

OCEAN TOMO VALUATION



The current global economic environment has set a new landscape for the recognition and accurate valuation of intellectual property (IP) and more broadly, identifiable intangible assets. More than ever before, corporations large and small have placed an immediate emphasis on identifying, protecting, and monetizing their internally developed and acquired intellectual property assets. Ocean Tomo's professionals have been on the forefront of IP valuation and transactions for over 25 years, and are universally recognized as thought leaders in this asset class.

Our clients retain us to assist in capturing the value associated with all aspects of a business enterprise, and most commonly, intellectual property assets. This knowledge enables them to proactively plan for M&A activity and additional strategies to maximize return on investment in assets.

Valuation By Asset Class

Intellectual Property & Identifiable Intangible Assets

PATENTS

Our expertise in understanding the value of patents and patent applications, both domestic and international, is unsurpassed in the industry due to our ability to leverage the knowledge of every facet of our service model, including IP damages and analysis in litigation.

TRADE SECRETS & PROPRIETARY "KNOW HOW"

These categories of intangibles are consistently the most understated on balance sheets. Many companies are simply unable to quantify the significant value attributable to the propriety processes they have developed as key revenue drivers in their business. Obtaining an understanding of these assets, which enhance the value of an entire business enterprise, can be extremely beneficial in M&A negotiations.

COMPUTER SOFTWARE

Customized computer software in many instances is not patented and may not also be copyrighted due to the desire to protect source code. Regardless, it can be one of the most valuable assets of any company and the identification and valuation of this asset type is critical to overall value recognition of many businesses.

BRAND NAMES, TRADE NAMES, TRADEMARKS & COPYRIGHTS

Ocean Tomo has experts who understand the value of a brand; whether its legal right is based in patent, trademark or copyright law. We believe that building a brand is both an art and a science. Our consistent, well-proven approach to brand valuation takes this into account, whether we are valuing a brand for marketing, financial, or litigation purposes.

INVESTED CAPITAL

The capital utilized to finance businesses frequently requires valuation for a variety of planning purposes, including:

- Entire Business Enterprises
- Specified Majority & Minority Equity Ownership Positions
- Interest-Bearing Debt
- Minority Ownership Investments Booked Under the "Equity Method"

VALUATION BY BUSINESS TRANSACTION NEED

Our professionals are recognized experts in intellectual property and intangible asset valuation, having performed numerous critical IP appraisals for Fortune 500 companies, small-mid size businesses, and sole inventors, across a variety of industry segments.

ACQUISITION/SALE TARGETING & PRICING

The true market value of intellectual property, and all other identifiable intangible assets, is a key consideration in establishing an arms-length transaction price that both buyer and seller can agree to, whether an entire business is being transacted or specified assets only. This becomes especially important when current balance sheets may grossly understate the value of owned IP.

GENERAL BUSINESS PLANNING

Companies look to Ocean Tomo to assist them in gaining an understanding of the true market value of their owned and licensed assets. This knowledge arms them with critical information as they look to the next phase of their business cycle that could include, for example, a divestiture, spin-off, or capital raise effort.

LICENSING STRATEGY

Companies and individual IP holders are constantly considering licensing alternatives focused around their protected intellectual property rights. Our valuation consulting analyses provide asset owners with critical independent information to assist them in making informed transaction decisions that maximize annuity revenue streams or help them avoid missteps in crafting contractual terms that do not maximize these opportunities.

FINANCIAL REPORTING

We provide a full suite of valuation services for every financial reporting requirement. Our practice leaders have direct "Big 4" experience, enabling them to understand the exact form and type of deliverable necessary to satisfy the increased quality requirements of external auditors, as well as the SEC.

FINANCIAL REPORTING SERVICES:

- ASC 350 – Goodwill & Other Intangible Assets
- ASC 360 – Long-Lived Asset Impairment
- ASC 805 – Business Combinations (Allocation of Purchase Price)
- ASC 820 – Fair Value Measurements

TAX

Accurate and highly defensible valuations are required for a wide variety of state, federal and international tax planning considerations. We are acutely aware of the level of quality and diligence expected by taxing authorities, and our work is always completed under the assumption that a detailed audit and review will be completed, and our work product challenged. We stand ready to defend our conclusion in each case.

Examples:

- Establishment of Intellectual Property Holdings Companies
- Transfer Pricing Studies
- Corporate Reorganizations – Including the transfer of assets between legal entities
- Asset Transactions – Internal Revenue Code Sections 1060 and 338(h)(10), and Personal Goodwill



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Project Examples

Merger and Acquisition Support

EXAMPLE #1

A private equity group was considering the acquisition of a publicly-traded company for the immediate purpose of privatization and to then provide growth capital. The target company had established a very strong and large domestic and international patent portfolio, and had a heavily experienced management team in place that provided the foundation for accelerated growth opportunities. With IP being the key asset in the business, Ocean Tomo performed a valuation analysis that provided the equity investor with the comfort of not only the short-term cash flow opportunities, but more importantly the long-term revenue opportunities due to the strength of the portfolios and the quality of the engineering team that showed consistent efficiency in its identification and acquisition of critical portfolios.

