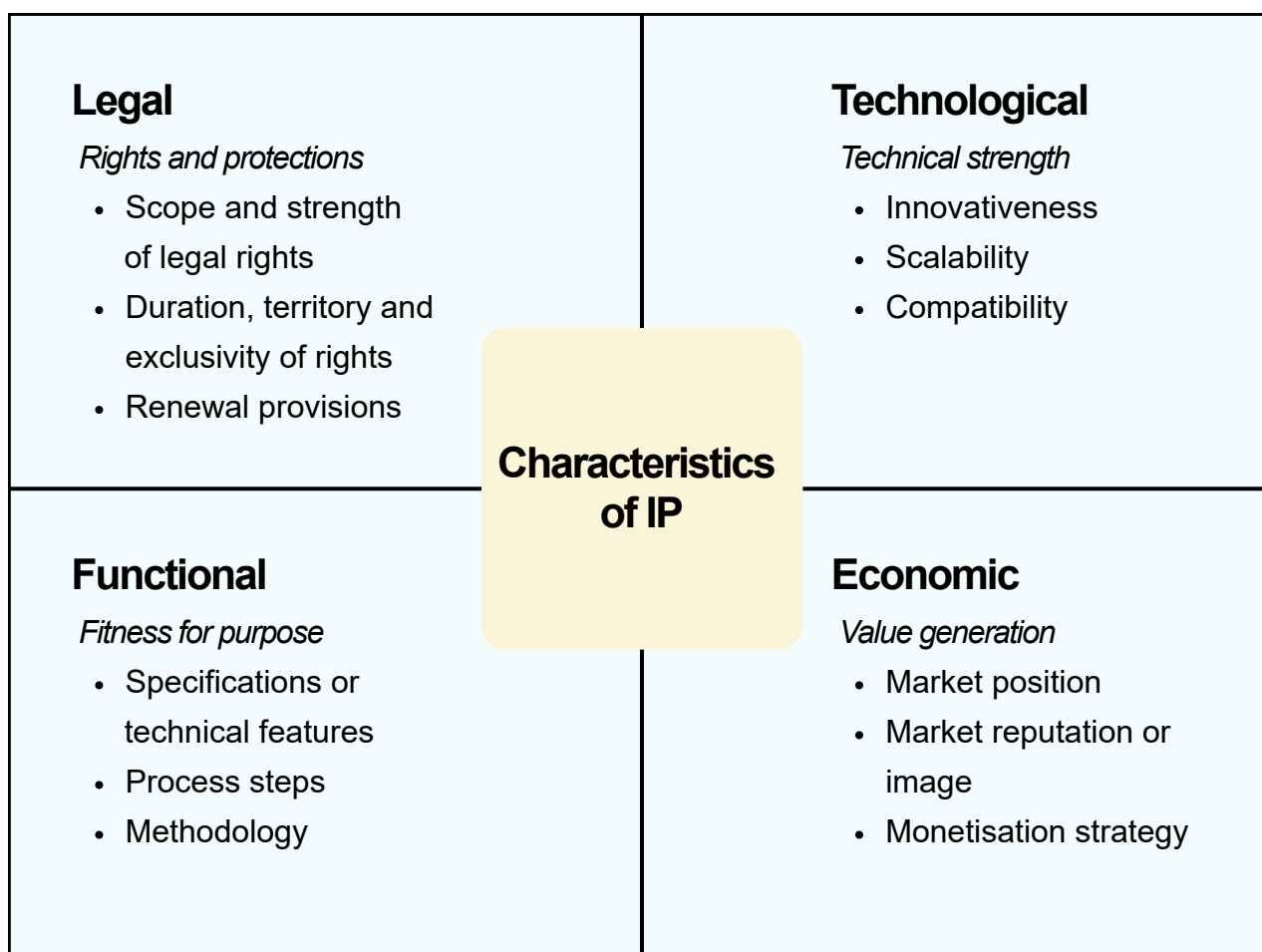
Why it matters?	The reported value is meaningful only if the subject IP is connected to identifiable economic benefits, those benefits are commercially credible and sustainable, and the valuation context is relevant to the decision under consideration. Strategy, legal protection, rarity or past performance may support the analysis, but none establishes value by itself. The report should explain how the IP contributes to revenue, price premiums, licensing income, cost savings, market access or other benefits; which other rights, people, systems and complementary assets are required; and whether the stated purpose, basis and premise appropriately reflect the intended use of the valuation.
How to interpret it?	The strategic analysis and valuation analysis should be read together. Strategic analysis explains how the IP contributes to competitive position and economic benefits, while valuation analysis assesses the value of those benefits using recognised valuation approaches and methods. Users should consider whether the expected benefits attributed to the IP are consistent with its stated commercial role, whether material dependencies on other rights, assets or capabilities have been appropriately recognised, and whether the valuation purpose, basis and premise are consistent with the question being addressed. The valuation conclusion should be interpreted in light of these matters rather than as a standalone measure of value.
Implications for decision-making?	Understanding these matters enables users to assess whether the expected benefits are attributable to the subject IP, whether they are likely to continue and whether the valuation conclusion answers the relevant question. Where the commercial reasoning is supported, dependencies are transparent and the valuation purpose, basis and premise align with the intended use, the conclusion may provide a more relevant basis for the decision. Where attribution is unsupported, material dependencies or risks are not reflected, or the valuation context does not align with the intended use, clarification, further supporting information or analysis on a different basis may be required. The conclusion should not be treated as the transaction price, recoverable amount or measure of collateral realisation.

Section 4: Key Characteristics of IP and Its Environment

Sections 2 and 3 explain why the valuation context, purpose, basis of value and scope matter. This section helps users understand how the valuation report defines the subject IP and the circumstances in which it is expected to generate economic benefits. The report should ordinarily identify the rights or assets being valued, their material legal, technological, functional and economic characteristics, the relevant markets, territories and period, the expected economic benefits, the complementary assets and dependencies, any material inclusions or exclusions, and whether the subject IP is valued separately or together with other rights or assets.

4.1 Characteristics of the Subject IP

The characteristics of the subject IP shape how it may generate economic benefits and how those benefits should be assessed in the valuation. These characteristics can be considered across four broad categories: legal, technological, functional and economic.



Legal characteristics define the rights and interests being valued. Considerations under legal characteristics include ownership or rights of use, the scope and strength of protection, exclusivity, territories, duration and renewal status, together with any material licences, consents, encumbrances or restrictions affecting use or transfer. These matters should be consistent with the markets, periods and economic benefits included in the valuation. Legal protection does not, by itself, accord value.

Technological characteristics describe the underlying technical attributes of the subject IP, including its degree of innovation, maturity, scalability, compatibility and dependence on other technologies, platforms or standards. Technological characteristics may influence assumptions about adoption, obsolescence, continued relevance, economic life and forecast growth.

Functional characteristics describe the capability or outcome enabled by the subject IP. Relevant considerations include whether the IP performs its intended role and which specifications, features, process steps or design elements support that role. The assessment should distinguish the contribution of the IP from the contribution of the associated assets.

Economic characteristics explain how the subject IP contributes to revenue, price premiums, licensing income, cost savings, market access or other economic benefits. The report should identify the nature and expected duration of those benefits and the supporting information used to assess their attribution to the IP.

Metrics and key performance indicators may provide useful information about the subject IP, but they do not establish contribution or value independently. Their significance depends on how they are defined, the source and period to which they relate, their comparability and their connection to the economic benefits being valued. Measures such as protection coverage, technological influence, brand awareness, customer response or revenue associated with products or services using the IP should therefore be interpreted in context rather than treated as direct measures of value.

The assessment of these characteristics should be based on information that is relevant to the subject IP and the valuation date. Significant gaps, inconsistencies or limitations should be explained. Where professional judgement is required, the report should show how that judgement affects the expected economic benefits, economic life, assumptions, inputs or risks reflected in the valuation.

4.2 The Environment in Which the IP Operates

The economic potential of the subject IP depends on the environment in which it is used and commercialised. The valuation should therefore be considered in the context of the relevant industry, market, regulatory, technological and economic conditions. Factors such as market growth, competition, substitutes, barriers to entry, customer demand, regulatory requirements, pricing, costs and access to distribution may affect whether the expected benefits can be realised. The analysis should relate these conditions to the markets, territories and period covered by the valuation and explain how they affect forecasts, growth, pricing, market share, costs, economic life or other material assumptions and inputs. The information considered should be relevant to the valuation date, and material changes, uncertainties or information limitations should be explained together with their effect on the analysis.

Where the IP operates across several jurisdictions, differences in legal protection, regulation, market maturity, enforcement and commercial conditions may affect the rights and economic benefits included in the valuation. These differences should be considered by reference to the relevant jurisdiction rather than assumed to apply uniformly.

Why it matters?	The legal, technological, functional and economic characteristics of the subject IP shape how it may generate economic benefits. Whether those benefits can be realised also depends on the industry, market, regulatory, technological and economic environment in which the IP is used and commercialised. Legal protection alone does not establish value.
How to interpret it?	Users should consider whether the report clearly identifies the relevant characteristics of the subject IP and relates them to the expected economic benefits. The scope, strength, duration and territorial coverage of the legal rights should be consistent with the uses, markets and periods reflected in the valuation. The technological attributes and functional capability of the IP should support its expected use and continued relevance, while its economic characteristics should explain the nature and expected duration of the associated benefits. Users should also consider whether relevant market conditions, competition, substitutes, customer demand, regulation and technological developments have been assessed for the applicable territories and valuation period.
Implications for decision-making?	Understanding these characteristics helps users assess whether the IP is capable of generating the benefits reflected in the valuation and whether those benefits are likely to continue for the assumed period. Where the report does not clearly explain the IP's characteristics or their relationship to the expected benefits, further information or analysis may be required before relying on the valuation conclusion.

