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1. Characteristics of *intangible assets* and the environment in which they are utilised

1.1. IVS 2025 states that "an *intangible asset* is a non-monetary *asset* that manifests itself by its economic properties. It does not have physical substance but grants rights and/or economic benefits to its owner"[1].

1.2. IVS 2025 further states that "*intangible assets* are defined and described by their characteristics such as their ownership, function, market position and image. These characteristics differentiate *intangible assets* from one another". In addition to the characteristics of the *intangible assets*, the environment in which the *intangible assets* are used also influence their earnings capability and risk profile.

1.3. In performing a *valuation* of *intangible assets*, a *valuer should* assess these *intangible assets* characteristics together with the environment in which they are utilized.

1.4. The ownership, function, market position, image and all other characteristics of the *intangible asset should* be assessed and considered collectively within the four (4) categories – legal, technological, functional and economic characteristics. It is important to note that not all *intangible assets* will exhibit all four (4) categories of characteristics. For example, legal, technological, and functional characteristics may not be as relevant as economic characteristics for relationship-based *intangible assets*.

1.5. Legal characteristics relate to the legal rights and protections that govern the ownership of the *intangible asset* such as scope and strength of the legal rights, exclusivity of rights conferred, renewal provisions. They also include whether the ownership is direct or indirect, whether ownership vests in multiple parties, the method by which ownership is granted, i.e. whether ownership is automatic or requires examination by appropriate body and whether ownership is transferable.

1.6. Technological characteristics relate to its innovativeness, scalability, compatibility and dependency. Innovativeness is the ability to introduce new ideas or methods that offer novel solutions or advancements to existing alternatives. Scalable *intangible assets* are those that can handle increasing demand without requiring *significant* capital investment. Compatible *intangible assets* are those that can integrate or function seamlessly with existing systems, technologies, or standards. Dependency describes the extent to which an *intangible asset* relies on other *assets*, technologies, or external conditions for its functionality, effectiveness, or value generation.

1.7. Functional characteristics relate to the ability to perform its intended purpose. The specifications of the *intangible asset*, e.g. technical features, process steps and methodology contribute to the functional characteristics.

1.8. Economic characteristics relate to the *intangible asset*'s ability to generate future economic benefits, which includes both revenue generation and cost saving potential. These characteristics arise from the market position, market reputation, image and the manner in which the *intangible asset* is monetized. This ability to generate economic benefits is dependent on the *intangible*

[1] International Valuation Standards (IVS) Effective January 2025, IVS 210 Intangible Assets para 20.01

asset's unique legal, technological and functional characteristics, the owner's strategy for the *intangible asset* and the competitive environment.

1.9. These characteristics *should* be assessed together with the environment in which they are utilized which includes:

(i) Competitive environment. The size of the market for *intangible assets*, availability of realistic alternatives, number of competitors, barriers to entry, presence (or absence) of switching costs.

(ii) Importance of the individual subject *intangible asset* to the owner. Whether the individual subject *intangible 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*.

(iii) Life cycle of the subject *intangible asset*. The expected economic life of the subject *intangible asset* and any risks of the individual subject *intangible asset* becoming obsolete.

1.10. This assessment of the *intangible asset* characteristics and environment in which it is utilized *should* be used as a starting point for the *intangible asset valuation*, specifically in the risk assessment, which will impact the selection of approach and / or *inputs* used in the *valuation*.

2. Risk factors of *intangible assets*

2.1. In assessing the risks for an *intangible asset*, the *valuer should* (i) identify risks; (ii) assess the significance of the identified risks and (iii) consider the identified risks in the *valuation*.

Identifying risks for an *intangible asset*

2.2. In identifying the risks for an *intangible asset*, the *valuer should* consider the risks associated with the characteristics of the *intangible asset*, the environment in which they are utilised and the importance of the *intangible asset* to the owner *(refer to Section 1. Characteristics of intangible assets and the environment in which they are utilised)*

2.3. The *valuer should* consider the following types of risks:

(i) Legal

Legal risks relate to the risk associated with the protection of the *intangible asset*, which encompasses its *jurisdictional* coverage and enforceability. *Intangible assets* may be exposed to risk of infringement, where external parties may infringe on the *intangible asset* or the *intangible asset* may inadvertently infringe on other *intangible assets*. Regulatory and compliance risks are also important where changing laws and regulations may impose new restrictions that could affect the use of the *intangible asset*.