EXAMPLE #2

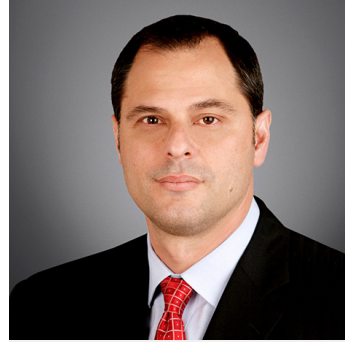
A private equity group was considering the merger of two portfolio companies; one the developer of the IP and the second being the first commercial implementer of the technology. Ocean Tomo completed a valuation of the early stage technology where our analysis was an integral contributor to the completion of the merger and also helped establish the accurate opening balance sheet of the consolidated entity.

EXAMPLE #3

A company with a significant portfolio of domestic and international patents and patent applications was considering a variety of M&A options, driven by a recent offer for the company. The portfolio of IP was clearly the most valuable asset of the business, however, it appeared to be significantly understated on the balance sheet. Due to the size of the portfolio and resource constraints, the company was unable to properly categorize its patent portfolio to its product line, and also had a keen interest in understanding the quality of its portfolio in relation to its top competitors. Ocean Tomo produced comprehensive and timely deliverables, providing the company with an understanding of the quality and value of its portfolio, allowing it to meet stringent internal deadlines for formulating its near-term business strategy.

LICENSING STRATEGY

A major financial services company began a program to regularly review its IP portfolio to establish monetization strategies to generate annuity revenue. Ocean Tomo first assessed the quality of specified patents, as well as relevant competitors in terms of comparability of their IP portfolios. They utilized the output of these reports to make a determination as to which patents had the strongest licensing potential, and engaged our valuation practice to complete current fair market value assessments. The company was able to directly utilize Ocean Tomo's deliverables to assist in the structure of license agreements, and was quickly able to demonstrate to senior management that a successful monetization strategy had commenced.



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Gregory Campanella is responsible for leading Ocean Tomo's Management Services Group and is a Managing Director in the Valuation practice. Mr. Campanella's work has focused on valuations of intangible, intellectual property and tangible assets for acquisitions and divestitures, bankruptcy and restructuring, establishment of monetization strategies including licensing, mergers and joint venture/partnership formations, litigation support, and financial reporting and tax matters.

Mr. Campanella also has experience performing business enterprise, equity and debt valuations. Industries in which he has experience include telecom, computer hardware and software, entertainment, semiconductors, life sciences/pharmaceuticals, wireless and wired communication, e-commerce, among others.





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About Ocean Tomo

Ocean Tomo LLC provides Expert Opinion, Management Consulting, and Advisory services focused on matters involving intellectual property (IP) and other intangible assets. Practice offerings address economic damage calculations and testimony; business licensing strategy and contract interpretation; trade secret reasonable measures; asset and business valuation; strategy and risk management consulting; merger and acquisition advisory; debt and equity private placement; and IP brokerage.

Ocean Tomo experts are routinely qualified in U.S. District Courts, U.S. Bankruptcy Courts, U.S. Tax Court, U.S. Court of Federal Claims, state courts, the U.S. Patent and Trademark Office Patent Trial and Appeal Board, international courts, and arbitration tribunals on questions relating to intellectual property economics. The firm's professionals have provided expert opinions on IP valuation, reasonable royalty, lost profits, price erosion, commercial success, corrective advertising, creditor allocations, Hatch-Waxman Act market exclusivity, business licensing terms including RAND obligations, venture financing, and equities of a potential injunction. The firm's experience extends to general business valuation and commercial disputes, domestic and foreign, as well as policy issues affecting international technology transfer and economic matters before the International Trade Commission.

Intangible assets comprise 90 percent of business value but are also subject to significant impairment due to enterprise and regulatory compliance risk. Our services are built upon more than three decades of experience assessing intellectual property in the most rigorous of venues. Our financial, market, scientific, and technical experts have deep experience with tangible and intangible assets protected by intellectual property. We bring a unique understanding of the contributory value of proprietary innovation to every engagement. This is the cornerstone of our business.

Subsidiaries of the firm include Ocean Tomo Investments Group, LLC, a registered broker-dealer. As a part of J.S. Held, Ocean Tomo works alongside more than 1500 professionals globally and assists clients – corporations, insurers, law firms, governments, and institutional investors – on complex technical, scientific, and financial matters across all assets and value at risk.

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About J.S. Held

J.S. Held is a global consultancy providing technical, scientific, and financial expertise across all assets and value at risk. Our professionals serve as trusted advisors to organizations facing high-stakes events demanding urgent attention, staunch integrity, clear-cut analysis, and an understanding of both tangible and intangible assets. The firm provides a comprehensive suite of products, data, and services that enable clients across industries to navigate complex, contentious, and often catastrophic situations.

In 2022, Ocean Tomo joined J.S. Held, continuing the strategic growth of the firm. Leveraging the J.S. Held team of more than 1,500 professionals around the world, our clients will now have access to J.S. Held's suite of specialized services, including:

- Construction Advisory Services
- Corporate Finance
- Economic Damages and Valuation Services
- Environmental, Health, and Safety Services
- Equipment Consulting
- Forensic Accounting
- Forensic Architecture and Engineering
- Global Investigations
- Property and Infrastructure Damage Consulting
- Surety Services

Headquartered in New York, J.S. Held has offices across the United States, Canada, Latin America, Europe, Asia Pacific, and the Middle East.

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