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VALUATION REPORT

on the Market Value of the Intellectual Property Asset

CGM, Continuous Glucose Monitoring

Moscow 2025

Moscow
April 10, 2025

CONCLUSION

Hold-Invest-Audit Audit Company, OOO has conducted an assessment of the Market Value of the Intellectual Property Asset *CGM, Continuous Glucose Monitoring*.

The conclusions contained in the attached Report are based on the calculations and other information obtained through market research, analysis of the information provided by the Client, as well as the experience and professional knowledge of the Contractor.

A detailed description of the valuation methodology, calculations made, provisions, conditions, and conclusions of the analysis are provided in the text of the Report.

The valuation was conducted in accordance with the requirements of the applicable standards and methodologies for the assessment of assets and property rights.

The research and analysis conducted allow us to conclude that the Market Value of the Intellectual Property Asset *CGM, Continuous Glucose Monitoring* is approximately

108 201 000
(One hundred and eight million two hundred and one thousand) US dollars

General Director
Hold-Invest-Audit
Audit Company, OOO

Maidanchyk A. _____

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1. DESCRIPTION OF THE INTELLECTUAL PROPERTY ASSET

1.1. GENERAL DESCRIPTION

CGM, Continuous Glucose Monitoring is a state-of-the-art technology solution for continuous monitoring of blood glucose levels. CGM is a vital tool in diabetes management, providing users with the ability to significantly improve glycemic control, minimize the risk of complications, and enhance their quality of life.

The main components of a CGM system include a sensor, a transmitter, and a receiving device. The sensor, a small device inserted under the skin, is placed in the interstitial fluid where it continuously measures glucose levels and sends this data to the transmitter. The CGM system is equipped with the capability to transmit information in real time to the user's smartphone or another compatible device. This allows users to receive notifications of critical changes in glucose levels, such as hypoglycemia or hyperglycemia.

The system is applied to the back of the upper arm and has a discreet, round shape. The usage period of the system is 15 days when used as intended. Upon expiration of the usage period, the sensor must be replaced.

A distinctive feature of CGM is its ability to continuously monitor glucose, providing a more comprehensive view of the user's glycemic profile. Unlike traditional monitoring methods that rely on periodic measurements using a glucometer, CGM can identify trends and patterns in glucose levels, providing more accurate data for adjusting insulin dosage, nutrition, and physical activity. This is especially important for people with type 1 and type 2 diabetes, as their medication and insulin regimens must be carefully adjusted to fluctuating blood sugar levels.

To achieve the best results, users should be aware of the limitations and operating guidelines of CGM systems. For example, the sensors may show a delay in glucose changes because the measurement is made in the interstitial fluid rather than directly in the blood. In addition, proper installation is key to obtaining reliable data.

CGM systems are a key tool in diabetes management, providing continuous monitoring and timely alerts to help increase health awareness and improve overall glycemic control.

The glucose oxidase (GOx)-based microbiosensor is a key element of modern continuous glucose monitoring (CGM) systems, including the MLC CGM system. It is a biochemical device that provides high accuracy in glucose measurement and plays a crucial role in the long-term monitoring of patients with diabetes.

Operating principle of the GOx microbiosensor

The microbiosensor is based on the glucose oxidase enzyme (GOx), immobilized on the working surface of the sensor. This enzyme catalyzes the oxidation of glucose to gluconic acid with the simultaneous formation of hydrogen peroxide (H2O2).

In the process of this biochemical reaction, oxygen present in the interstitial fluid is used as a cofactor. The resulting hydrogen peroxide plays the role of the measured analyte: its concentration is directly proportional to the glucose content. The electrochemical detector of the sensor converts the signal generated by H2O2 into an electrical response, which is then transmitted to the data processing device.

Structure of the microbiosensor

The GOx microbiosensor consists of the following components:

- Bioselective enzymatic element: Glucose oxidase, which specifically interacts with glucose.

- Transducer: An electrode platform that registers electrochemical changes caused by the reaction.

- Immobilization matrix: A material that holds the enzyme on the sensor's surface and maintains its activity.

- Protective coating: A membrane that regulates the influx of glucose and prevents the influence of external interferents (such as ascorbic acid, uric acid, etc.).

Advantages of GOx microbiosensors

1. High sensitivity and selectivity: Glucose oxidase is a highly specific enzyme, which ensures that glucose level measurements using the microbiosensor are accurate.

2. Continuous monitoring: The sensor provides continuous tracking of glucose level changes, which is crucial for timely detection of hyperglycemia or hypoglycemia.

3. Minimized invasiveness: The sensor is inserted under the skin and records glucose levels in the interstitial fluid, which reduces the need for frequent finger pricks.

Application in CGM system

With GOx microbiosensors, CGM systems can effectively monitor glucose levels in real time, transmitting data to smartphones or other devices. This allows patients to keep diabetes under control, adjust insulin administration, diet or physical activity in a timely manner. The high accuracy and reliability of these sensors make them indispensable in modern diabetes management technologies.

Thus, the glucose oxidase-based microbiosensor is a central element in CGM systems, combining innovations in biochemistry and electronics to improve the quality of life of patients.

1.2. INFORMATION ON PROPERTY RIGHTS AND ENCUMBRANCES RELATED TO THE ITEM SUBJECT TO VALUATION

Intellectual property (IP) refers to creations of the human mind: inventions, literary and artistic works, designs, symbols, names, and images used for commercial purposes.

IP is legally protected by tools such as patents, copyrights and trademarks, allowing individuals to gain recognition or derive financial benefit from what they have invented or created. By establishing the right balance between the interests of innovators and the wider public, the IP system helps to create conditions for creativity and innovation to flourish.

The exclusive right to the intellectual property belongs to the company MLC GT L.L.C-FZ, Formation Number 2314671, Company Address: The Meydan Hotel, Grandstand, 6th floor, Meydan Road, Nad Al Sheba, Dubai, U.A.E.

2. MARKET ANALYSIS OF THE ITEM SUBJECT TO VALUATION

2.1. GLOBAL MARKET OVERVIEW AND OUTLOOK

The global continuous glucose monitoring (CGM) systems market is estimated to reach USD 10,953 million in 2024, with a market size of 98.6 million units in volume terms.

The market is characterized by high growth rates: between 2015 and 2023, the average annual growth rate amounted to 13.4%. Experts expect the market to not only maintain but also accelerate its growth rates in the coming years: over the next 10 years, the annual growth rate is estimated at 15.7%. By the end of 2045, the market is expected to increase to USD 233,638 million.

Sensors will account for the largest market share of 73.5%. This segment is estimated to grow at a compound annual growth rate of 15.4% for both the analyzed and forecast periods.

Glucose monitoring systems for type 1 diabetes account for the major share of the market with sales exceeding 55% of the total volume. International analytics agencies estimate that this segment will retain its share in future periods as well.

The adult patient segment accounts for 38-39% of the market in terms of age structure.

Over the next ten years, this segment is expected to experience steady growth, driven by projections from the International Diabetes Federation indicating a significant increase in the prevalence of diabetes, particularly among individuals aged 20 to 79.

The distribution channel structure in 2024 will be dominated by sales through clinics and specialty pharmacies accounting for a 56% market share.

North America will hold the largest share of 45.1% in 2024, with its share declining to 35% by 2045, due to an increase in the share of regions growing at a faster pace.

2.2. GLOBAL MARKET DYNAMICS IN 2015-2023 WITH ESTIMATION FOR 2024-2025 IN VOLUME AND VALUE TERMS

The global continuous glucose monitoring systems (CGM systems) market grew by 13.8% in terms of volume and by 13% in terms of value by the end of 2023.

Figure 1. Global CGM systems market dynamics, 2015-2025

Source: Data of international analytics agencies, MegaResearch estimation

The market grew three times from 2015 to 2023, driven by the increasing incidence of diabetes worldwide and improved availability of equipment for consumers.

It should be noted that at the current level of CGM system sales, the supply of diabetic patients with these devices was estimated by MegaResearch analysts, based on data from the International Diabetes Federation and average system consumption rates per 1 person per year to be 0.5% of the total number of people with diabetes worldwide.

DEMAND AND SUPPLY TRENDS

There is a high demand for user experience features in the continuous glucose monitoring systems market.

The cost of the devices and the opportunity to be reimbursed through government reimbursement programs or to purchase the devices through health insurance schemes are also important.

Continuous technological innovations have become the main trend of product offerings in the continuous glucose monitoring systems market. The main areas of innovation, according to the experts, are developments in the field of expanding compatibility with other equipment, namely with the interface of the specialist equipment, without losing the performance quality and efficiency. In addition, manufacturers are constantly working to improve performance accuracy.

The second major area highlighted was developments in the area of improving fault tolerance over the declared service life of devices. This may become one of the most significant competitive advantages, as it will help to reduce patients' concerns about the quality of readings.

FLOW CHART

Continuous glucose monitoring (CGM) sensors are specialized sensors that are designed to continuously monitor glucose levels in the interstitial fluid (the fluid found in the spaces around cells) rather than directly in blood. CGM system sensors usually consist of a tiny probe or electrode that is inserted right under the skin, usually in the abdomen or forearm area. This probe continuously measures glucose levels and transmits the data wirelessly to a receiver or smartphone app.