(ii) Technological

Technological risks relate to the possibility that the technology may become obsolete due to the advent of newer, more advanced alternatives. The *intangible asset* might also face scalability challenges if the underlying technology cannot accommodate growing demand or broader applications. Additionally, there are compatibility risks if the technology does not integrate well with existing systems, as well as security risks from potential cyber threats. Dependency risks can also arise from the *intangible asset*'s reliance on external vendors, platforms, or technologies for its functionality.

(iii) Functional

Functional risks relate to the emergence of new competing *intangible assets* which could replace the subject *intangible asset*'s function, including availability of alternatives that could serve the same function. This also includes the risk that the owner or operator of the *intangible asset* may not invest adequately in capital expenditure to maintain the *intangible asset*'s operational efficiency and its potential for continued use over time.

(iv) Economic

Economic risks relate to the risk that the *intangible asset* may fail to deliver the anticipated financial returns. This could result from various factors, including but not limited to insufficient demand due to the market not developing as expected or a downturn in the demand for products or services that utilize the *intangible asset*, as well as the introduction of new competing *intangible assets*.

2.4. If the *valuer* does not possess all of the necessary technical skills, experience and knowledge to identify the risks, it is acceptable for the *valuer* to seek assistance from a *specialist* to identify certain risks, provided this is disclosed in the scope of work and the report. When a *specialist* or *service organisation* is used, the *valuer must* obtain an understanding of the process and findings to establish a reasonable basis to rely on their work based on the *valuer's professional judgement*.

Assessing the significance of the identified risks for an *intangible asset*

2.5. Based on the identified risks of the subject *intangible asset*, the *valuer should* assess the significance of these risks.

2.6. Some identified risks may be more *significant* than others. *Significant* risks are risks whose impact on the *valuation* could, in the *professional judgement* of the valuer, greatly impact the resultant *value*. It is important to perform risk assessment to uncover *significant* risks which may impact the *intangible asset*, and to consider such risks in the *valuation*.

2.7. The significance of the identified risk *should* be analysed taking into consideration, amongst others, inherent and external factors and mitigating controls, as detailed below:

(i) Inherent factors. Relates to the intrinsic characteristics or elements that exist within the *intangible asset*.

(ii) External factors. Relates to the environment in which the *intangible asset* is utilised, which is typically beyond its direct control.

(iii) Mitigating controls. The owner or operator of the *intangible asset* may put in place risk controls to mitigate the risks associated with the *intangible asset*. The presence and extent of the controls is related to the importance of the *intangible asset* to the owner or operator. A more important *intangible asset*, such as an *intangible asset* that is a key driver of the business, may be prioritised and controls may be put in place to reduce the risk of disruption to the *intangible asset*'s use and monetization.

The *valuer should* overlay the considerations for each of the above components in assessing the significance of the identified risk. A risk matrix may be adopted to aid the risk assessment process.

Considering the identified risks in the *valuation*

2.8. The valuer should consider the identified and assessed risks in the selection of the valuation approach and/or by adjusting the inputs used in the valuation, which include but are not limited to:

(i) *Valuation approach*. If there is substantial risk associated with the *asset*'s ability to generate those cash flows, such as commercialisation or development risk, the *valuer* may consider adopting the cost approach instead of the income approach. The *valuer* may also consider adopting real options method to value the *intangible asset*.

(ii) *Cash flows*. The risk associated with the *intangible asset* can be factored into the cash flows by (i) the selection of the type of cash flows - single most likely set of cash flows or probability-weighted expected cash flows; (ii) adjusting the assumptions underpinning the cash flows e.g. financial metrics such as revenue growth rates, cost and profit margins as well as non-financial metrics such as period of development of the intangible asset.

(iii) *Discount rate*. Since single *intangible assets* may have more risk than group of *assets* or businesses, the *valuer* may adjust for the identified risks in the *discount rate* by analysing the relative importance and contribution of the *intangible asset* relative to the other *assets* contributing to the value of the business.