Section 5: Understanding Risks associated with the IP

Section 4 explains the characteristics of the subject IP and the environment in which it operates. These factors may create uncertainty regarding the scale, timing or duration of the economic benefits attributed to the IP and, consequently, affect the valuation conclusion.

The purpose of an IP valuation is not to provide a comprehensive legal, technical, commercial or regulatory assessment of the IP. Rather, the valuation report should identify and explain the material risks that are relevant to the valuation and describe how those risks have been reflected in the assumptions, inputs or analysis supporting the valuation conclusion.

Users should therefore distinguish between:

- risks considered for valuation purposes, which affect the expected economic benefits attributed to the IP and are reflected in the valuation analysis; and
- broader legal, technical, commercial or regulatory matters, which may require separate due diligence, specialist advice or internal assessment depending on the user's intended decision.

A valuation report will typically focus on risks only to the extent necessary to support the valuation analysis. It would not ordinarily be expected to provide detailed assessments of legal validity, infringement, technical feasibility, commercial viability, regulatory compliance or other matters that fall outside the valuation scope.

Users should therefore consider whether additional investigation, due diligence or specialist review is required for their particular purpose. The extent of such work will depend on the nature of the decision being made, whether as an IP owner, investor, lender or other stakeholder.

The valuation report should provide sufficient information for users to understand the material risks considered in the valuation, the assumptions adopted in relation to those risks and how they influence the valuation conclusion. It should also identify any significant information limitations or uncertainties that may affect reliance on the reported value.

5.1 Understanding IP-Specific Risks

A characteristic is an attribute or dependency of the IP. It becomes a risk where uncertainty about that characteristic may affect the expected economic benefits. The valuation then adopts assumptions about that uncertainty and reflects their effect through the relevant inputs or analysis.

This should be distinguished from an information limitation, which arises where relevant supporting information is unavailable, incomplete or unreliable. Valuation uncertainty is the variation that may remain among reasonable outcomes after the available supporting information, assumptions and professional judgement have been considered.

The four broad categories below provide a useful way to organise and consider common IP-specific risks. They are not exhaustive and may overlap.

Legal risks	may affect whether the rights being valued are owned, maintained, enforceable or capable of being used or transferred as assumed. For valuation purposes, the report should identify material legal matters that affect the scope, duration, territories or expected benefits reflected in the analysis. Matters requiring verification of title, validity, infringement, encumbrances or contractual restrictions may require separate legal due diligence.
Functional and technological risks	may affect whether the IP continues to perform its intended role or remains relevant and competitive. The valuation should consider these risks where they influence expected adoption, economic life, forecast benefits or other material assumptions. A detailed assessment of technical performance, compatibility, scalability or competing technologies may require separate technical or commercial due diligence.
Economic and commercial risks	may affect the scale, timing or duration of the expected benefits attributed to the IP. Relevant matters may include demand, adoption, pricing, competition, customer concentration, required investment and route-to-market execution. The valuation report should address these matters to the extent that they affect the forecasts and assumptions used. Users should separately assess the broader commercial viability of the product, business or investment where this falls outside the valuation scope.
Regulatory and external risks	may affect the ability to use or commercialise the IP in the relevant markets. The valuation should reflect material regulatory or external matters that affect the rights or expected benefits included in the analysis. Detailed assessment of regulatory compliance, approvals, sanctions, data requirements, taxation or changes in law may require specialist advice or separate due diligence.



5.2 How Risks Are Reflected in a Valuation

A valuation does not typically seek to assess every risk associated with the IP, product, business or operating environment. Rather, it considers those risks that are relevant to the expected economic benefits attributed to the subject IP and reflects them through the assumptions, inputs or analyses used in the valuation.

Different risks may affect value in different ways. For example, technological obsolescence may influence the assumed economic life of the IP, uncertainty regarding adoption or commercialisation may affect forecast benefits, while risks relating to licence renewal or termination may affect the duration of expected licensing income. The relevant question for users is not whether every possible risk has been identified, but whether material risks that affect value have been appropriately reflected in the valuation analysis.

Risks may be reflected through forecast cash flows, economic life assumptions, probability-weighted scenarios, market information, discount rates or other valuation inputs, depending on the valuation approach and method applied. The report should provide sufficient explanation for users to understand, at a high level, how material risks have influenced the valuation conclusion. A valuation report would not ordinarily be expected to provide a detailed assessment of each risk or a comprehensive explanation of all possible outcomes.

Users should also recognise that the treatment of risk requires judgement. A higher discount rate is not automatically an appropriate response to every uncertainty, particularly where the same uncertainty has already been reflected elsewhere in the analysis. The manner in which risks are incorporated should therefore be considered in the context of the valuation method, assumptions and supporting information used.

Where material risks have been identified as relevant to the valuation, users should be able to understand which assumptions or inputs are affected and how those risks have influenced the valuation conclusion. Sensitivity or scenario analysis may provide additional insight into the potential effect of uncertainty, but such analyses do not establish that the underlying assumptions are reasonable or that all relevant risks have been considered. These analyses are discussed further in Section 7.

5.3 Risk Management and Disclosure

Management actions may influence the assumptions adopted in a valuation where they affect the expected economic benefits attributed to the IP. Examples may include actions relating to the protection of ownership and confidential know-how, maintenance of registrations, management of licence arrangements, investment in commercialisation activities, or responses to technological, competitive or regulatory developments.

For valuation purposes, the relevant consideration is not whether management has eliminated a particular risk, but whether the assumptions adopted in the valuation appropriately reflect the circumstances expected to exist at the valuation date. Where management actions are considered relevant to the valuation, the report may explain how they have been taken into account in developing forecasts, assessing economic life, evaluating commercial prospects or determining other valuation assumptions.

A valuation report would not ordinarily be expected to provide a detailed assessment of the design or effectiveness of management controls, governance arrangements or risk management processes. Such matters may require separate due diligence or specialist review where relevant to the user's intended decision.

Users should therefore focus on whether the assumptions adopted in the valuation appropriately reflect the expected effect of material management actions on the economic benefits attributed to the IP. Any remaining uncertainty should be considered in the context of the assumptions, inputs and analyses supporting the valuation conclusion.

Why it matters?	A valuation report is intended to assess the value of the subject IP, not to provide a comprehensive legal, technical, commercial or regulatory assessment of the IP. Risks are therefore considered only to the extent that they may affect the expected economic benefits attributed to the IP and the resulting valuation conclusion. Because those future benefits may not materialise as expected, a valuation conclusion is inherently subject to uncertainty. Changes in technology, competition, market conditions, commercial execution, regulation or other factors may affect whether the anticipated benefits are realised and, consequently, the value attributed to the IP.
How to interpret it?	Users should focus on how material uncertainties have been reflected in the valuation assumptions, inputs and analysis rather than whether every possible risk associated with the IP has been identified or assessed. Depending on the valuation method, uncertainty may be reflected through forecast benefits, economic life assumptions, probability-weighted scenarios, market information, discount rates or other valuation inputs. The report should provide sufficient explanation for users to understand, at a high level, how material uncertainties have influenced the valuation conclusion. However, a valuation report would not ordinarily be expected to provide a detailed assessment of every legal, technical, commercial or regulatory matter associated with the IP. Sensitivity or scenario analysis may help users understand the extent to which the valuation conclusion depends on particular assumptions, but such analyses do not establish that the assumptions are reasonable or that all matters relevant to a particular decision have been considered.

Implications for decision-making?	Understanding how material uncertainties affect the valuation helps users assess the relevance of the valuation conclusion for their intended purpose and determine how much reliance may be placed on it. A valuation conclusion may provide a useful basis for decision-making where the key assumptions are transparent, reasonable and consistent with the valuation context. However, depending on the nature of the decision, users may need to undertake additional legal, technical, commercial, regulatory or financial due diligence beyond the matters addressed in the valuation report. The valuation conclusion should therefore be considered together with any other investigations, analyses or specialist advice relevant to the intended decision.
--	--

Section 6: Understanding the Valuation Approach, Method, Inputs and Assumptions

This section explains how to assess the approach, method, inputs and assumptions used in an existing IP valuation report. It focuses on four questions: what the selected method measures, why it is appropriate, how the material inputs and assumptions are supported, and where professional judgement affects the conclusion. It also considers how limitations and uncertainty influence the reliability of the result. A recognised method and a detailed calculation are not enough on their own. The method must suit the valuation purpose while the supporting information and analysis must provide a reasonable basis for the conclusion.

6.1 Understanding the Valuation Analysis

The valuation analysis explains how the valuer has translated information about the subject IP into a valuation conclusion. For users of an IP valuation report, the objective is not to assess the detailed calculations themselves, but to understand what has been analysed, how value has been estimated, and which assumptions, judgements and information have the greatest influence on the reported value.