Transmitters are the components of a CGM system that wirelessly communicate with the CGM system's sensors and transmit glucose data to a receiver or compatible smartphone application. These are typically small battery-powered devices that connect to the CGM system sensor and serve as an interface between the sensor and an external receiver or smartphone. The CGM system transmitter collects glucose readings from the sensor at regular intervals, usually every few minutes, and sends this data wirelessly to a receiver or smartphone app.

Monitors are the devices used to display and interpret glucose data collected by CGM system sensors and transmitted by CGM system transmitters. These monitors can be standalone receivers or compatible smartphone apps that receive and process real-time glucose readings. CGM system monitors typically provide a user-friendly interface for viewing glucose level changes, historical data, and settings such as high and low glucose level alerts. They may also have such features as graphical displays, trend arrows to indicate the direction and rate of change in glucose levels, and the ability to set customized target ranges.

ANALYSIS AND RECOMMENDATIONS

Continuous glucose monitoring systems have been developed as a more technologically advanced and safer alternative to the glucose self-monitoring method that requires regular pricking. Consumers who choose CGM systems as their primary method of glucose monitoring expect accurate readings, ease of use and reliable performance from these devices.

Thus, manufacturers should focus on improving the performance specifications, namely accuracy of readings, sensor lifetime, compatibility with an insulin pump and other diabetes control devices, as well as the development of algorithms to predict changes in glucose levels.

Market segmentation

Proper market segmentation is one of the key factors for developing an effective marketing strategy. In the CGM systems market, sensors hold the major share of more than 56%, therefore, the main target customer segment comprises individuals who value comfort and accurate reading. These consumers are looking for a monitoring device that is characterized by high measurement accuracy as well as ultimate comfort and ease of use.

Regional Segmentation

North America is the leader in the CGM systems market. This region, and the USA in particular, has one of the highest incidence rates of diabetes mellitus in the world. This has driven a high demand for glucose monitoring technologies, including continuous blood sugar monitoring systems.

In Europe, the problem of diabetes incidence has also become more acute recently due to the growing number of patients in the region. The increase in incidence is mainly attributed to sedentary lifestyle, unhealthy diet and general aging of the population. With the increasing incidence of the disease, the demand for glucose monitoring equipment is growing, too.

Differentiation Strategy

The global CGM systems market is characterized by high competition. The players are consolidating their positions by improving the performance specifications aimed at enhancing efficiency and productivity. At the same time, CGM system manufacturers are developing detailed promotional strategies with the target audience in mind.

For example, the Abbott FreeStyle Libre system by Abbott has captured the market with its option of instant results without the need for pricking. Its affordability and ease of use have made it a consumer favorite, especially in those markets that previously lacked access to continuous monitoring technology.

Dexcom stands out with the Dexcom G6 and G7 devices, CGM systems that are known for accurate readings, lifetime reliability and fault tolerance, as well as a user-friendly interface.

Market Drivers

1) Increase in the Incidence of Diabetes Mellitus

According to the International Diabetes Federation (IDF), more than 10% of adults worldwide now have diabetes mellitus. In some countries, the ratio of people with diabetes to healthy people has increased from 1 in 10 to 1 in 5.

Numerous factors contribute to the increase in the number of people with diabetes: unhealthy diet, stress, physical inactivity, heredity and others.

Table 1. Dynamics and forecast of global diabetes incidence in 2021-2045

Region	Qty, 2021, MM people	Qty, 2030, MM people	Qty, 2045, MM people	Growth in %
World	537	643	783	+46
North America	51	57	63	+24
Europe	61	67	69	+13
Latin America	32	40	49	+50
Middle East and Africa	97	128	191	+97
SEA	90	113	152	+68

Source: Data of international analytics agencies, MegaResearch estimation

Increased Use of Continuous Glucose Monitoring Systems (CGM)

People with diabetes mellitus are often unaware of their diagnosis: in 2021, nearly one in two adults aged 20-79 who had diabetes mellitus (44.7%; 239.7 million) didn't know they had the disease over a long period of time. At the same time, the total number of patients with a confirmed diagnosis of diabetes in this age group amounted to 239.7 million people in 2021, i.e. 44.7% of the total number of diabetics. Early detection is essential to reduce the risk of complications and premature death.

Continuous glucose monitoring systems help monitor glucose levels in real time, reducing the risk of uncontrolled and abrupt fluctuations in glucose levels known as hyperglycemia or hypoglycemia.

Factors contributing to the growing popularity of CGM systems include:

- painless procedure, no need for repeated pricking

- inconspicuous size, ease of use; the device does not attract attention, people around (colleagues, groupmates, classmates) do not know about the problem of diabetes in a person; the device does not interfere with studies, work, sports, traveling and other activities, allowing the person to live their social life to the fullest

- continuous monitoring of indicators, including periods of no self-control (e.g. when sleeping), preventing the risk of developing a critical condition

- continuous data recording with data recorded every 5 minutes, logging of indicators

- user-friendly interface for analyzing data, helping the patient understand how to offset diabetes and improve quality of life through it.

Competitive Intensity

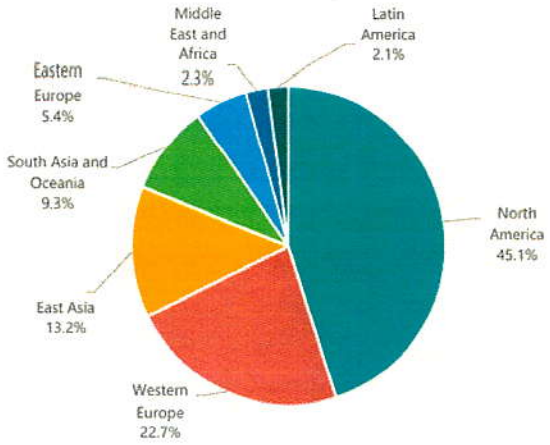
In the structure of the competitive landscape of the global continuous glucose monitoring systems market, the following characteristics can be identified:

- Almost the entire market (actual sales) is distributed among the top 3 manufacturing companies. They account for 97.5% of the market share. The remaining 2.5% is taken by other companies that have just entered the market or have historically had a small share
- The top 3 companies are Abbott, Dexcom and Medtronic
- According to MegaResearch, the potential capacity of the global CGM systems market at 100% coverage of the needs of all diabetic patients in the world is estimated at 16.7 billion units with 85.7 million units sold in 2023
- The potential market capacity is calculated as the number of devices required to meet 100% of the demand from all diabetes patients worldwide
- 643 million people (projected number of diabetes cases by 2030) × 26 (average number of devices per person per year) = 16.7 billion devices per year.

2.3. SEGMENTATION OF CONTINUOUS GLUCOSE MONITORING SYSTEMS (CGM SYSTEMS) MARKET, 2015-2023

North America and Western Europe continue to be the leaders in the consumption of continuous glucose monitoring systems. Their combined share accounted for 67.8%.

Figure 2. Regional Structure of the CGM Systems Market in 2023



Source: Data of international analytics agencies, MegaResearch estimation

The largest consumers of CGM systems - North America, Western Europe, and East Asia - accounted for 81% of the total consumption by the end of 2024.

By 2030, experts forecast a decrease in the share of the market leader, North America, due to an increase in consumption in Western and Eastern Europe, as well as in the Middle East.

East Asia

The market for continuous glucose monitoring systems in East Asia grew 3.2 times in volume terms and 2.8 times in value terms from 2015 to 2023.

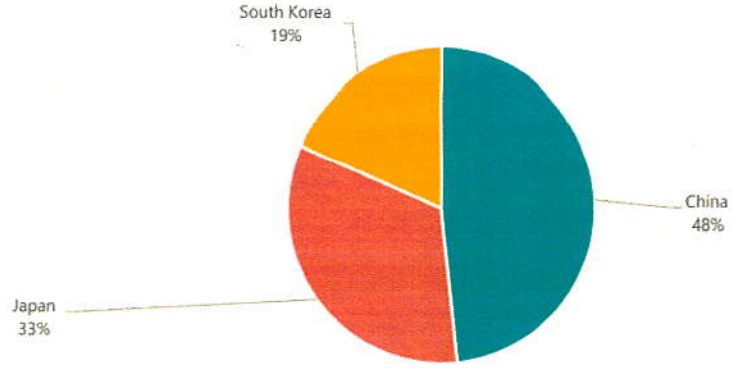
In 2024, the market grew by 11.5% in volume terms and by 14.8% in value terms compared to 2023.

Figure 3. Market Dynamics of CGM Systems in East Asia from 2015 to 2024 in Volume Terms

Source: Data of international analytics agencies, MegaResearch estimation

The region's largest consumer, China, with a 48% share, will increase consumption by 17.8% annually. The Chinese market is forecast to grow 6.2 times in 10 years.

Figure 4. East Asia CGM systems market structure by country in 2023



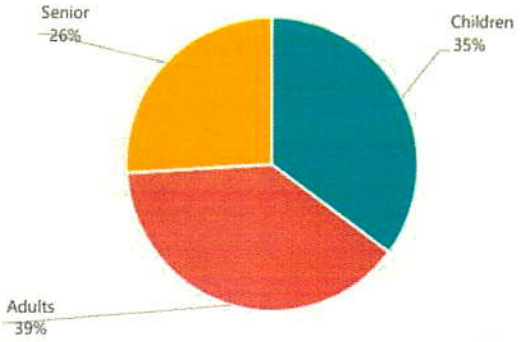
Source: Data from international research agencies

Table 2. East Asia CGM systems market structure by country in 2023

Country	2023, in million USD	2034, in million USD
China	606.59	3712.53
Japan	419.09	982.81
South Korea	230.99	1281.95

The market is defined by the predominance of the adult patient group amounting to 39%. This segment will grow by 14.8% annually to increase 4.5 times by 2034.