(iv) *Economic life.* There is a need to factor in the obsolescence rate and/or lack of legal protection or changes in regulations.

2.9. In considering the risks in the *valuation* of an *intangible asset*, care *must* be taken to ensure the *discount rate* is consistent with the cash flows selected. For example, if conditional cash flows are selected, the discount rate should consider the appropriate risk adjustments associated with such cash flows. Care *should* also be taken to avoid the double counting of risks in the *valuation*. For example, the risk *should* not be incorporated in both the cash flows and *discount rate* if the income approach is adopted to value an *intangible asset*.

3. Determining whether to value the subject *intangible asset* as a standalone *asset* or grouped with other *assets* (including other *intangible assets*, where applicable)

3.1. IVS 2025 states that *intangible asset valuations* are performed for a variety of *intended uses*. It is the *valuer's* responsibility to understand the *intended use* of a *valuation*. It is also the *valuer's* responsibility to understand whether *intangible assets should* be valued separately or grouped with other *assets*[2].

3.2. In determining whether to value an *intangible asset* separately or grouped with other *assets*, the *valuer should* consider the context of the *intended use* and *basis of value*, together with the characteristics, risk profile and environment in which the *intangible asset* is utilized. The following considerations can be considered collectively or individually:

(i) Purpose of *valuation* and the specific legal/regulatory requirements. Depending on the purpose of the *valuation*, consider if there are legal, statutory, and regulatory or other authoritative requirements requiring standalone *valuation*. If no such requirements, there is flexibility to perform grouping with other *intangible assets*.

(ii) *Basis of value* and premise of *valuation*. If the basis and premise of value is best reflected by utilising the *intangible asset* separately, then consider performing the *valuation* separately. For example, the *intangible asset* highest and best use under *market value* is determined to be on a standalone basis

(iii) Distinct and identifiable characteristics. Generally, for an *intangible asset* to be distinct and identifiable, it can be separated from other assets, have a unique proposition and have a separate economic benefit. If the *intangible asset* is distinct and identifiable, it leans towards separate *valuation*.

(iv) Independent use and function. The *intangible asset* can function autonomously and can be used without assistance of other *intangible assets*. If the *intangible asset* is used independently, it leans towards separate *valuation*. If the *intangible asset* use and function is integral to other *intangible assets*, consider performing a group *valuation*.

(v) Standalone owner strategy. Where the owner of *intangible asset* has a strategic plan to monetize or invest and enhance the *intangible asset* independently of other *intangible assets*, it leans towards separate *valuation*.

(vi) Independent and distinct risk profile. Generally, where the *intangible asset* possesses a unique set of risks that can be independently evaluated and managed, separate from other assets, it leans towards separate *valuation*. Conversely, where the risks are similar or intertwined with those of other assets, such as operational dependencies, strategic alignment, financial interconnections, or reputational impacts, grouping may be more appropriate.

(vii) Normal market practice. If there are comparable market transactions which indicates sale of standalone assets (instead of a portfolio), it leans towards separate *valuation.*

[2] International Valuation Standards (IVS) Effective January 2025, IVS 210 Intangible Assets para 20.11

(viii) Significant contribution. If the *intangible asset* significantly contributes to a business or asset group, it is likely that the *intangible asset* worth is substantial enough to warrant a separate *valuation*.

3.3. When an *intangible asset* is assessed to be valued as a group of *assets* (including other *intangible assets*), the *valuer should* determine if the *intangible assets* in question are:

(i) Similar in nature whereby the *intangible assets* have comparable characteristics or support the same product or service.

(ii) Interdependent whereby a group of *intangible assets* that are mutually dependent to fully maximise potential economic contributions.

(iii) Complementary in function whereby a group of *intangible assets* that are not mutually dependent, but when used together enhances the potential economic contributions.

In performing the *valuation* of *intangible assets* that are similar in nature, interdependent, or complementary, the *valuer should* assess the identified economic benefits and risks. This assessment can influence the adjustments to *valuation inputs*, such as cash flows, *discount rates* and economic life.