When reviewing the valuation analysis, users should consider the following questions:

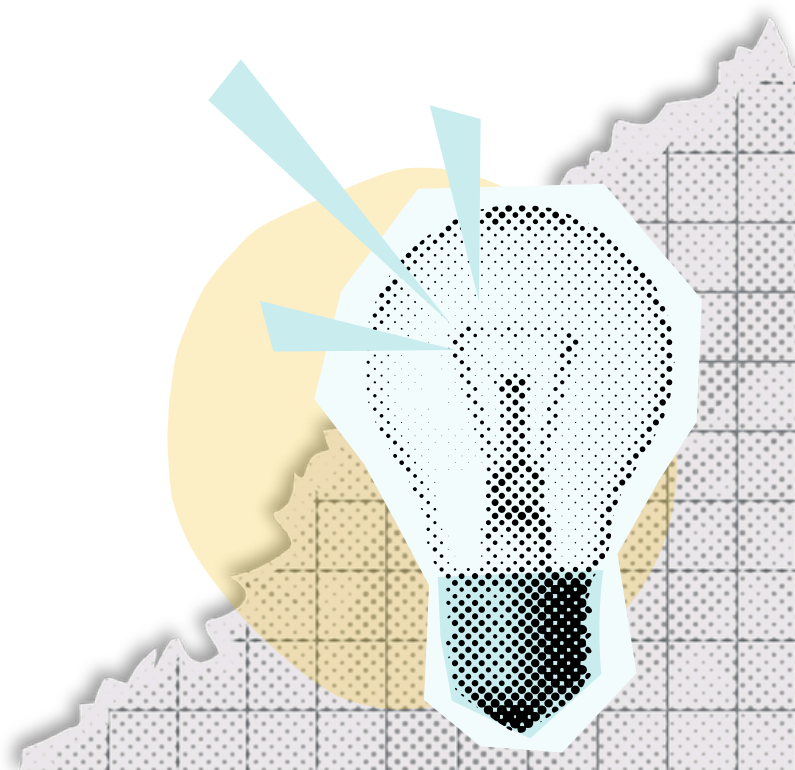
- What does the selected method measure, and is it consistent with the valuation purpose and the nature of the subject IP?
- What economic benefits have been attributed to the IP, and over which territories, markets and periods?
- What assumptions and inputs have the greatest influence on the conclusion?
- How has the contribution of other IP rights, assets, capabilities or business activities been distinguished from the contribution of the subject IP?
- Which material risks and uncertainties may affect the valuation, and how have they been reflected in the analysis?

- What information limitations, assumptions or judgements could materially affect the conclusion?
- How does the valuation analysis support the reported value?

Particular attention may be required where the valuation relies heavily on professional judgement, limited information or assumptions that are difficult to verify independently. In such circumstances, users should focus on understanding the basis for significant judgements, the information supporting them, and the extent to which alternative assumptions or interpretations could affect the conclusion.

Users should also recognise that different valuation methods may produce different indications of value. Where more than one valuation indication is presented, the differences do not necessarily mean that one result is correct and another is incorrect. Rather, they may reflect different assumptions, information sources or perspectives on value. Understanding why the indications differ, and which supporting information relates to each one, may be more informative than focusing solely on the final reported figure.

Sensitivity analysis, scenario analysis and corroborative analysis can provide additional insight into how assumptions and uncertainty affect the valuation. These analyses help users understand the robustness of the conclusion, but they should not be interpreted as proof that the assumptions adopted or the reported value are necessarily correct. These matters are discussed further in Section 7.



6.2 Understanding the Principal Valuation Approaches

Approach	What it measures	Key Information to examine	Principal limitation
Income	Present value of future economic benefits attributable to the subject IP.	Attribution of benefits, forecasts, royalty rates or contributory asset charges, economic life, tax treatment and risk.	The result may be highly sensitive to forward-looking assumptions and may include benefits generated by other rights or complementary assets.
Market	Value indicated by transactions or licences involving sufficiently comparable IP.	Rights and terms, territory, exclusivity, duration, development stage, transaction date, bundled assets, payment structure and comparability adjustments.	Relevant transaction information may be limited or incomplete, and the reported terms may not reveal all circumstances affecting the transaction.
Cost	Current cost to reproduce the subject IP or replace its functional capability.	Included costs, current prices, development time, functional equivalence, unsuccessful expenditure and obsolescence.	Cost does not by itself establish demand, scarcity, legal protection, earning capacity or commercial success.

The Income Approach

The income approach estimates the present value of future economic benefits attributable to the subject IP. Reports may refer to methods such as relief-from-royalty, which considers hypothetical licence payments avoided through ownership, or the multi-period excess earnings method, which considers residual benefits after recognising the returns required by supporting assets. Users should focus on whether the benefit base is attributable to the subject IP, the forecasts and economic life are supported, relevant licence terms or contributory assets are identified, and risk is reflected without duplication. An income-method result depends on forward-looking assumptions and does not establish that the forecasts will occur, that all product revenue belongs to the subject IP or that the reported value could be realised through a transfer.

The Market Approach

The market approach estimates value by reference to transactions or licences involving sufficiently comparable IP. Users should examine whether the transaction or licence information covers comparable rights, territories, exclusivity, duration, development stage, commercial use, transaction dates and payment terms, and whether bundled assets, know-how or services have been identified and adjusted for. A cited transaction is not necessarily comparable, as reported terms may omit restrictions, contingent payments or strategic circumstances. Where material differences cannot be adjusted reliably, the report should explain the limitation and the weight placed on the indication. Market information may support the primary method or provide a corroborative analysis, but it is not additional value to be added to another indication.

The Cost Approach

The cost approach considers the current cost of reproducing the subject IP or replacing its functional capability with an asset of equivalent utility. Users should examine the costs included and excluded, the use of current prices, development time, required resources, functional equivalence, unsuccessful expenditure and adjustments for functional, technological or economic obsolescence. Historical expenditure is not necessarily current reproduction or replacement cost, and recorded costs may not capture the time, expertise or investment needed to recreate equivalent capability. A cost-method result indicates the resources required under the stated assumptions, not expected earnings, market demand or commercial success. The report should therefore explain whether the cost indication is the primary method or provides only contextual information or a corroborative analysis.

6.3 Is the Selected Approach and Method Appropriate?

Users should understand that the selection of a valuation approach and the selection of a valuation method are related but distinct decisions. A valuation approach provides the broad framework for estimating value, while a valuation method is the specific technique applied within that framework. For example, the Relief-from-Royalty Method and the Multi-Period Excess Earnings Method are both methods within the Income Approach.

When reviewing a valuation report, users should first consider whether the selected approach is appropriate for the valuation purpose, the nature of the subject IP, the way in which economic benefits arise, and the information available at the valuation date. They should then consider whether the specific method applied within that approach is consistent with those same factors and is capable of addressing the particular valuation question.

No valuation approach is automatically appropriate for a particular type of IP. An Income Approach may be relevant where the economic benefits attributable to the IP can be identified and reasonably analysed. A Market Approach may be informative where sufficiently comparable market information is available. A Cost Approach may be relevant where the cost of reproducing or replacing the functionality provided by the IP offers a meaningful basis for analysis. The suitability of an approach depends on the valuation context rather than the type of IP alone.

Once the approach has been selected, the appropriateness of the specific method should also be considered. Different methods within the same approach may focus on different aspects of value creation and may require different information. For example, under the Income Approach, a Relief-from-Royalty Method focuses on the hypothetical licence payments avoided through ownership of the IP, whereas a Multi-Period Excess Earnings Method focuses on the residual economic benefits attributable to the IP after recognising the contribution of other supporting assets. The appropriateness of a method therefore depends on the nature of the expected benefits, the availability of information and the ability to support the assumptions required by that method.

Users should also recognise that the relevance of both the selected approach and method may change over the lifecycle of the IP. Early-stage IP may have limited supporting information concerning commercialisation, adoption or attributable benefits, while mature IP may have a stronger operating history but a shorter remaining economic life. The valuation approach and method should therefore be assessed in the context of the facts and information available at the valuation date rather than selected solely by reference to the stage of development of the IP.

The key question for users is not whether a particular approach or method is commonly applied in practice, but whether the report provides a credible explanation for why the selected approach and method are appropriate for the valuation purpose, the subject IP, the available information and the valuation conclusion reached.

6.4 Examining Inputs, Assumptions and Judgement

Once users understand the valuation approach and method applied, they should focus on the inputs, assumptions and professional judgement that drive the valuation conclusion. The assumptions and inputs that are most relevant will depend on the valuation method used.

For example, a Relief-from-Royalty Method may be particularly sensitive to assumptions relating to the royalty rate, attributable revenue, economic life and discount rate. A Multi-Period Excess Earnings Method may depend significantly on forecasts of economic benefits, contributory asset charges, economic life and discount rates.