Figure 5. East Asia CGM systems market structure by age in 2023



Source: Data from international research agencies

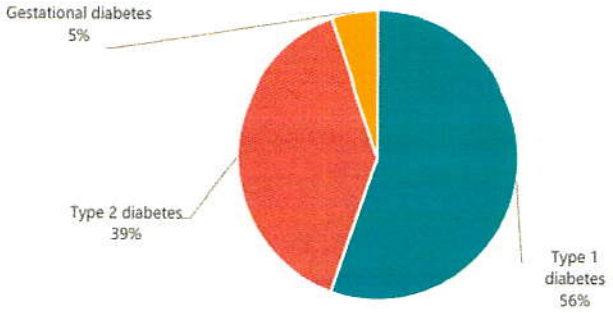
Table 3. East Asia CGM systems market structure by age in 2023-2034

Age group	2023, in million USD	2034, in million USD
Children	441.1	2372.14
Adults	488.43	2223.31
Senior	327.14	1381.84

Source: Data from international research agencies

The segment of consumers with type 1 diabetes accounts for 56%. This segment is expected to grow annually by 14.9% (4.6-fold increase by 2034).

Figure 6. East Asia CGM systems market structure by intended use in 2023



Source: Data from international research agencies

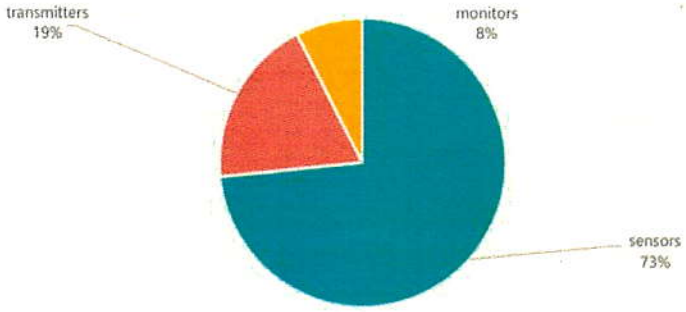
Table 4. East Asia CGM systems market structure by intended use in 2023-2034

Intended use	2023, in million USD	2034, in million USD
Type 1 diabetes	696.41	3219.69
Type 2 diabetes	492.83	2511.32
Gestational diabetes	67.43	246.29

Source: Data from international research agencies

In East Asia, sensors account for 73% of the total consumption. The segment is expected to grow at an average annual rate of 14.8 over the forecast period.

Figure 7. East Asia CGM systems market structure by equipment type in 2023



Source: Data from international research agencies

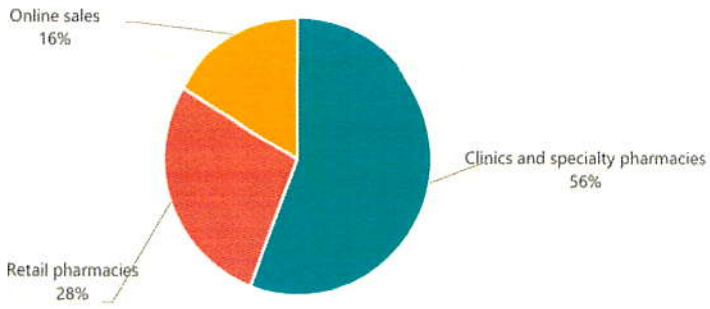
Table 5. East Asia CGM systems market structure by equipment type in 2023

Products	2023, in million USD	2034, in million USD
Sensors	921.83	4223.55
Transmitters	239.24	1227.18
Monitors	95.6	526.56

Source: Data from international research agencies

Clinics and specialty pharmacies are the main sales channel with a 56% share. The average annual growth rate is forecast at 14.4%

Figure 8. East Asia CGM systems market structure by sales channel in 2023



Source: Data from international research agencies

Table 6. East Asia CGM systems market structure by sales channel in 2023-2034

Sales channel	2023, in million USD	2034, in million USD
Clinics and specialty pharmacies	700.21	3186.83
Retail pharmacies	352.43	1628.30
Online sales	204.04	1162.17

Source: Data from international research agencies

Trends

The growing number of diabetic patients in East Asia is the main driver of the market. One of the reasons for the increasing incidence of the disease is heredity.

The CGM systems market in East Asia is marked by high competition. Both foreign and domestic manufacturers are present in the region seeking to consolidate their position. While companies that have been in the market for a long time are touting their extensive experience in the region as a competitive advantage, new players are trying to attract consumers with new technologies and solutions.

China offers a much lower cost of manufacturing CGM systems, which is attracting new players to the market for the purpose of locating manufacturing facilities.

China is leading the region due to the increasing incidences of diabetes attributed to rising obesity problem.

Projections

MegaResearch analysts estimate that by 2045, the East Asia CGM systems market will grow by 15% annually to increase 20-fold in volume and value terms.

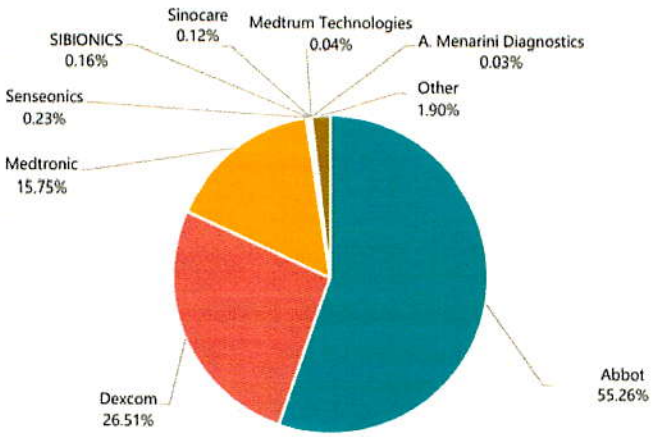
Figure 9. East Asia CGM systems market dynamics forecast for 2024-2045

Source: Data from international research agencies

2.4. COMPETITIVE ANALYSIS OF THE CONTINUOUS GLUCOSE MONITORING (CGM SYSTEMS) MARKET

The three leaders - Abbott, Dexcom and Medtronic - occupy 97.5% of the global market. The status of high-tech companies, broad representation in regional markets and a wide range of products are the main factors that contribute to maintaining the companies' strong positions.

Figure 10. CGM systems market structure by main competitor in 2023



Source: Data from international research agencies

Senseonics. Despite its small share, the company is consolidating its position thanks to the new technologies used in the production of goods. Innovativeness is the main driver of the company's growth.

SIBIONICS. Similar to Senseonics, SIBIONICS compensates for its small share by contributing to the development of innovative technologies.

Other. Other players have a combined share of 1.9%. Being minor in terms of their global market share, they represent a wide variety of small-scale players who are seeking to prove themselves and contribute to the development of the industry.

3. CALCULATION OF THE MARKET VALUE OF THE INTELLECTUAL PROPERTY ASSET USING THE RELIEF-FROM-ROYALTY METHOD

3.1. VALUATION METHODOLOGY

The evaluation methodology has been adopted in accordance with the International Valuation Standards 2024, effective 31 January 2025, IVSC.

60.18 Under the relief-from-royalty method, 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. Conceptually, the method may also be viewed as a discounted cash flow method applied to the cash flow that the owner of the intangible asset could receive through licensing the intangible asset to third parties.

60.19 The list of steps the valuer should perform in applying a relief from royalty method includes but is not limited to:

(a) develop projections associated with the intangible asset being valued for the life of the subject intangible asset. The most common metric projected is revenue, as most royalties are paid as a percentage of revenue. However, other metrics such as a per-unit royalty may be appropriate in certain valuations,

(b) develop a royalty rate for the subject intangible asset. Two methods can be used to derive a hypothetical royalty rate:

(i) The first is based on market royalty rates for comparable or similar transactions. A prerequisite for this method is the existence of comparable intangible assets that are licensed at arm's-length on a regular basis.

(ii) The second method is based on a split of profits that would hypothetically be paid in an arm's-length transaction by a willing licensee to a willing licensor for the rights to use the subject intangible asset,

(c) apply the selected royalty rate to the projections to calculate the royalty payments avoided by owning the intangible asset,

(d) estimate any additional expenses for which a licensee of the subject asset would be responsible. This can include upfront payments required by some licensors. A royalty rate should be analysed to determine whether it assumes expenses (such as maintenance, marketing and advertising) are the responsibility of the licensor or the licensee. A royalty rate that is "gross" would consider all responsibilities and expenses associated with ownership of a licensed asset to reside with the licensor, while a royalty that is "net" would consider some or all responsibilities and expenses associated with the licensed asset to reside with the licensee. Depending on whether the royalty is "gross" or "net", the valuation should include or exclude, respectively, a deduction for expenses such as maintenance, marketing or advertising expenses related to the hypothetically licensed asset,

(e) if the hypothetical costs and royalty payments are tax deductible, it may be appropriate to apply the relevant tax rate to determine the after-tax savings associated with ownership of the intangible asset. However, for certain intended uses (such as transfer pricing), the effects of taxes are generally not considered in the valuation, and this step should be skipped,

(f) determine the appropriate discount rate for the subject intangible asset and present value or capitalise the savings associated with ownership of the intangible asset, and

(g) if appropriate for the intended use of the valuation (see section 110 of this standard), calculate and add the TAB for the subject intangible asset.