4. Determining a hypothetical royalty rate for *intangible assets valuation*

4.1. IVS 2025 states that one of the steps a *valuer should* perform in applying a relief-from-royalty method is to develop a royalty rate for subject *intangible asset*.

4.2. There are three common methods that 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 licenced at arm's length on a regular basis.

(ii) The second method is based on the 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 individual subject *intangible asset*.

(iii) The third method assumes a hypothetical return on Research and Development ("R&D") costs. This approach estimates the hypothetical royalty rate by determining how much money was spent on the development of the *intangible asset* and add to that a return on cost.

4.3. In deriving a hypothetical royalty rate based on comparable or similar transactions method a valuer should undertake the following steps in analysing the identified list of comparable or similar transactions, such as licensing agreements:

(i) Understand the terms of the licensing agreements.

The terms of licensing agreement would include but are not limited to:

(a) Specific rights transferred to the licensee and any limitations:

- Scope rights;
- Territory;
- Exclusivity;
- Duration of the licence period;
- Termination clauses;
- Technical assistance;
- Fields of use;
- Sublicensing;
- Improvements and derivatives, and
- Restrictions.

(b) The payment structures:

- Minimum guarantees;
- Upfront payments*;*
- Performance milestone payments*;*
- Royalty rate on gross or net sales
- Puts/calls to acquire the licenced property outright; and
- Royalty rate structure.

(ii) Analyse the differences between the identified comparable licensing agreements and how such differences affect their royalty rates. For example, a global licence may warrant a higher royalty rate than one limited to a narrower region.

(iii) Where applicable, make adjustment to the observed royalty rate in relation to the specific rights of the *intangible asset*, external environment as at *valuation date*, and cash flows applicable to the *intangible asset.*

(a) Where the scope of the subject *intangible asset* is observed to be less advantageous than that of the comparable licensing agreements, it may justify applying a lower royalty rate.

(b) If the external environment pertaining to the *intangible asset* as at the *valuation date* is observed to be more advantageous than that of the dates of the comparable licensing agreements, it may warrant applying a higher royalty rate.

(c) For the varying payment structures, the *valuer should* ensure that the estimated royalty rates are adjusted to be consistent with the cash flows.

- In the event where the cash flows for the subject *intangible asset* have not been adjusted to account for payment structures observed in the comparable licensing agreement, the royalty rate will need to be adjusted to reflect these differences.
- Conversely, if the cash flows have been adjusted to factor in the payment structures observed in the comparable licensing agreement, the royalty rate can be utilised without further modification from the observed royalty rate.

In order to determine the hypothetical royalty rate, the *valuer should* also assess all relevant factors collectively in addition to characteristics and the environment in which it is utilized.

4.4. Profit split analysis intends to split (or allocate) some measure of owner/operator income and assign that allocated income to the *intangible assets*.

4.5. When determining a royalty rate using the profit split method, a *valuer* can consider the following methods:

(i) Comparable Profit Split. This method analyses profit splits in comparable agreements within the same industry for similar types of *intangible assets*. Adjustments are made for differences in terms and conditions, and the profit split ratio from comparable is used as a benchmark to determine the royalty rate.

(ii) Asset Class Split Method: This method determines a royalty rate by allocating excess profits to each *intangible asset* based on its respective economic contribution, determined by the invested capital and its required rate of return.

(iii) Premium Contribution Method: In this approach, the royalty rate is determined by assessing the additional premium contributed by the *intangible asset* in terms of its average selling price, operating profit, incremental income stream.

(iv) Rule of Thumb Method: The Rule of Thumb method in the context of profit split refers to a method used to allocate profits such as a percentage of EBIT, EBITDA, gross profits based on general industry practices, historical precedents, or commonly acceptable ratios.

4.6. In determining the hypothetical royalty rate using the R&D cost method (that is, hypothetical return on R&D *costs* approach), the key steps are:

(i) Determine the total R&D *costs* associated with the *intangible asset*.

(ii) Determine the R&D *costs' returns*, reflecting the compensation that market participants would require for investing in the *intangible asset* which accounts for the following components of return:

(a) Return of R&D *costs*

(b) Return on R&D *costs*

(iii) To determine the hypothetical royalty rate, the total of both the return on and return of R&D costs should be divided by the total projected revenue expected to be generated by the intangible asset over its economic life.