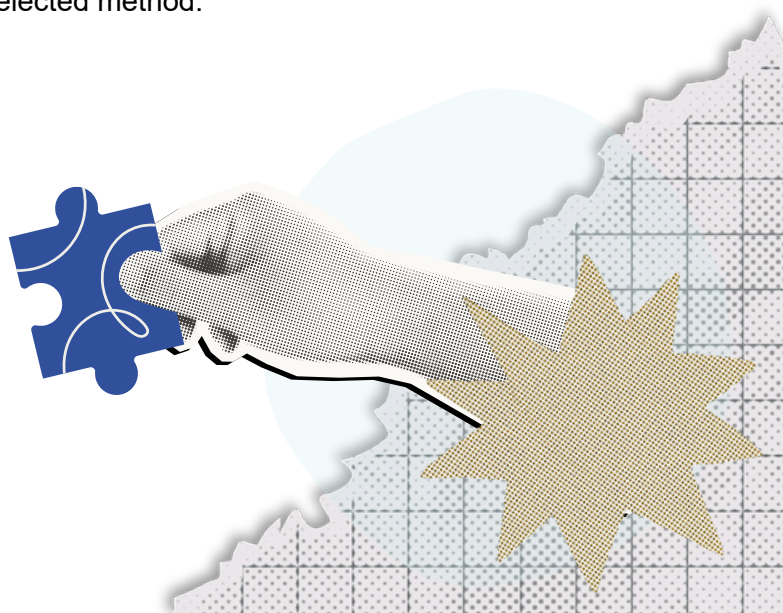
A Comparable Transactions Method or Comparable Licensing Method may be influenced by the selection of comparable transactions or licence agreements, the degree of comparability and any adjustments made to reflect differences between the subject IP and the market information. A Reproduction Cost Method or Replacement Cost Method may depend on assumptions relating to the cost of reproducing or replacing the relevant functionality, development time, required resources and adjustments for functional, technological or economic obsolescence.

Users should distinguish between facts, assumptions and professional judgement. Facts describe information available at the valuation date. Assumptions reflect expectations regarding uncertain or future events. Professional judgement is often required when interpreting information, assessing comparability, attributing economic benefits, estimating economic life or selecting inputs where direct supporting information is limited.

The key question is not whether an assumption has been disclosed, but whether it is relevant to the valuation objective, supported by the available information and applied consistently throughout the valuation analysis. Inputs and assumptions should be considered in the context of the valuation purpose, basis of value, subject IP and the economic benefits being analysed.

Users should also understand where professional judgement has had a significant influence on the conclusion. Valuation conclusions may be more sensitive where key inputs cannot be directly observed and require greater reliance on assumptions, interpretation or judgement. In such circumstances, users should focus on understanding the rationale supporting those judgements and the extent to which alternative assumptions may affect the conclusion.

Finally, users should consider whether material uncertainties have been reflected consistently within the valuation analysis. The objective is not to determine whether every uncertainty has been eliminated, but whether material matters affecting the valuation have been appropriately considered and reflected within the selected method.



Why it matters?	The valuation approach, method, inputs and assumptions together determine how value has been estimated and what the reported value is intended to represent. Different methods focus on different measures of economic benefit and may rely on different information, assumptions and professional judgement. Understanding these elements helps users identify what drives the valuation conclusion, where uncertainty is greatest and which factors are likely to have the most significant effect on value.
How to interpret it?	Users should first understand the relationship between the selected valuation approach and method. The approach provides the overall framework for estimating value, while the method determines how value is measured within that framework. Equally important are the assumptions and inputs applied within the method, as these often have a greater influence on the reported value than the choice of method itself. Users should therefore focus on the assumptions and inputs that are most influential to the selected method. Depending on the method applied, these may include assumptions relating to revenue, growth, margins, royalty rates, contributory asset charges, economic life, discount rates, comparable transactions, comparable licence agreements, reproduction or replacement costs, or adjustments for obsolescence. Users should also consider where professional judgement has been applied, particularly where direct market information is limited or where significant assumptions are required. The valuation conclusion should be considered in the context of these assumptions, inputs and judgements rather than as a standalone measure of value.
Implications for decision-making?	Understanding the valuation approach, method, inputs and assumptions enables users to assess whether the reported value provides a reliable basis for the decision under consideration. Greater confidence may be placed on a conclusion where the selected method is appropriate, the key assumptions and inputs are transparent and supportable, and the principal judgements are clearly explained. Where the conclusion is highly dependent on assumptions that are uncertain, difficult to support or particularly sensitive to change, users may need additional analysis, sensitivity testing or corroborative information before relying on the reported value.

Section 7: Sensitivity Analysis and Corroborative Analysis

Sections 3 to 6 explain the valuation context, the subject IP, the valuation analysis and the principal assumptions supporting the valuation conclusion. This section focuses on how users should interpret the effect of uncertainty on that conclusion. It explains how sensitivity and scenario analysis can help users understand the significance of key assumptions, how corroborative analysis may support or challenge the valuation analysis, how to interpret a reported point estimate or valuation range, and how changes in circumstances after the valuation date may affect the continuing relevance of the valuation.

7.1 Sensitivity and Scenario Analysis

Valuation conclusions are often influenced by assumptions regarding future events and uncertain outcomes. Sensitivity analysis and scenario analysis are tools that may be included in a valuation report to help users understand how changes in those assumptions could affect the reported value. They provide additional context for interpreting the valuation conclusion and the extent to which it depends on particular assumptions.

Sensitivity analysis examines the effect of changing a selected assumption or input while holding other assumptions constant. Scenario analysis considers the combined effect of changes in several related assumptions that reflect a coherent alternative set of circumstances. Depending on the valuation method applied, these analyses may address assumptions relating to forecast benefits, growth, margins, royalty rates, economic life, required investment, discount rates or other inputs that materially influence the valuation conclusion.

Valuers may include sensitivity or scenario analysis where uncertainty surrounding key assumptions is relevant to understanding the valuation result. The objective is not to identify a correct value or predict future outcomes, but to illustrate how the reported value may change if important assumptions differ from those adopted in the primary valuation. These analyses therefore provide additional insight into the factors that have the greatest influence on value and the extent to which the conclusion depends on particular assumptions.

For users of an IP valuation report, sensitivity and scenario analyses can help identify which assumptions warrant closer consideration. A material change in value resulting from a relatively small change in an assumption may indicate that the valuation conclusion is particularly dependent on that assumption. Conversely, a limited change in value may suggest that the conclusion is less sensitive to that specific input within the range tested. In either case, the analysis helps users understand where uncertainty is most significant and which assumptions may have the greatest influence on the valuation outcome.

Users should also consider whether assumptions overlap and whether the same uncertainty may already have been reflected elsewhere in the valuation analysis. Where risks have already been incorporated into forecasts, economic life assumptions or discount rates, additional adjustments may overstate the effect of uncertainty. Sensitivity and scenario analyses are therefore most informative when they help clarify uncertainty rather than duplicate it.

7.2 Corroborative Analysis

A corroborative analysis considers the valuation conclusion alongside other relevant information, analyses or perspectives. While corroborative analyses are often regarded as a useful valuation practice, they are not a mandatory component of every IP valuation and may not always be included in a valuation report. Whether a corroborative analysis is performed, and the extent to which it is reported, will depend on factors such as the valuation purpose, the valuation method applied, the availability of relevant information and the professional judgement exercised in the engagement.

Where included, a corroborative analysis provides additional context for interpreting the valuation conclusion and may assist users in understanding how the conclusion compares with other relevant information available at the valuation date.

Depending on the valuation method and information available, a corroborative analysis may involve consideration of market transactions, licence agreements, business performance indicators, implied returns or the results of another valuation method. The objective is not to verify the valuation conclusion or establish an alternative value, but to provide an additional perspective from which the conclusion may be considered.

For users of an IP valuation report, a corroborative analysis can provide insight into how the valuation conclusion compares with other relevant information. It may help users identify matters that warrant further consideration, understand the significance of particular assumptions and assess whether the conclusion appears broadly consistent with the wider body of information available at the valuation date.

Users should focus on understanding the basis of the corroborative analysis, the information relied upon and the relationship between that information and the primary valuation analysis. A corroborative analysis is generally more informative when it introduces a different perspective or source of information from that used in the primary valuation. Where the corroborative analysis relies substantially on the same information or assumptions as the primary analysis, it may provide limited additional insight.

Differences between a valuation conclusion and a corroborative indication do not necessarily mean that either is incorrect. Such differences may arise because of variations in rights, scope, assumptions, market conditions, timing, comparability or valuation context. Users should therefore seek to understand the reasons for any material differences and how they have been considered in the overall valuation analysis.

A corroborative analysis should not be interpreted as validating or proving the valuation conclusion. Equally, the absence of a corroborative analysis does not necessarily imply a weakness in the valuation, nor does close alignment necessarily strengthen it. Its value lies in helping users better understand the valuation analysis, the assumptions on which it depends and the extent to which alternative perspectives may lead to different observations.

Users should also recognise that the information used in corroborative analyses may itself be subject to limitations. The usefulness of any corroborative analysis therefore depends on the relevance, quality and context of the information considered.

7.3 Interpreting the Valuation Range and Continuing Relevance

A valuation report may present a single amount, a range or several indications derived from different methods or scenarios. Where a range is presented, the report should explain how it was developed, what the endpoints represent and why any amount selected within the range is considered appropriate. A valuation range may reflect differing assumptions, alternative methods, limitations in the available information or the existence of more than one supportable valuation outcome. Users should focus on understanding how the range was developed, what the endpoints represent and how the selected conclusion relates to the underlying assumptions and analyses. The range should be interpreted in the context of the valuation purpose, basis of value, valuation date, subject IP, scope and premise adopted, rather than as a statistical confidence interval or a prediction of transaction outcomes.