60.20 Whether a royalty rate is based on market transactions or a profit split method (or both), its selection should consider the characteristics of the subject intangible asset and the environment in which

it is utilised. The consideration of those characteristics forms the basis for the selection of a royalty rate within a range of observed transactions and/or the range of profit available to the subject intangible asset in a profit split.

Factors that should be considered include but are not limited to the following:

(a) competitive environment: the size of the market for the intangible asset, the availability of realistic alternatives, the number of competitors, barriers to entry and presence (or absence) of switching costs,

(b) importance of the subject intangible asset to the owner: whether the subject asset is a key factor of differentiation from competitors, the importance it plays in the owner's marketing strategy, its relative importance compared with other tangible and intangible assets, and the amount the owner spends on creation, upkeep and improvement of the subject asset,

(c) life cycle of the subject intangible: the expected economic life of the subject asset and any risks of the subject intangible becoming obsolete.

60.21 When selecting a royalty rate, the valuer should also consider the following:

(a) when entering a licence arrangement, the royalty rate participants would be willing to pay depends on their profit levels and the relative contribution of the licensed intangible asset to that profit. For example, a manufacturer of consumer products would not license a tradename at a royalty rate that leads to the manufacturer realising a lower profit selling branded products compared with selling generic products,

(b) when considering observed royalty transactions, the valuer should understand the specific rights transferred to the licensee and any limitations. For example, royalty agreements may include significant restrictions on the use of a licensed intangible asset. These restrictions may include but are not limited to specific geographic areas or for certain products. The valuer should also understand how payments under the licensing agreement are structured. These characteristics include but are not limited to upfront payments, milestone payments, and options to acquire or to dispose of the licensed property.

3.2. DETERMINATION OF THE FORECAST PERIOD

An important consideration in the valuation of an intangible asset, particularly under the income approach, is the economic life of the asset. This may be a finite period limited by legal, technological, functional, or economic factors. Other assets may have an indefinite life. The economic life of an intangible asset in the context of a valuation is a different concept than the remaining useful life for accounting or tax purposes.

Legal, technological, functional and economic factors must be considered individually and together in making an assessment of the economic life.

In estimating the economic life of an intangible asset, the valuer should also *consider the pattern of use* or its possible replacement. Certain intangible assets may be abruptly replaced when a new, better or cheaper alternative becomes available, while others may only be replaced gradually.

For customer-related intangible assets, attrition is a key factor in estimating both economic life and attributable cash flows. Attrition applied in the valuation of intangible assets is a quantification of expectations regarding future losses of customers. While it is a forward-looking estimate, attrition is often based on historical observations of attrition.

There are several ways to measure and apply historical attrition:

(a) a constant rate of loss (as a percentage of prior year balance) over the life of the customer relationships may be assumed if customer loss does not appear to be dependent on the age of the customer relationship,

(b) a variable rate of loss may be used over the life of the customer relationships if customer loss

is dependent on the age of the customer relationship,

(c) attrition may be measured based on either revenue or number of customers/customer count as appropriate, based on the characteristics of the customer group,

(d) customers may need to be segregated into different groups. Customers may be segregated based on factors including but not limited to geography, size of customer and type of product or service purchased.

(e) the period used to measure attrition may vary depending on circumstances. The choice of period should reflect the characteristics of the usage of the intangible asset.

The computation of revenue, including attrition, should reflect the expected profile of the attrition throughout the period being measured, and the choice of period should reflect the utilization characteristics of the intangible asset.

From a legal perspective, the intellectual property asset initially has a limited useful life, as determined by the issuance of a certificate granted for a period of up to five years, depending on the conformity assessment scheme and the type of product. The certificate may subsequently be renewed upon successful re-assessment of conformity with applicable standards. Therefore, provided that all certification requirements are met, and periodic testing is successfully completed in a timely manner, the useful life of the appraised asset is considered to be indefinite.

The attrition rate (a quantitative measure of expected future customer losses) is not taken into account in this valuation, based on the market analysis data provided by the marketing agency MegaResearch.

The primary drivers of demand for these devices are the global increase in diabetes incidence, as well as the high technological advancement, painlessness, and ease of use of the devices.

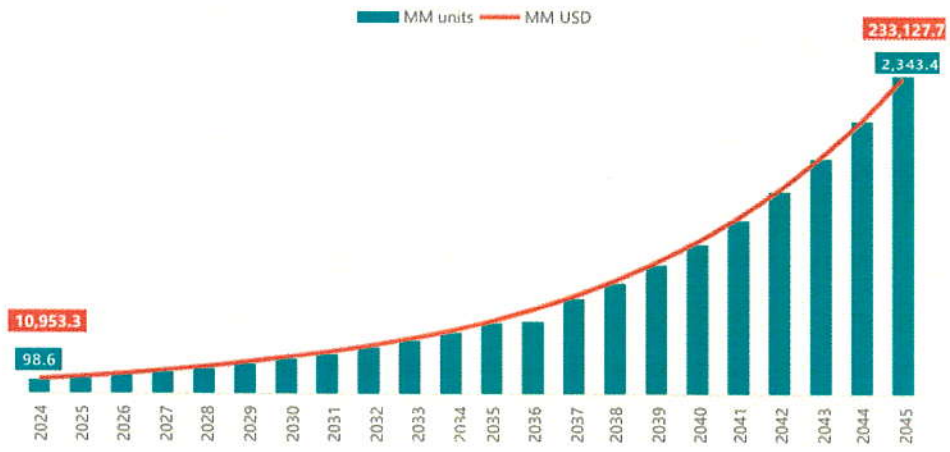
At the current level of sales, the availability of such devices for patients diagnosed with diabetes is approximately 0.5% of the total number of diabetics worldwide.

Under favorable market conditions, by 2045 the market is expected to grow from 98.6 million to 2,343.4 million devices per year (a 23.8-fold increase), which will correspond to revenue growth from USD 10,953.3 million to USD 233,127.7 million (a 21.3-fold increase). Device coverage is projected to reach 11.5% of the global diabetic population.

In an unfavorable scenario, the market is projected to grow to 610.7 million devices by 2045 (a 6.2-fold increase), with an estimated market value of USD 69,314.5 million (a 6.3-fold increase). In this case, device coverage would reach approximately 3% of the total diabetic population.

Figure 11. Market opportunities and development trends

Baseline scenario



Pessimistic scenario

Source: Overview of the global market for glucose monitoring systems, MegaResearch

For the purposes of this valuation, the forecast horizon is set at five years, during which the cash flow will stabilize. This period is determined based on the Client's projections, industry development forecasts, and market analysis data up to 2045, which demonstrates an increasing demand for continuous glucose monitoring (CGM) devices.

Thus, **the forecast period includes the years from 2025 to 2029**, inclusive. During the forecast period, detailed calculations of all components of the cash flow will be made. The Post-Forecast Period refers to the stage of development when production volumes stabilize, changes in profitability are relatively minor, meaning the rate of change in cash flow can be considered as a certain, conditionally constant average value, close to the industry average.

3.3. DETERMINATION OF THE DISCOUNT RATE

From a mathematical standpoint, the discount rate is the interest rate used to convert future income streams into a single present value, which serves as the basis for determining the market value of the asset. In economic terms, the discount rate represents the required rate of return for investors on investments with comparable risk levels. In other words, it is the required return rate for available alternative investments with comparable risk levels at the valuation date. Therefore, in order to make an informed investment decision for assets with identical cash flows, it is necessary to account for all risks associated with the evaluated asset in the discount rate.

The choice of the discount rate for the valuation of intangible assets is a complex task due to the lack of available market data. The discount rate should reflect current market assessments of the time value of money and the risks specific to the asset being valued. It represents the rate of return that investors would require from investments with similar cash flows and risks.

There are several methods for calculating the discount rate that can be adapted for the valuation of intangible assets:

1) Capital Asset Pricing Model (CAPM): This model defines the discount rate as the sum of the risk-free rate and a risk premium adjusted by the beta (β), which reflects the asset's sensitivity to market fluctuations.

2) Build-Up Method: In this approach, the discount rate is determined by summing the risk-free rate and various risk premiums associated with the specific intangible asset, including liquidity risks, industry-specific risks, and other unique risks.

3) Weighted Average Cost of Capital (WACC): This method considers the cost of both equity and debt capital of the company, which is particularly useful if the intangible asset represents a significant portion of the overall business.

When selecting an appropriate method, it is important to consider the specific characteristics of the intangible asset being valued, the availability of data, and the valuation context.

In determining the discount rate for an intangible asset, it is essential to carefully assess the associated risks and consider any available benchmarks for discount rates. Intangible assets are often associated with a higher degree of risk compared to tangible assets due to their non-physical nature and the uncertainty of future economic benefits. Highly specialized assets intended for narrow use may carry greater risk due to limited alternative applications. Standalone intangible assets may be more exposed to risk compared to portfolios of assets or entire businesses, which benefit from diversification and more stable income streams. Assets used in high-risk or innovative areas, such as research and development, tend to involve a higher level of uncertainty compared to those utilized in routine operations. A long useful life can increase uncertainty, and thus risks, especially in fast-changing industries. Assets with predictable and stable income streams, such as confirmed customer orders (backlog), are generally considered less risky than those whose future returns are more difficult to forecast, such as customer relationships.

Taking these factors into account, the valuer must apply professional judgment in determining an appropriate discount rate that reflects the specific risks associated with the intangible asset being valued.

To calculate the cost of equity, a modified Capital Asset Pricing Model (CAPM) was applied. The use of this model can be expressed by the following formula:

$$R_S = R_f + \beta \times (R_m - R_f) + S_1 + S_2 + S_3,$$

RS - the expected rate of return (cost of equity) required by an investor for the asset;

Rf – the risk-free rate of return;

β – the beta coefficient (a measure of systematic risk);

Rm – the overall market return (the expected return of a well-diversified market portfolio);

S1 – country risk premium;

S2 – specific risks related to the technology and market demand for the outcomes generated using the intangible asset;

S3 – risks associated with the life cycle stage of the intangible asset.

Risk-free rate Rf

The risk-free rate was determined based on the yield of 30-year Treasury bonds.

Figure 12. Risk-free rate

Source: https://www.treasurydirect.gov/marketable-securities/treasury-bonds/

Beta β

In the CAPM model, risk is divided into two categories: systematic risk and unsystematic risk. Systematic risk refers to the risk associated with changes in the overall stock market, driven by macroeconomic and political factors such as interest rates, inflation, changes in government policy, and so on.

These factors have a direct impact on all companies, as they affect the overall economic and market conditions in which businesses operate.

Systematic risk is accounted for in the CAPM model through the beta (β). The beta (β) reflects the

degree of volatility in a specific company's stock price relative to the overall market.

Thus, a company with a beta greater than one is considered riskier than an "average" company, while a beta value below one indicates lower price volatility and, consequently, lower risk compared to the market.

Unsystematic risk is associated with individual financial and operational characteristics specific to a given company. In the CAPM framework, unsystematic risk can be diversified away through investment across the broader market and is therefore not considered by investors when assessing stock value.

To calculate systematic risk, two types of beta (β) are used:

Unlevered beta – the beta (β) without leverage (i.e., assuming no debt financing), used when the company is financed solely with equity.

Levered beta – the beta (β) with leverage (i.e., including debt financing), used when the company utilizes both equity and debt to finance its operations.

The levered beta is calculated using the following formula:

$$\beta_L = \beta_U \times (1 + (1 - t) \times D/E)$$

βL – levered beta

βU – unlevered beta

t – corporate income tax

D/E – actual debt-to-equity ratio.

The value of the β was determined based on data as of the valuation date for the Heathcare Information and Technology sector in China.

Table 7. Unlevered industry beta

Created by:	Aswath Damodaran, adamodar@stern.nyu.edu					
What is this data?	Beta, Unlevered beta and other risk measures			China		
Home Page:	http://www.damodaran.com					
Data website:	https://pages.stern.nyu.edu/~adamodar/New_Home_Page/data.html					
Companies in each industry:	https://pages.stern.nyu.edu/~adamodar/pc/datasets/indname.xls					
Variable definitions:	https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/variable.htm					
Do you want to use marginal or effective tax rates in unlevering betas?					Marginal	
If marginal tax rate, enter the marginal tax rate to use					25,00%	
Industry Name	***Number of firm***	***Beta***	***D/E Ratio***	***Effective Tax rate***	***Unlevered beta***	***Cash/Firm value***
Heathcare Information and Techn	51	1,71	8,59%	7,93%	1,61	9,83%

Source: Damodaran Online (http://pages.stern.nyu.edu/~adamodar/)

Equity risk premium (ERP)

The equity risk premium represents the return differential expressed as the excess return of corporate equities over the yield on U.S. Government Treasury securities.

According to data from the Damodaran Online website, the market equity risk premium, as of January 1, 2025, is 4.89%.

Table 8. Equity risk premium (ERP)

Country	Africa	Moody's rating	*ating-based Default S*	*otal Equity Risk Prem*	*ountry Risk Prem*	*Sovereign CDS, net of US*	*otal Equity Risk Prem*	*ountry Risk Premi*
China	Asia	A1	0,66%	4,98%	0,86%	0,59%	4,89%	0,77%

Source: Damodaran Online (http://pages.stern.nyu.edu/~adamodar/)

Country risk premium (S1)

The country risk premium represents the minimum additional return that an investor would require

for the risk associated with investing in Chinese companies compared to companies operating in the U.S. To quantitatively measure the country risk of China, data on the spread attributable to country default risk has been used.

According to data from the Damodaran Online website, the country risk premium, as of January 1, 2025, is 0.77%.

Table 9. Country risk premium

Country	Africa	Moody's rating	ating-based Default Sp	otal Equity Risk Prem	ountry Risk Prem	Sovereign CDS, net of US	otal Equity Risk Prem	ountry Risk Premi
China	Asia	A1	0.66%	4.98%	0.86%	0.59%	4.89%	0.77%

Source: Damodaran Online (http://pages.stern.nyu.edu/~adamodar/)

Specific risks related to the technology and market demand for the outcomes generated using the intangible asset (S2)

To assess the technology risk premium, we can use a system that takes into account the following factors:

1. Technological Complexity (level of technological complexity)
2. Novelty (degree of innovation or novelty of technology)
3. Interdependence (degree of reliance on other technologies or systems)
4. Scalability (ability of the technology to expand as the company grows).

Each factor is assigned a score from 1 to 5, where 1 corresponds to low risk, and 5 corresponds to high risk. Then, the weighted average of the scores is calculated to obtain the overall technology risk rating.

Table 10. Calculation of the Technology Risk Premium

Factor	Score	Weight	Weighted Score
Technological Complexity	4	0.3	1.2
Novelty	3	0.2	0.6
Interdependence	3	0.2	0.6
Scalability	1	0.3	0.3
Total			**2.7**

Source: Contractor's estimate

The premium for risk associated with market demand is proposed to be calculated based on the following factors:

Level of competition in the market

Market growth rates affecting business performance

Degree of dependence on a few large clients

Level of uncertainty related to regulations or laws.

Table 11. Calculation of the risk premium associated with the market demand

Factor	Score	Weight	Weighted Score
Market competition	4	0.4	1.6
Market growth	4	0.2	0.8
Client concentration	2	0.2	0.4
Regulatory uncertainty	3	0.2	0.6
Total			**3.4**

Source: Contractor's estimate

The total risk premium for investments in intangible assets (IA) is the sum of the technology risk premium and the market demand risk premium: 2.7% + 3.4% = 6.1%.

Specific risk premium associated with the innovation life cycle phase (S3)

The following data is used to calculate the risk premium.

Table 12.

Innovation life cycle phase	The research and development phase during which the intellectual property asset (IP Asset) was created	Risk, %
Emergence	Formation of a commercially valuable innovative idea, conducting patent and information search to determine the presence or absence of an identical patented idea	30-50
Development	Patent or registration of rights to the innovative idea. Obtaining a patent for the intellectual property asset (IP Asset), developing design and technological documentation	18-30
	Manufacturing of a pilot prototype and/or commercial prototype of the product and conducting experimental tests	16-25
	Manufacturing of a pilot-industrial sample and conducting semi-industrial tests, development of industrial technology	14-20
	Initial production of the innovative product, certification of the innovative product	13-15
Growth	Improvement of technology, organization of production and management; registration of means of individualization of the innovative product	8-10
Maturity	Modernization of the innovative product; search for new applications of the innovative product and intellectual property assets (IP Assets)	3-5
Decline/Reformation	Sale of proprietary know-how, licenses, patents.	-

In the forecast period, a transition is planned from the initial production and sales of products (2025 and 2026) to full capacity utilization of production lines (one line is expected to produce 10 million units). The production will scale up from one line in 2027 to four lines by 2030 and into the post-forecast period.

This fact is reflected in the discount rate. Specifically, other risks associated with the innovation lifecycle phase decrease from 20% in 2025 and 2026 to 15% in the subsequent periods as production capacity utilization reaches full capacity.

The discount rate calculation is presented below.

Table 13. Calculation of the discount rate

Factor	2025	2026	2027 and beyond
Rf	4.625%	4.625%	4.625%
Unlevered beta	1.61	1.61	1.61
D/E	8.59%	8.59%	8.59%
Income tax	25.00%	25.00%	25.00%
Re-levered beta	1.71	1.71	1.71
ERP	4.89%	4.89%	4.89%
Country risk premium (S1)	0.77%	0.77%	0.77%
Specific risks related to the technology and market demand for the outcomes generated using the intangible asset (S2)	6.10%	6.10%	6.10%
Specific risk premium associated with the innovation life cycle phase (S3)	20.00%	20.00%	4.625%
Discount rate	**39.87%**	**39.87%**	**34.87%**

Source: Contractor's estimate

3.4. REVENUE FORECAST

The revenue forecast derived from the use of the evaluated intellectual property asset is based on two parameters:

- production volume (number of units produced);

- selling price (excluding VAT), USD.

According to the data provided by the Customer, the Company plans to start production of 100 thousand CGM devices (in 2025) with a subsequent increase to 10 million units in 2027 and 40 million units in 2030.

It is important to note that at the current level of sales of CGM systems, the provision of patients with diabetes with these devices, according to MegaResearch analysts, based on data from the International Diabetes Federation and the average consumption rates of systems per person per year, amounted to 0.5% of the total number of diabetics in the world.