Where a valuation report presents a single concluded amount, users should similarly consider the assumptions, inputs and judgements supporting that conclusion. A single amount does not necessarily imply greater certainty than a reported range. In either case, users should focus on understanding the factors that have the greatest influence on the valuation conclusion and the extent to which those factors are relevant to the intended decision.

The valuation conclusion applies at the stated valuation date and reflects the information, circumstances and assumptions relevant at that date. Its continuing relevance may be affected by subsequent changes in legal status, ownership, technology, market demand, commercial performance, regulation, licensing arrangements, complementary assets or the intended use of the valuation. Users should distinguish information that provides further support concerning conditions existing at the valuation date from events or circumstances that arose later.

A change after the valuation date does not automatically make the original conclusion incorrect. It may, however, reduce its relevance to a later decision. Users should consider the nature and materiality of the change, whether it affects the subject IP or its expected economic benefits, and whether the original purpose, basis, premises and assumptions remain aligned with the intended use. Where a material change has occurred, updated information, further analysis or a valuation at a later date may be required before relying on the original conclusion.

Why it matters?	Sensitivity and scenario analysis help users understand how uncertainty may affect the valuation conclusion. The reported value often depends on assumptions about future economic benefits, commercial performance, economic life, market conditions or other matters that cannot be known with certainty at the valuation date. Corroborative analysis provides an additional perspective on the valuation conclusion by considering it alongside other relevant information, analyses or viewpoints. Together, these analyses help users understand the extent to which the valuation conclusion depends on particular assumptions and how it should be interpreted.
How to interpret it?	Users should focus on understanding which assumptions have been tested, why those assumptions are relevant and how changes in those assumptions affect the valuation conclusion. Sensitivity and scenario analyses help illustrate the influence of uncertainty on value, but they do not establish that the underlying assumptions are correct or predict which outcome will occur. A corroborative analysis should be considered in the context of the information on which it is based and the perspective it provides. It is generally most informative when it introduces different information, assumptions or analytical perspectives from those used in the primary valuation analysis.
Implications for decision-making?	These analyses help users assess how much reliance may be placed on the valuation conclusion and identify which assumptions or uncertainties may warrant closer consideration. A valuation conclusion may provide a more useful basis for decision-making where the principal assumptions are transparent, the effect of uncertainty is understood, and the conclusion can be considered alongside other relevant information. Where the valuation is highly dependent on assumptions that are uncertain, sensitive to change or difficult to support, users may require additional information, analysis or judgement before relying on the reported value.

Section 8: Illustrative Example: Interpreting an IP Valuation Report

8.1 Purpose and Scope of the Example

This fictional example shows how the concepts in Sections 2 to 7 can be applied when reading and interpreting an IP valuation report. It focuses on what each conclusion represents, which assumptions and judgements drive it, and whether the analysis is relevant to the decision under consideration.

The example is not a valuation template and does not prescribe a particular approach, method or treatment. All facts, assumptions and figures are fictional and illustrative. A different purpose, basis of value, valuation subject, information set or commercial context could require a different analysis and produce a different conclusion.

The example concerns TechCo Pte Ltd, a fictional Singapore-based manufacturer of polymer-composite products sold across Southeast Asia. Its products use the following IP rights:

- a patented manufacturing process;
- the TECHCO trade mark; and
- a registered industrial design protecting the appearance of one product family.

TechCo commissions a valuation of the above IP rights for internal strategic planning and potential licensing discussions. Each IP right is valued separately as of 30 June 2026, on the premise that TechCo continues to use the IP within its existing business.

The valuation applies the Income Approach and the Relief-from-Royalty Method to each IP right. This does not imply that the Income Approach or Relief-from-Royalty Method would necessarily be appropriate for every IP right or valuation purpose. Their use in this example assumes that the relevant revenue and sufficiently relevant information are available.

8.2 Understanding the Valuation Context

Before considering the individual values, users should understand the purpose, basis and premise of the valuation and the rights included in its scope. These matters affect what each value represents and whether it is relevant to the intended decision.

Illustrative valuation report extract	
Valuation purpose and intended use	The valuation has been prepared to support TechCo's internal strategic planning and to assist management in considering possible licensing opportunities.
Basis and premise of value	The valuation estimates market value on the premise that the subject IP continues to be used within TechCo's existing business. The analysis assumes TechCo's continued access to the personnel, systems, manufacturing facilities, confidential know-how, licences, distribution arrangements and other supporting assets required to generate the projected economic benefits.
Subject IP	The valuation considers the patent, trade mark and registered industrial design identified in this report as separate valuation subjects. The separate conclusions do not imply that each IP right generates economic benefits independently of the other rights or supporting assets.

Questions for report users	
	• Is the purpose and intended use consistent with the decision being considered by the user? • Are the basis of value and premise of value appropriate for that purpose? • What assumptions about TechCo's continued involvement and supporting capabilities underpin the reported values? • If the valuation is later used for financing, investment or transaction purposes, would further analysis on a different premise be required?

8.3 Valuation of the Patent

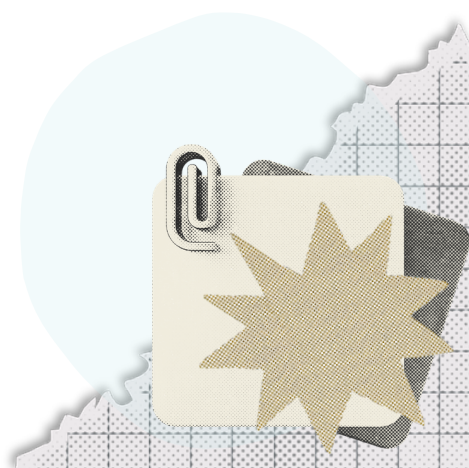
Commercial role, characteristics and risks associated with the IP

TechCo's patent protects a manufacturing process used across its established polymer-composite product range. The process improves production consistency and reduces defect rates. It has 15 years of remaining legal protection at the valuation date.

Two alternative manufacturing processes are under development and are expected, based on the technical information available at the valuation date, to become commercially viable within 8 to 12 years. The patent is therefore expected to generate benefits for a period shorter than its remaining legal life.

The patent is also dependent on confidential process know-how, trained personnel, manufacturing facilities, regulatory approvals and quality-control systems. The continued-use valuation assumes that these supporting assets and capabilities remain available.

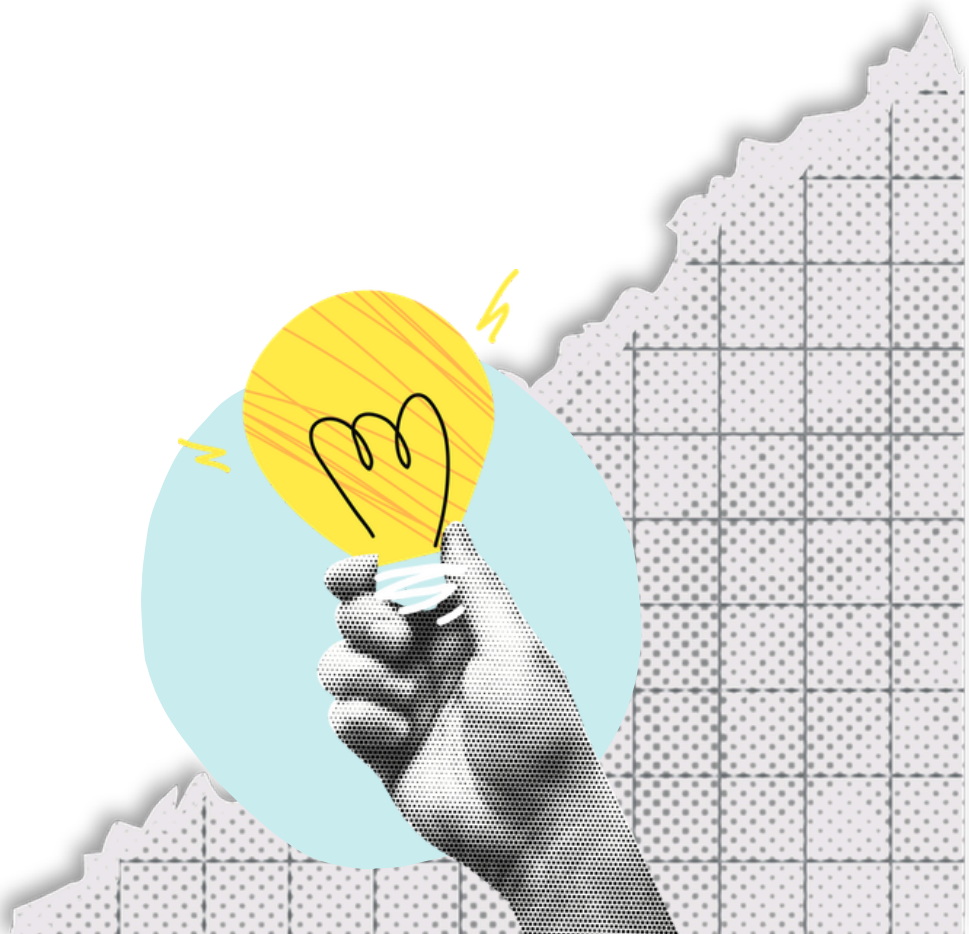
Illustrative valuation report extract	
Commercial role of the patent	The patented process is used in manufacturing TechCo's established polymer-composite products. Management attributes improved production consistency and reduced defects partly to the use of the patented process. The patent is not expected to generate these benefits independently of TechCo's confidential process know-how, trained workforce, manufacturing facilities and quality-control systems.
Economic life	Although the patent has 15 years of remaining legal protection, an economic life of 10 years has been adopted. This reflects the anticipated development and commercial adoption of alternative processes, together with the expected period over which TechCo's existing process is forecast to remain commercially relevant.