Continuous Glucose Monitoring (CGM) systems are available on the market in a wide price range, depending on the manufacturer, configuration and region of sale. Below are examples of prices for some of these systems.

1. Microtech LinX Continuous Glucose Monitoring System 24Hx15Days Real Time Blood Glucose Meter Aidex X CGM Monitoring Sensor

Source:

https://www.aliexpress.com/item/1005008625434718.html?spm=a2g0o.productlist.main.9.3e06Ho3JHo3Ja0&algo_pvid=a2b610ab-9a65-45c7-a506-43966f8a5180&algo_exp_id=a2b610ab-9a65-45c7-a506-43966f8a5180-8&pdp_ext_f=%7B%22order%22%3A%2283%22%2C%22eval%22%3A%221%22%7D&pdp_npi=4%40dis%21USD%2160.67%2149.75%21%21%21439.00%21359.98%21%402140f538174305709827471 52e0323%2112000046079463117%21sea%21HK%210%21ABX&curPageLogUid=TBvYp5N5mJE9&utparam-url=scene%3Asearch%7Cquery_from%3A

2. Bluetooth blood glucose monitor Freestyle Libre 24-hour real-time blood glucose monitoring sensor non-invasive blood glucose monitoring

Source:

https://www.aliexpress.com/item/1005008622208691.html?spm=a2g0o.productlist.main.22.3e06Ho

3JHo3Ja0&algo_pvid=a2b610ab-9a65-45c7-a506-43966f8a5180&algo_exp_id=a2b610ab-9a65-45c7-a506-43966f8a5180-21&pdp_ext_f=%7B%22order%22%3A%22-1%22%2C%22eval%22%3A%221%22%7D&pdp_npi=4%40dis%21USD%2189.69%2144.84%21%21%21649.00%21324.50%21%402140f53817430570982747152e0323%2112000045994442259%21sea%21HK%210%21ABX&curPageLogUid=vsRwJikJVQSs&utparam-url=scene%3Asearch%7Cquery_from%3A

3. Freestyle Libre 24-hour real-time blood glucose monitoring diabetes sensor scanner non-invasive blood glucose meter

Source:

https://www.aliexpress.com/item/1005007889363206.html?spm=a2g0o.productlist.main.23.3e06Ho3JHo3Ja0&algo_pvid=a2b610ab-9a65-45c7-a506-43966f8a5180&algo_exp_id=a2b610ab-9a65-45c7-a506-43966f8a5180-22&pdp_ext_f=%7B%22order%22%3A%228%22%2C%22eval%22%3A%221%22%7D&pdp_npi=4%40dis%21USD%21116.50%2158.25%21%21%21843.00%21421.50%21%402140f53817430570982747152e0323%2112000042733644147%21sea%21HK%210%21ABX&curPageLogUid=RXLtiTv7MyFW&utparam-url=scene%3Asearch%7Cquery_from%3A

4. Noninvasive blood glucose monitor Freestyle Libre 24-hour real-time blood glucose monitoring diabetes sensor scanner remote

Source:

https://www.aliexpress.com/item/1005007359905798.html?spm=a2g0o.productlist.main.21.3e06Ho3JHo3Ja0&algo_pvid=a2b610ab-9a65-45c7-a506-43966f8a5180&algo_exp_id=a2b610ab-9a65-45c7-a506-43966f8a5180-20&pdp_ext_f=%7B%22order%22%3A%223%22%2C%22eval%22%3A%221%22%7D&pdp_npi=4%40dis%21USD%21116.36%2158.18%21%21%21842.00%21421.00%21%402140f53817430570982747152e0323%2112000040418729049%21sea%21HK%210%21ABX&curPageLogUid=Prd5eDL5EH98&utparam-url=scene%3Asearch%7Cquery_from%3A

5. SCHBIT Sibionics CGM System Bluetooth Of Blood Glucose Monitor Blood Sugar Content Blood Glucose Sensor Freestyle Libre

Source:

https://www.aliexpress.com/item/1005007982195353.html?spm=a2g0o.productlist.main.33.3e06Ho3JHo3Ja0&algo_pvid=a2b610ab-9a65-45c7-a506-43966f8a5180&algo_exp_id=a2b610ab-9a65-45c7-a506-43966f8a5180-32&pdp_ext_f=%7B%22order%22%3A%22127%22%2C%22eval%22%3A%221%22%7D&pdp_npi=4%40dis%21USD%21155.89%2177.95%21%21%211128.00%21564.00%21%402140f5381743057098274715 2e0323%21120000431422581 46%21sea%21HK%210%21ABX&curPageLogUid=mNmrpigJ6WQa&utparam-url=scene%3Asearch%7Cquery_from%3A

Product prices may vary depending on the region, supplier, and current promotions or discounts; however, they generally fall within the range of USD 44 to 78.

The financial model of the project assumes a unit price of USD 50 per product. This figure will be used for further calculations.

Macroeconomic assumptions

Forecasting the inflation rate in China for the period from 2025 to 2030 is associated with a high degree of uncertainty due to various factors, such as economic policy, global conditions, and domestic events. However, several organizations have provided projections for the mid and late 2020s:

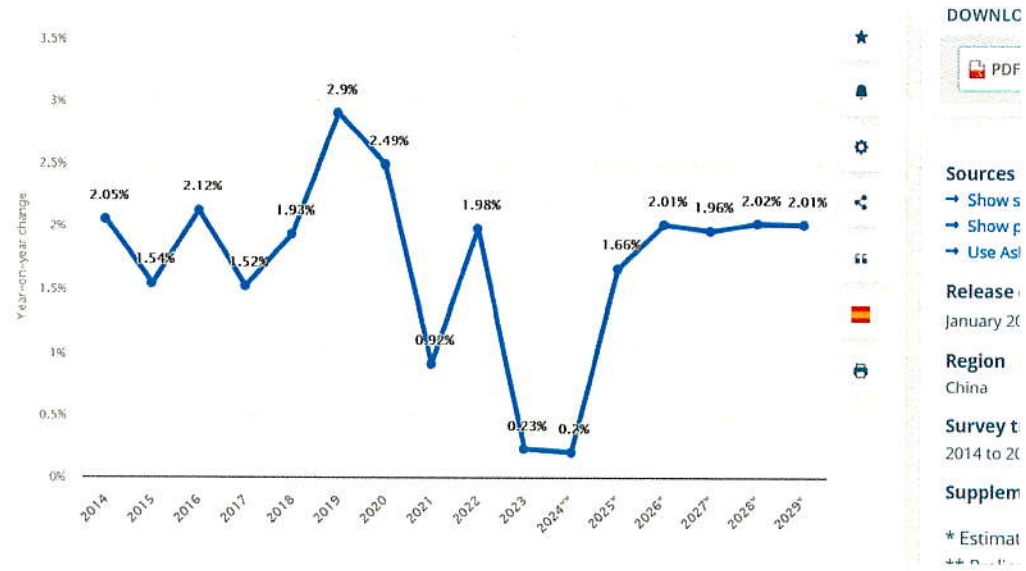
2025: The International Monetary Fund (IMF) forecast in October 2024 that China's inflation rate would reach around 1.7% (statista.com)

2025: The Asian Development Bank (ADB) forecast inflation in China at 1.2% (adb.org)

For the years following 2025, more precise forecasts are less common. Historically, the inflation rate in China has remained relatively low, averaging approximately 4.62% from 1986 to 2024.

Considering current trends and projections, it can be expected that inflation in China will remain at a moderate level through 2030, provided no significant economic disruptions occur.

Figure 13. China Inflation Forecast



Source: https://www.statista.com/statistics/270338/inflation-rate-in-china/

Note: cash flows are forecasted for the middle of the period, so the CPI is also taken as an average for the year. The growth rate in the post-forecast period is planned at the level of the growth rate of the last forecast year.

The growth in prices for products is forecast at the level of the inflation rate.

Table 14. Price changes in the forecast period

Indicator	2025	2026	2027	2028	2029	Post-Forecast Period
Price of unit (USD)	50.00	51.01	52.00	53.06	54.12	55.20
Growth Rate	*1.66%*	*2.01%*	*1.96%*	*2.02%*	*2.01%*	*2.00%*

Source: Contractor's estimate

3.5. DETERMINING THE ROYALTY RATE

Royalty rate (the amount of periodic payments made to the licensor (rights holder)) represents the ratio of the amount of payments made to the licensor (licensor's profit) to the total value, the price of the product (services) produced and sold by the licensee (user) under the agreement.

The economic meaning of royalties lies in the distribution of the profit derived from the use of the license between the rights holder (licensee, franchisor) and the licensor in an agreed-upon proportion, by establishing a certain percentage of the price of the produced and sold product in favor of the rights holder.

By definition, the royalty rate (R) (the percentage of periodic payments to the rights holder) represents the ratio of the amount of payments to the rights holder (licensor's profit (L_pr)) to the total value, the price (P) of the product (services) produced and sold by the user under the agreement.

The royalty rate typically ranges from 1% to 12%. It is most often set within the range of 2% to 6%. For certain industries, there are empirical scales of average market royalties, often referred to as the market price of a license. However, the average royalty price can vary significantly across countries. For instance, in the pharmaceutical industry, the royalty range in the United States is 3% to 10%, in Germany it is 2% to 10%, and in France it is 4% to 5%.

Royalty rates may change over the years of the licensing agreement: they can either increase or

decrease as the term of the agreement progresses.

A sliding royalty rate, which depends on the volumes of production or sales by the licensee, can also be used. As the volume of production increases, the royalty decreases, and when production volumes decrease, the royalty increases. The sliding royalty rate encourages the licensee to produce and sell more products, while the licensor's situation remains favorable as profits grow.

The licensing agreement may include a clause on a minimum royalty amount that must be paid by the licensee under any circumstances. There are currently many different methods for determining the royalty rate (hereinafter referred to as R). All of these methods vary in accuracy and complexity. The most used methods are the following four:

1. Standard royalty rate method (the least labor-intensive)

2. Licensee's profit share method

3. Cost-based method

4. Licensee's additional profit method or "marginal" royalty method (the most labor-intensive).

In the first case, the royalty rate is calculated based on standard royalty rates. These rates are determined based on the analysis of global practices for licensing agreements in various industries.

Depending on the value of the licensed technology, the chosen royalty rates may also be adjusted accordingly.

Royalty rates in the pharmaceutical industry can be determined by various factors, including:

Therapeutic Value. The perceived value of the drug in the market, including its effectiveness, uniqueness, and potential impact on patient outcomes, influences royalty rates. Drugs addressing unmet medical needs or those with breakthrough potential often command higher rates.

Market Potential. The size and growth potential of the market targeted by the drug play a significant role. Larger markets or niche segments with high growth potential can influence royalty rates.

Intellectual Property Strength. The strength and scope of the drug's intellectual property (IP) protection, such as patents, trademarks, or trade secrets, greatly affect royalty rates. Stronger IP often translates to higher rates.

Comparable Deals. Analyzing similar licensing or partnership agreements within the pharmaceutical industry can provide benchmarks for setting royalty rates. Comparable deals help in assessing market standards.

Stage of Development. The drug's stage in the development cycle—whether it's in early research, clinical trials, or already on the market—affects royalty rates. Higher risks associated with early-stage drugs might lead to lower rates.

Regulatory Environment. The complexity and cost of regulatory approvals, along with the drug's compliance with regulations, influence royalty rates. Drugs facing fewer regulatory hurdles might command higher rates.

Geographic Considerations. Royalty rates can vary based on the region or country. Different market dynamics, regulatory environments, and healthcare systems impact rates.

Economic Considerations. Economic factors like expected pricing, reimbursement structures, and healthcare policies in target markets affect the calculation of royalty rates.

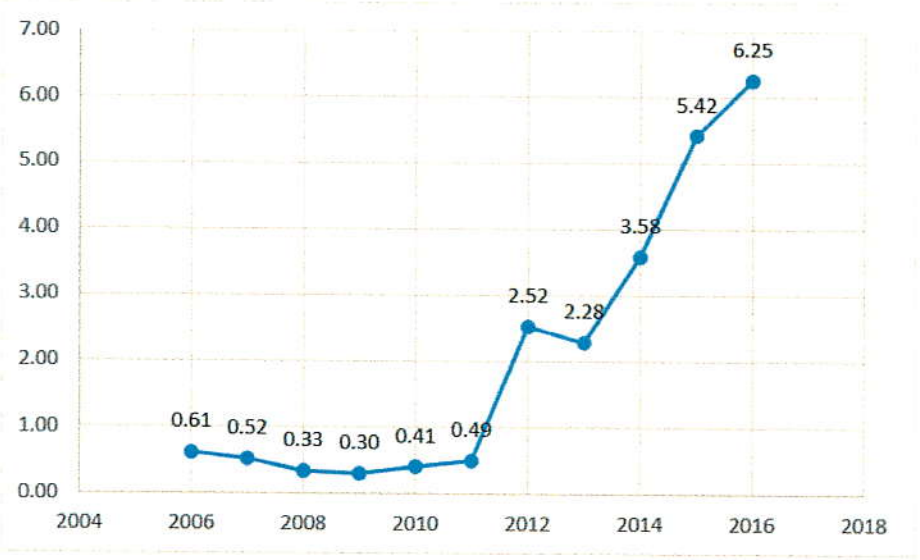
Partnership Terms. The specific terms of the licensing or partnership agreement, such as upfront payments, milestone payments, exclusivity, and royalty rate structures (e.g., fixed percentage or tiered royalties) all impact on the final royalty rate.

Risk Factors. Any inherent risks associated with the drug's development, such as potential side effects, competition, or market acceptance, can influence royalty rates.

To determine the market royalty rate, an analysis of several information sources was conducted.

1. WORKING PAPER, NO: 562 Royalty Payments on Intellectual Property: A Preliminary. Analysis of the Principal Policy Issues facing India

Health care sector companies includes hospitals, medical devices and other manufacturing companies. Though the contribution of royalty to parent companies in this sector is small in number, it has also grown over the years from Rs.0.41 crores to Rs. 5.15 crores over the years.



Source: www.capitaline.com

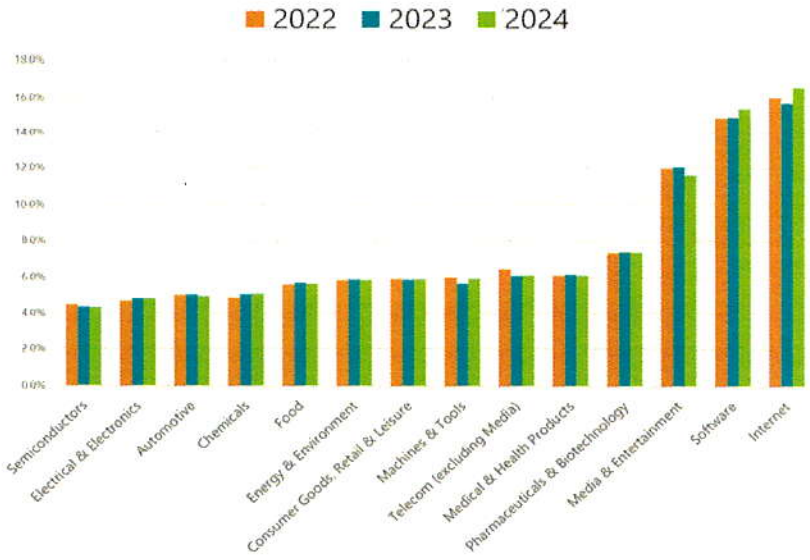
The diagram shows that, as of 2018, the royalty rates in the healthcare sector reach 6.25%.

2. Average Royalty Rates by Industry: Patent Licensing and Key Factors, February 2025, ktMINE, based on Business Valuation Resources (BVR)

Industry	Average Royalty Rate (%)
Aerospace	3.5 – 4.5%
Apparel	5.5 – 7%
Automotive	3 – 3.8%
Chemicals	4 – 5%
Consumer Goods	4.5 – 5.5%
Electronics	4.8 – 5.5%
Energy & Environment	7 – 9%
Healthcare Equipment	5.5 – 7%

Source: https://www.upcounsel.com/patent-licensing-royalty-rates

3. Royalty Rate Industry Summary Reports Overview



Source: https://selfserve.royaltysource.com/royaltyrateindustrystudy/pdf/RoyaltyRate-Industry-Summary-Reports-Overview.pdf

4. Industry Norms and Reasonable Royalty Rate Determination, by Michelle Porter, Robert Mills and Roy Weinstein

Table 1: Summary of Royalty Rate Statistics Publicly Available License Agreements

				95% Confidence Interval		
	Industry	Number of Observations	Average Royalty Rate	(+) / (-)	Lower Bound	Upper Bound
	(1)	(2)	(3)	(4)	(5)	(6)
					(3) - (4)	(3) + (4)
1.	Medical Device	77	4.35%	0.64%	3.71%	5.00%
2.	Pharmaceutical	90	5.66%	0.91%	4.75%	6.57%
3.	Chemical	21	3.70%	0.88%	2.82%	4.57%

Detail may not equate to total due to rounding. ***Micronomics, Inc.***

Source: https://law.shu.edu/documents/industry-notes-mb1018.pdf

As the analysis conducted shows, the average royalty rate ranges from 4.35% to 7.0%. However, considering the combination of factors influencing the selection of the royalty rate, for the purposes of further calculations, the royalty rate is set at the minimum level of the range, namely 4.35%.

3.6. CALCULATION OF THE MARKET VALUE OF THE INTELLECTUAL PROPERTY ASSET

For the purpose of calculating the value of the intellectual property asset in the cash flow, it is necessary to account for the income tax, which is 25%.