Questions for report users



- Is the patent clearly identified, including its ownership, territories and remaining legal protection?
- What economic benefits are attributed to the patent, and what other assets or capabilities are required to generate them?
- Is the assumed economic life consistent with the patent's expected commercial relevance, rather than merely its remaining legal life?
- Could alternative technologies or regulatory changes affect the expected benefits?



Valuation Approach, Method, Inputs and Assumptions

The report states that the patent has been valued using the Income Approach and the Relief-from-Royalty Method. This method estimates the hypothetical royalty payments that TechCo avoids by owning rather than licensing the patent.

Illustrative valuation report extract	
Valuation method	The Relief-from-Royalty Method has been applied because revenue from products using the patented process can be identified and royalty rates from comparable process-technology licensing agreements are available. The method estimates the present value of the after-tax royalty payments notionally avoided through ownership of the patent.
Key inputs and assumptions	• Year 1 attributable revenue: SGD 8.0 million • Forecast revenue growth: 5% per annum for five years and 3% thereafter • Royalty rate: 3.5%. The selected royalty rate is based on royalty rates observed in other comparable process-technology licensing agreements, adjusted for differences between the comparable IPs and the subject patent. • Economic life: 10 years • Tax rate: 17% • Discount rate: 15%

Questions for report users	
	• Why was the Income Approach and Relief-from-Royalty Method selected? • How was the relevant revenue base determined, and what considerations underlie the forecast revenue growth assumptions? • How was the royalty rate selected, and what adjustments were made to the information from comparable licensing agreements? • How are technological risks reflected across the forecasts, economic life and discount rate, without duplication? • Which assumptions have the greatest influence on the value, and what supporting information relates to them?

Sensitivity Analysis

The report includes a sensitivity analysis showing the effect of changing the patent's economic life while holding the other assumptions constant.

Illustrative valuation report extract	
Assumed economic life	Illustrative value
8 years	SGD 1.19 million
10 years	SGD 1.36 million
12 years	SGD 1.49 million
To reflect uncertainty over when alternative processes may become commercially viable, the analysis varies the assumed economic life from 8 to 12 years. This analysis changes only the assumed economic life. Other assumptions, such as revenue, royalty rate, tax rate and discount rate, remain unchanged.	

Questions for report users	
	• Why was economic life selected for sensitivity analysis, and how is the 8-to-12-year range supported by technical and commercial information? • If the user's decision relies on benefits in the later years, how well do the technical and commercial information support the 10-year economic life adopted? • What does the analysis show about the effect of technological change on the value? • Could technological change affect other related assumptions, such as sales volume or pricing? • Would a scenario analysis provide additional insight by changing several assumptions together?

8.4 Valuation of the Trade mark

Commercial role, characteristics and risks associated with the IP

The TECHCO trade mark appears on all products. Customer surveys indicate high recognition among repeat buyers, although channel information suggests that some purchases are driven primarily by technical specifications, product performance, pricing and long-term supply arrangements.

The report therefore does not attribute all product revenue to the trade mark. It assumes that 85% of product revenue is relevant to the trade mark valuation. Continued investment in product quality, marketing, distribution and customer service is assumed to support the trade mark's ongoing commercial influence.

Illustrative valuation report extract	
Commercial role of the trade mark	The TECHCO trade mark supports customer recognition and product differentiation. However, purchasing decisions also reflect product functionality, technical specifications, price, contractual arrangements and customer service. The valuation therefore applies the royalty rate to 85% of forecast product revenue rather than to total product revenue.
Supporting activities and assets	The forecast assumes that TechCo continues to maintain product quality, marketing activity, distribution arrangements and customer support. The valuation does not represent the value of the trade mark if transferred without the activities and capabilities necessary to sustain its commercial influence.

Questions for report users	
	• How does the trade mark influence customer demand, compared with functionality, price, contracts and service, and contribute to economic benefits? • Is the customer and channel information provided relevant to the markets and customers covered by the valuation? • What activities and supporting assets are required to sustain the trade mark's benefits? • Would those benefits continue if the trade mark were separated from TechCo's existing business?

Valuation Approach, Method, Inputs and Assumptions

The report states that the trade mark has been valued using the Income Approach and the Relief-from-Royalty Method.

Illustrative valuation report extract	
Valuation method	The Relief-from-Royalty Method has been applied because revenue from the trade marked products can be identified and royalty rates from comparable trade mark licensing agreements are available.
Key inputs and assumptions	• Relevant revenue share: 85% of product revenue • Royalty rate: 2.5% • Economic life: 10 years • Tax rate: 17% • Discount rate: 14%

Questions for report users	
	In addition to the questions discussed in the patent example concerning the valuation approach, revenue forecasts and determination of the royalty rate, additional questions specific to the trade mark may include: • How was the 85% revenue share determined from customer, market and channel information? • How does the analysis distinguish trade mark-driven demand from product performance, pricing, contracts and other commercial factors? • Is the royalty rate consistent with the level of marketing and commercial support assumed in the forecast? • How has the analysis avoided attributing the same customer benefit to the trade mark and other IP rights?

Sensitivity Analysis

The report includes sensitivity analysis showing the effect of changing the proportion of revenue considered as relevant to the trade mark while holding the other assumptions constant.

Illustrative valuation report extract	
Revenue share	Illustrative value
75%	SGD 0.76 million
85%	SGD 0.86 million
95%	SGD 0.96 million
To illustrate the effect of uncertainty in attributing product revenue to the trade mark, the analysis varies the relevant revenue share from 75% to 95%. Other assumptions, such as royalty rate, tax rate and discount rate, remain unchanged.	

Questions for report users



In addition to the questions discussed in the patent example, further questions specific to the trade mark may include:

- Why was revenue attribution selected for sensitivity analysis, and how is the 75%–95% range supported by customer, market and channel information?
- What does the analysis show about the valuation's dependence on the assumed strength of the trade mark's influence on purchasing behaviour?
- Could weaker trade mark influence also affect the royalty rate, revenue growth or economic life?

8.5 Valuation of Industrial Design

Commercial role, characteristics and risks associated with the IP

TechCo's registered industrial design protects the external housing geometry and surface pattern of one product family. The products also use the patented manufacturing process and carry the TECHCO trade mark.

Customer-choice research indicates that product appearance influences purchasing, but functionality, product quality and brand recognition are also important. The design therefore contributes to benefits that arise together with other IP rights and supporting assets.

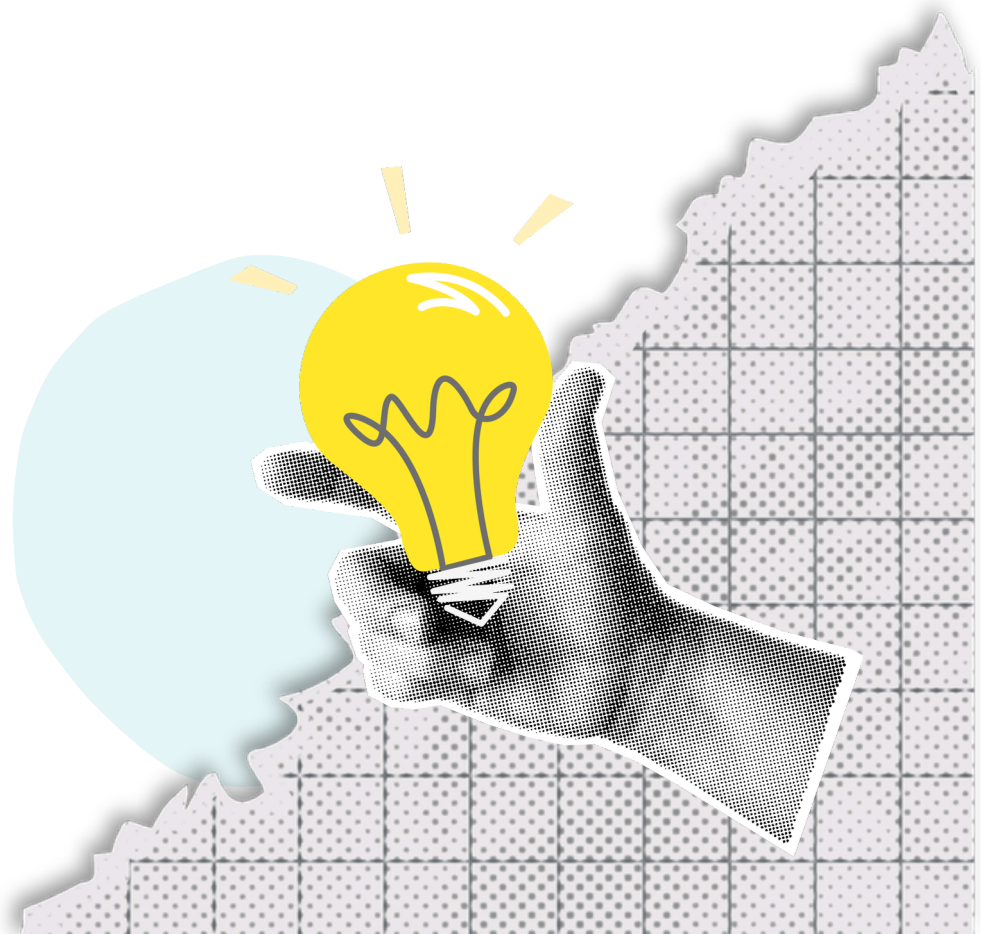
The report values the design separately because the protected features, related product revenue and design-specific licence information are assumed to be identifiable. The user should nevertheless consider whether a separate valuation appropriately reflects how the economic benefits arise.

Illustrative valuation report extract	
Commercial role of the industrial design	The registered design protects the external housing geometry and surface pattern of the identified product family. Customer-choice research indicates that product appearance influences purchasing decisions, although functionality, product quality and recognition of the TECHCO trade mark also contribute to customer demand. The design is therefore expected to support product differentiation and customer preference, but it does not generate these benefits independently of the product's functionality, brand and supporting manufacturing capabilities.
Subject of valuation	The valuation concerns the registered design protecting the external housing geometry and surface pattern of the identified product family. It excludes underlying product functionality, the patented manufacturing process, the TECHCO trade mark, tooling and manufacturing know-how.
Basis for separate valuation	The design has been valued separately because the protected features, revenue from the products incorporating those features and relevant design licence information are assumed to be identifiable. The separate valuation does not imply that the design generates benefits independently of product functionality, manufacturing capability or the TECHCO trade mark.

Questions for report users



- What protected design features are being valued, and does the report distinguish these from functionality and general product styling?
- How does the design influence customer choice or other economic benefits?
- Can the design's contribution be distinguished from the trade mark, product functionality and product quality?
- Is separate valuation appropriate, or would a grouped valuation better reflect how the benefits arise?
- What supporting activities or assets are required to generate the benefits?



Valuation Approach, Method, Inputs and Assumptions

The report states that the industrial design has been valued using the Income Approach and the Relief-from-Royalty Method.

Illustrative valuation report extract	
Valuation method	The Relief-from-Royalty Method has been applied because revenue from the design-bearing products can be identified and royalty rates from comparable industrial design licensing agreements are available.
Key inputs and assumptions	• Relevant Year 1 revenue: SGD 3.2 million • Royalty rate: 1.25% • Economic life: 6 years • Tax rate: 17% • Discount rate: 15%

Questions for report users	
	In addition to the questions discussed in the patent and trade mark examples concerning the valuation approach, revenue forecasts and determination of the royalty rate, additional questions specific to the industrial design may include: • How does the analysis separate the design's contribution from the contribution of functionality and brand? • Is there a risk that the same economic benefit is included in the patent or trade mark valuations? • Would a standalone Relief-from-Royalty valuation remain meaningful if the design-specific benefit could not be identified reliably?

Standalone or Grouped Valuation

Unlike the patent and trade mark sensitivities, the key question for the industrial design may concern what should be valued rather than a change to a single input. Although the registered design protects identifiable visual features, the products also use the patented manufacturing process and carry the TECHCO trade mark. The associated economic benefits may therefore reflect the combined contribution of appearance, functionality, brand and other supporting factors. The report values the industrial design separately because the protected features, related product revenue and sufficiently relevant design licence information are assumed to be identifiable. However, the user should consider whether this treatment appropriately reflects how the economic benefits arise and whether the design's contribution can be distinguished sufficiently from the contributions of the patent, trade mark and supporting assets.

Illustrative valuation report extract	
Illustrative valuation report extract	The registered design has been valued separately using the Relief-from-Royalty Method. On this basis, the Market Value of the registered design as 30 June 2026 is estimated at SGD 135,000. This valuation considers that the protected design features, associated product revenue and relevant information provide a sufficient basis for identifying the design-specific economic benefits separately from those attributable to product functionality, the trade mark and other supporting assets.

Questions for report users	
	• Does the standalone valuation reflect how the economic benefits arise in practice? • Is there sufficient supporting information to distinguish the economic contribution of the design from product functionality, the trade mark and other supporting factors? • Could the same economic benefits have been attributed to more than one IP right? • If the respective contributions cannot be distinguished reliably, would a grouped valuation provide a more meaningful analysis?

8.6 What the Illustrative Example Shows

The reported values may provide relevant indications for TechCo's stated continued-use purpose where:

- each IP right and its commercial role are clearly defined;
- the economic benefits attributed to each right are supported and appropriately distinguished from those generated by other IP rights, assets and capabilities;
- the revenue bases, royalty rates, economic lives and other key assumptions are supported by relevant information and applied consistently;
- the contribution of other IP rights, assets, capabilities and commercial activities is appropriately considered in the valuation;
- material risks are reflected in the valuation analysis; and significant judgements, including revenue attribution and the separate valuation of related IP rights, are adequately explained.

In addition to assessing each valuation individually, users should consider how the three IP rights interact, as they support the same products and may depend on common assets, capabilities and economic benefits. In particular, users should assess:

- whether the economic benefits attributed to the patent, trade mark and industrial design overlap;
- whether common dependencies and risks are treated consistently across separate valuations;
- whether the assumptions applied across the valuations present a coherent overall analysis;
- whether valuing the rights separately appropriately reflects how the economic benefits arise; and
- whether the rights would typically be licensed, transferred or acquired separately or together.

Where the contributions of the individual IP rights cannot be distinguished reliably, users should consider whether a grouped valuation would provide a more meaningful basis for the intended decision. The individual values should not be aggregated mechanically, as their sum does not necessarily represent the value of the rights as a group or the amount achievable if they were transferred together. A valuation of the rights as a defined group may produce a different conclusion because it may involve a different valuation subject, combination of rights and economic benefits, licensing arrangement, information set and valuation analysis.

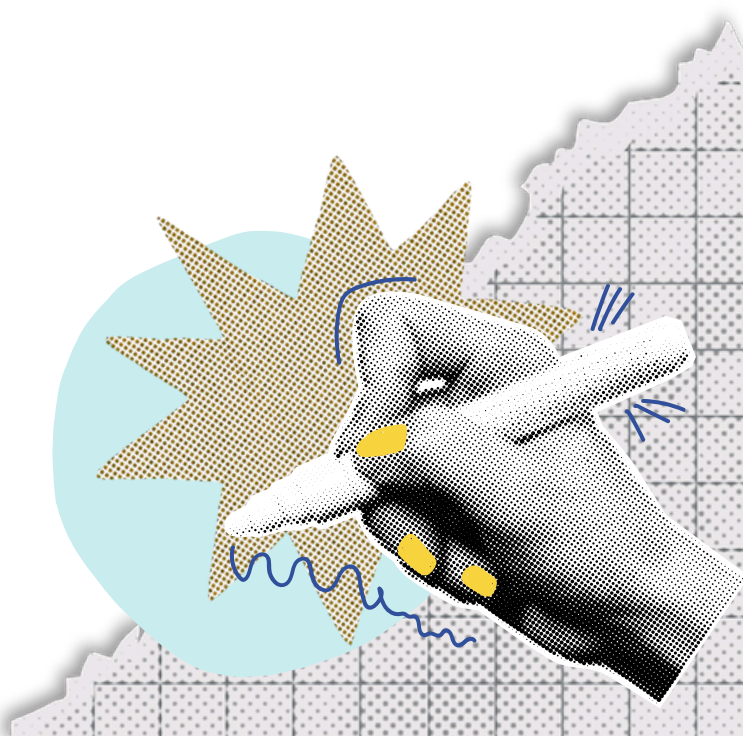
Ultimately, the relevance of the reported values depends on whether the valuation analysis provides a coherent and supported explanation connecting each IP right, its commercial role and expected economic benefits, the material assumptions and risks, and the resulting conclusion. Where that connection is unclear, unsupported or internally inconsistent, further explanation, updated information or additional analysis may be required before the reported values are used for the intended decision.

Section 9: Practical Checklist

This section provides a common checklist for reviewing an IP valuation report. The questions are prompts for review and discussion, not a prescribed valuation, investment or lending process, and not every question will apply in every case.

1. Valuation Context	☐ Is the purpose of the valuation clearly stated? ☐ Is the basis of value and valuation premise appropriate for that purpose? ☐ Is the valuation date clearly disclosed? ☐ Does the valuation conclusion answer the decision or question being considered?
2. Subject IP and Value Creation	☐ Is the subject IP clearly identified, including relevant rights, territories and scope? ☐ Does the report explain how the IP generates economic benefits? ☐ Are dependencies on other IP, assets, capabilities or commercial arrangements clearly explained? ☐ If multiple IP rights are valued separately, has overlap or double counting been addressed?
3. Characteristics, Environment and Risks	☐ Does the report explain the key legal, technological, functional and economic characteristics of the IP? ☐ Are the expected benefits consistent with the markets, territories and operating environment considered? ☐ Have material risks and uncertainties relevant to the valuation been identified? ☐ Is it clear how those risks have been reflected in the valuation analysis?
4. Valuation Analysis	☐ Is the selected valuation approach and method appropriate and clearly explained? ☐ Are the key assumptions and inputs clearly disclosed? ☐ Are the assumptions consistent with the valuation purpose, basis of value and subject IP? ☐ Where significant judgement has been applied, is the rationale adequately explained?