Table 15. Calculation of the Market Value (USD)

Indicator	2025	2026	2027	2028	2029	Post-forecast period
Consumer Price Index (CPI)	1.66%	2.01%	1.96%	2.02%	2.01%	2.00%
Growth rate in the post-forecast period						2.00%
Production volume	100 000	1 000 000	10 000 000	20 000 000	30 000 000	40 000 000
Sales price	50.00	51.01	52.00	53.06	54.12	55.20
Total revenue	**5 000 000**	**51 005 000**	**520 046 980**	**1 061 103 858**	**1 623 648 068**	**2 208 161 373**

Indicator	2025	2026	2027	2028	2029	Post-forecast period
Royalty rate	**4.35%**	**4.35%**	**4.35%**	**4.35%**	**4.35%**	**4.35%**
Total royalties	217 500	2 218 718	22 622 044	46 158 018	70 628 691	96 055 020
Corporate income tax	54 375	554 679	5 655 511	11 539 504	17 657 173	24 013 755
Cash flow	163 125	1 664 038	16 966 533	34 618 513	52 971 518	72 041 265
Discount rate	39.87%	39,87%	34.87%	34.87%	34.87%	34.87%
Annual factor	0.7150	0.7150	0.7415	0.7415	0.7415	0.7415
Discount multiplier	0.8455	0.6045	0.4401	0.3264	0.2420	
Present value of cash flows	137 930	1 005 959	10 300 416	15 583 226	17 679 855	
	44 707 387					
Reversion value	262 396 195					
Discount multiplier for reversion	0.2420					
Present value of reversion	63 493 873					
Market Value of the intellectual property asset	**108 201 300**					

Source: Contractor's estimate

Форма № 1-1-Учет
Код по КНД 1121007

Федеральная налоговая служба

СВИДЕТЕЛЬСТВО

О ПОСТАНОВКЕ НА УЧЕТ РОССИЙСКОЙ ОРГАНИЗАЦИИ В НАЛОГОВОМ ОРГАНЕ ПО МЕСТУ ЕЕ НАХОЖДЕНИЯ

Настоящее свидетельство подтверждает, что российская организация
ОБЩЕСТВО С ОГРАНИЧЕННОЙ ОТВЕТСТВЕННОСТЬЮ АУДИТОРСКАЯ КОМПАНИЯ "ХОЛД-ИНВЕСТ-АУДИТ"

(полное наименование российской организации в соответствии с учредительными документами)

ОГРН | 1 | 1 | 8 | 7 | 7 | 4 | 6 | 9 | 3 | 9 | 1 | 6 | 0 |

поставлена на учет в соответствии с
Налоговым кодексом Российской Федерации **15.11.2018**
(число, месяц, год)

в налоговом органе по месту нахождения **Инспекция Федеральной налоговой службы № 27 по г.Москве** | 7 | 7 | 2 | 7 |

(наименование налогового органа и его код)

и ей присвоен

ИНН/КПП | 7 | 7 | 2 | 7 | 3 | 9 | 8 | 1 | 8 | 6 | / | 7 | 7 | 2 | 7 | 0 | 1 | 0 | 0 | 1 |

Главный государственный налоговый инспектор
отдела формирования дел Межрайонной инспекции
Федеральной налоговой службы № 46 по г. Москве — А. Л. Борисенко

МП

ВЫПИСКА ИЗ ПРОТОКОЛА
заседания Центрального совета Ассоциации
Саморегулируемая организация арбитражных управляющих
"Межрегиональный центр экспертов и профессиональных управляющих"
(Ассоциация СРО «МЦПУ»)

г. Москва *«28» ноября 2024г.*

ПОВЕСТКА ДНЯ:
3. О продлении аккредитации при Ассоциации СРО «МЦПУ».

По третьему вопросу повестки дня слушали:
Курбатову М.А., которая сообщила, что получено и рассмотрено заявление с ходатайством о продлении аккредитации при Ассоциации СРО «МЦПУ» и пакет документов от следующего лица:

Наименование организации	*Вид деятельности*
ООО Аудиторская компания «Холд-Инвест-Аудит» (ООО АК «Холд-Инвест-Аудит»)	*оценка*

Представленные документы отвечают требованиям Положения об аккредитации при Ассоциации СРО «МЦПУ». Курбатова М.А. предложила продлить аккредитацию указанному выше лицу.

Возражений не поступило.

Голосовали:
«ЗА» -единогласно.

Постановили:
Продлить аккредитацию при Ассоциации СРО «МЦПУ» сроком на 1 (один) год с 13.12.2024 по 12.12.2025 следующему лицу:

Наименование организации	*Вид деятельности*
ООО Аудиторская компания «Холд-Инвест-Аудит» (ООО АК «Холд-Инвест-Аудит»)	*оценка*

Председатель Центрального совета Ассоциации СРО «МЦПУ» *Курбатова М.А.*

ВЫПИСКА ВЕРНА:
Президент Ассоциации СРО «МЦПУ»

Корзун И.В.

РОССИЙСКОЕ ОБЩЕСТВО ОЦЕНЩИКОВ

СВИДЕТЕЛЬСТВО
ОБ АККРЕДИТАЦИИ

Удостоверяет, что

ООО «Аудиторская компания «ХОЛД-ИНВЕСТ-АУДИТ»
г. Москва
аккредитовано и включено в Реестр
оценщиков и оценочных фирм НП «Партнерство РОО»

№ 0064/77-1111/01
ООО «Аудиторская компания «ХОЛД-ИНВЕСТ-АУДИТ»
признается профессионально занимающимся предоставлением оценочных услуг в соответствии с законодательством РФ.

14 декабря 2024 г. *Действительно до 14.12.2027 г.*

Президент НП «Партнерство РОО»
Вице-Президент РОО *И.Л.Артеменков*

Аккредитация проведена НП «Партнерство РОО» на основании соглашения о сотрудничестве от «22» ноября 2012г.

САМОРЕГУЛИРУЕМАЯ ОРГАНИЗАЦИЯ АУДИТОРОВ
АССОЦИАЦИЯ «СОДРУЖЕСТВО»
член Международной Федерации Бухгалтеров (IFAC)

СВИДЕТЕЛЬСТВО

о членстве № 13961

аудиторская организация

Общество с ограниченной ответственностью Аудиторская компания "ХОЛД-ИНВЕСТ-АУДИТ"

является членом Саморегулируемой организации аудиторов Ассоциации «Содружество» в соответствии с решением Правления СРО ААС от 26 ноября 2018 года (протокол № 378) и включена в реестр аудиторов и аудиторских организаций СРО ААС 26 ноября 2018 года за основным регистрационным номером записи –

11806086363

Президент СРО ААС А.Д. Шеремет

М.П.

Система сертификации "Стандарт-Гарант"

СИСТЕМА СЕРТИФИКАЦИИ СИСТЕМ МЕНЕДЖМЕНТА, РАБОТ И УСЛУГ "СТАНДАРТ-ГАРАНТ"

Зарегистрирована в Федеральном Агентстве по Техническому Регулированию и Метрологии.
Регистрационный номер в едином реестре систем добровольной сертификации: РОСС RU.И556.04ЖЖ00
Орган, образующий систему: АНО Центр сертификации систем менеджмента качества"СТАНДАРТ"
121374, г. Москва, ул. Красных Зорь, д. 21, стр.1 Головной орган по сертификации:
ООО «РС Квалити» 105143, г. Москва, ул. 6-ая Парковая, д. 6, пом. 4

СЕРТИФИКАТ СООТВЕТСТВИЯ

№ CMK.RU/11.24. - 8177

Выдан

ООО Аудиторская компания "ХОЛД-ИНВЕСТ-АУДИТ"

117452, Город Москва, б-р Черноморский, дом 17, корпус 1, Э 5 ПОМ III К 5 ОФ 10
ИНН 7727398186

НАСТОЯЩИЙ СЕРТИФИКАТ УДОСТОВЕРЯЕТ:

СИСТЕМА МЕНЕДЖМЕНТА КАЧЕСТВА

применительно к
аудиторской и оценочной деятельности, организационному консультированию и оказанию услуг в области информационных технологий, включая разработку, внедрение и сопровождение автоматизированных систем.

СООТВЕТСТВУЕТ ТРЕБОВАНИЯМ

ГОСТ Р ИСО 9001-2015 (ISO 9001:2015)

Настоящий сертификат обязывает организацию поддерживать состояние выполняемых работ в соответствии с требованиями вышеуказанного стандарта, что будет находиться под контролем головного органа по сертификации добровольной системы "СТАНДАРТ-ГАРАНТ" и подтверждаться при прохождении ежегодного инспекционного контроля

Сертификат выдан на основании решения экспертной комиссии № 4335 от 8 ноября 2024 г.

Номер в едином реестре системы: 8177

Дата регистрации: 11 ноября 2024 г.

Срок действия до: 11 ноября 2027 г.

Руководитель органа Веселков Ю.

Председатель комиссии Балаш И.Б.

018453

018453

I. СЕРТИФИКАТ ОБЯЗЫВАЕТ ЕГО ВЛАДЕЛЬЦА:

- обеспечить соответствие объекта сертификации требованиям документов на соответствие, которым он был сертифицирован;

- создавать условия для проведения органом по сертификации ежегодного инспекционного контроля по правилам, принятым в системе сертификации "СТАНДАРТ-ГАРАНТ";

- применять знак соответствия по правилам, установленным в системе сертификации "СТАНДАРТ-ГАРАНТ";

- приостанавливать (прекращать) применение знака соответствия в случае приостановки действия (аннулирования) данного сертификата;

- своевременно извещать Орган по сертификации, выдавший сертификат, о произошедших у владельца сертификата изменениях.

II. СЕРТИФИКАТ БЕЗ ПОДТВЕРЖДЕНИЯ ПРОВЕДЕНИЯ ПЛАНОВЫХ ИНСПЕКЦИОННЫХ ПРОВЕРОК СЧИТАЕТСЯ НЕДЕЙСТВИТЕЛЬНЫМ.

Подтверждение проведения плановых инспекционных проверок			
Номер инспекционной проверки	1.	2.	3.
Дата плановой проверки			
Подпись руководителя органа по сертификации			
М.П. Органа по сертификации	М.П.	М.П.	М.П.