5. Valuation Conclusion	☐ Does the valuation conclusion follow logically from the analysis presented? ☐ Are the principal assumptions, limitations and qualifications clearly disclosed? ☐ Where a valuation range is presented, is its basis clearly explained? ☐ Does the report clearly explain what the valuation conclusion represents and what it does not represent?
6. Sensitivity, Corroboration and Continuing Relevance	☐ Does the report explain how key assumptions affect the valuation conclusion? ☐ Where sensitivity or scenario analysis is included, does it help users understand the effect of uncertainty on value? ☐ Where corroborative analysis is included, does it provide useful additional perspective on the valuation conclusion? ☐ Have subsequent events or changes in circumstances been considered, and could they affect the continuing relevance of the valuation?
Overall Assessment	☐ Based on the report, do I understand: • What is being valued? • How value has been estimated? • What assumptions drive the conclusion? • What risks and uncertainties may affect the conclusion? • Whether the valuation is relevant to my intended decision?



Appendix A: Glossary of Key Terms

Term	Definition
Basis of Value	The fundamental premises on which reported values are or will be based.
Contributory Asset Charge	A charge reflecting the required return on, and where applicable the return of, contributory assets used to generate the cash flows associated with the subject intangible asset.
Corroborative Analysis	The process of using multiple sources of information or methods to support the concluded value. Corroborative analysis is not an alternative or secondary valuation approach or method for determining the value of an intangible asset.
Cost Approach	A valuation approach that provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or construction, unless undue time, inconvenience, risk or other factors are involved.
Discount Rate	A rate of return used to convert a monetary sum, payable or receivable in the future, into a present value.
Economic Life	The period for which it is anticipated that an asset could generate financial returns or provide a non-financial benefit in its current use.
Excess Earnings Method	A valuation method that estimates the value of an intangible asset as the present value of the cash flows attributable to the subject intangible asset, after excluding the proportion of cash flows attributable to other assets required to generate those cash flows. The multi-period excess earnings method applies this analysis using several periods of forecast cash flows.
Income Approach	A valuation approach that provides an indication of value by converting projected cash flows to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset.
Intangible Asset	An identifiable non-monetary asset with no physical substance.
Intellectual Property	Intellectual property refers to creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in commerce.

Term	Definition
Intended Use	The reason for which a value is developed, as described in the scope of work. This is also known as the intended purpose.
Investment Value	The value of an asset to the owner or a prospective owner given individual investment or operational objectives.
Market Approach	A valuation approach that provides an indication of value by comparing the asset and/or liability with identical or comparable assets and/or liabilities for which price information is available.
Market Value	The estimated amount for which an asset and/or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
Premise of Value	The circumstances describing how an asset and/or liability is used. The most common premises of value under IVS are highest and best use, current use or existing use, orderly liquidation and forced sale.
Relief-from-Royalty Method	A valuation method under which the value of an intangible asset is determined by the value of the hypothetical royalty payments that would be saved by owning the asset compared with licensing the intangible asset from a third party.
Royalty Rate	The rate applied to an agreed financial or operational measure to determine the royalty payable for the right to use IP. Depending on the licensing arrangement, the royalty base may comprise revenue, profit, units sold or another agreed measure. In the relief-from-royalty method, a hypothetical royalty rate represents the rate assumed to be payable for licensing the subject IP.
Scenario Analysis	An analysis that assesses the combined effect of changing multiple inputs for a possible future state or scenario.
Sensitivity Analysis	An analysis that measures the effect of changing one input while holding all other factors constant.
Valuation Conclusion	The valuer's final conclusion of value, which may be expressed as a single amount, a range or another form appropriate to the intended use and applicable basis of value.

Appendix B: Summary of the IDF Framework

The Intangibles Disclosure Framework (IDF) was released in August 2023 following its co-creation through a public-private partnership involving stakeholders from the business, legal and technical communities. It was developed with the participation of eight industry associations and supported by the Accounting and Corporate Regulatory Authority, Intellectual Property Office of Singapore, Inland Revenue Authority of Singapore, Monetary Authority of Singapore and Ministry of Finance.

The IDF is intended for voluntary adoption and guides enterprises in communicating consistent information about their intangibles, enabling stakeholders to make more informed assessments of their business and financial prospects. It does not replace or supersede existing regulatory or accounting requirements. Its scope includes internally generated intangibles and is not limited to assets recognised under applicable financial reporting standards.

The IDF anchors its key disclosure principles in four pillars: Strategy, Identification, Measurement and Management, collectively referred to as SIMM. Enterprises should address all four pillars, although the order in which they are addressed is secondary.

Strategy

The Strategy pillar explains how intangibles relate to an enterprise's business activities, business model, corporate strategy and financial planning. It covers their contribution to value creation from the past to the present and from the present to the future, including their role in gaining or preserving competitive advantage.

Identification

The Identification pillar covers the nature and characteristics of an enterprise's intangibles, including internally generated intangibles, whether or not they meet the recognition criteria under accounting standards. The IDF advises enterprises to categorise their intangibles as Marketing-related, Customer-related, Artistic-related, Contract-related, Technology-related or Human Capital-related to facilitate and improve comparability.

Measurement

The Measurement pillar addresses the disclosure of material performance metrics and drivers used to assess an enterprise's intangibles. Value-related information should ideally be quantitative, capable of assisting in valuation and accompanied by historical data to support trend analysis. Disclosure of the monetary value of intangibles is optional.

Management

The Management pillar explains how an enterprise identifies, assesses and manages intangibles-related risks and opportunities. It also addresses how these processes are integrated into the enterprise's overall risk management strategy and how regularly they are monitored and reviewed.

Appendix C: Summary of the IVAS Guidance Note on Intangible Asset Valuation — Nine Focus Areas

The Institute of Valuers and Appraisers, Singapore (IVAS) Guidance Note, Valuation of Intangible Assets: Key Focus Areas and Guidance (the Guidance Note), provides a practical and interoperable framework to support robust valuations of intangible assets. It supplements, rather than replaces or modifies, the International Valuation Standards (IVS) and should be read in conjunction with the relevant provisions of IVS, including IVS 210 Intangible Assets.

The Guidance Note addresses nine focus areas in which additional structure, consistency and clarity would be most beneficial to valuation professionals and users of valuation reports. It applies across a broad range of intended uses but does not comprehensively address all possible inputs, assumptions or methodologies relevant to intangible asset valuation.

Nine Focus Areas

1. Characteristics of intangible assets and the environment in which they are utilised;
2. Risk factors of intangible assets;
3. Determining whether to value the subject intangible asset as a standalone asset or grouped with other assets (including other intangible assets, where applicable);
4. Determining a hypothetical royalty rate for intangible assets valuation;
5. Determining the economic lives of intangible assets;
6. Performing sensitivity and/or scenario analysis for significant risks;
7. Performing corroborative analysis for intangible assets valuation;
8. Disclosure of subsequent events post the valuation date;
9. Additional report disclosures when performing intangible assets valuation.

Appendix D: Examples of Value-Relevant Metrics by Intangible Category

The table below provides selected examples of value-relevant metrics for the six categories of intangibles identified in the IDF. The metrics are illustrative and should be selected and adapted according to the nature of the intangible, the enterprise's circumstances and the purpose of the disclosure.

The selected metrics should be interpreted together with the relevant narrative information, including the nature and characteristics of the intangible, its relationship to the enterprise's strategy and value creation, and the risks and opportunities associated with it. A metric should not be interpreted as a measure of monetary value unless it has been developed and applied for that purpose.

Intangible Category	Examples of Metrics
Marketing-Related	Brand awareness scores; brand strength index; trade mark registration count by jurisdiction; marketing/advertising spend as % of revenue; NPS/customer satisfaction scores; revenue from branded products/services
Customer-Related	Customer retention rate; customer churn rate; average customer lifetime value (CLV); customer acquisition cost; revenue concentration (% from top 10 customers); contract renewal rate
Artistic-Related	Copyright registration count; licensing revenue by content type; content library size; content utilisation/engagement rates; territory coverage of copyright protection
Contract-Related	Number and value of active licensing/franchise agreements; royalty income; weighted average remaining contract term; contract renewal rates; counterparty creditworthiness
Technology-Related	Active patent count by jurisdiction; patent citation index; R&D spend as % of revenue; % revenue from patented products; technology licensing revenue; patent application pipeline
Human Capital-Related	Employee retention rate; training investment per employee; key-person dependency metrics; staff qualifications and certifications; innovation output per employee (e.g., patents filed)

Appendix E: References and Further Reading

European Union Intellectual Property Office. (2026). IP-backed finance in Europe: State of play and future perspectives: Towards a functional European IP finance market.

Institute of Valuers and Appraisers, Singapore. (2026). Valuation of intangible assets: Key focus areas and guidance (Guidance Note GN-003).

Intangibles Disclosure Industry Working Group. (2023). Intangibles disclosure framework.

International Valuation Standards Council. (2024). International valuation standards: Effective 31 January 2025.

UK Intellectual Property Office. (2026, August 6). KAM guide: Intellectual property management. GOV.UK.

World Intellectual Property Organization. (n.d.). What is intellectual property?

World Intellectual Property Organization. (2021). Unlocking IP-backed financing: Country perspectives: Singapore's journey.

World Intellectual Property Organization. (2024). IP valuation toolkit: ASEAN region (Version 1.0)

World Intellectual Property Organization. (2026). FRAND economics: Valuation methods in licensing standard essential patents.