5. Application of legal, functional, technological and economic factors in determining the economic lives of *intangible assets*

5.1. Economic life is how long it is anticipated that the *intangible asset* could generate financial returns or provide a non-financial benefit in its current use. It can be finite or indefinite.

5.2. Unless otherwise affected by the functional, technological or economic obsolescence, the economic life of an *intangible asset should* generally commensurate with that of the period of the contractual or other legal rights, because upon the expiry of the legal protection, the *intangible asset* becomes vulnerable to imitation or replication in the market, which can *significant*ly diminish its value and the financial returns it generates.

5.3. In determining the period of the contractual or other legal rights, *valuer should* consider the following:

(i) Legal protection period

(ii) Contractual term associated with the use of the *intangible asset*

(iii) Ease of renewal of such protection period or contractual terms

5.4. When the contractual or other legal rights that are conveyed for a limited term can be renewed, the economic life of the *intangible asset should* include the renewal period(s) only if there is evidence to support renewal by the entity is both likely and economically feasible.

5.5. If the *intangible asset* is affected by functional, technological, or economic obsolescence prior to the expiry of the period of contractual or other legal rights, the economic life of the *intangible asset should* be shorter than that of the period of contractual or other legal rights.

5.6. In assessing the impact of functional, technological and economic obsolescence on the *economic life*, *valuers should* consider the following non-exhaustive list of factors:

(i) Functional. When there is loss of utility resulting from ineffectiveness and inefficiencies in the subject *intangible asset's* characteristics such as its design, specifications as compared with its replacement.

(ii) Technological. When a technology, product, or service becomes outdated or no longer useful due to advancements in technology.

(iii) Economic. When there are changes in the economic environment, market conditions and other external influences that negatively impact the *intangible asset*'s ability to generate income or maintain its value.

5.7. However, there may be exceptions whereby the period of contractual or other legal rights is not a key consideration to determine the economic life:

(i) When certain *intangible assets* may not have a defined period of legal rights such as non-contractual customer relationships which are not granted any legal protection.

(ii) When certain *intangible assets* may be protected through other legal mechanisms such as common law which do not grant a defined period of legal or contractual rights. For example,

unregistered trademarks which may be protected through common law but do not have a legally mandated duration or expiration.

(iii) When the *intangible asset* is so unique that it is difficult to replicate, or even if there are imitations or replications, the *intangible asset* continues to maintain its value and relevance.

5.8. In assessing the economic life for such *intangible assets*, the key consideration for the *valuer should* be the functional, technological and economic obsolescence of the *intangible asset*.

5.9. Accounting useful life is the period over which an *asset* is expected to contribute directly or indirectly to future cash flows of that entity. Hence, accounting useful life is an entity specific determination. There will be a difference between accounting useful life and economic life, when an entity's own assumptions about the period over which the *asset* is expected to contribute directly and indirectly to the future cash flows is different from the assumptions market participants would use in pricing the *asset*.

5.10. Tax amortisation life is determined by the prevailing tax regulations, which is different from the economic life of the *intangible asset*.

Conditions in determining if the economic life is indefinite

5.11. To determine if an *intangible asset* has an indefinite life, the following conditions *should* be met:

(i) The individual subject *intangible asset* is well-established with historical track record of generating economic benefits;

(ii) There are no legal, regulatory, contractual, competitive, economic or other factors that limit the economic life of the individual subject *intangible asset*; and

(iii) The individual subject *intangible asset* has renewal cost, maintenance costs which are economically beneficial compared to the expected economic benefits and there is intention to renew and use the individual subject *intangible asset* indefinitely.

Corroborating the appropriateness of the determined economic life

5.12. The *valuer* can corroborate the appropriateness of the economic life of the subject *intangible asset* determined through the following non-exhaustive list of methods:

(i) Benchmark economic life of similar *intangible assets*

(ii) Analyse economic life of previous versions of the subject *intangible asset*

(iii) Compare the economic life of the *intangible asset* to the life cycle of the goods and services produced with the *intangible asset* input.

5.13. When performing the corroborative analysis, the valuer may need to explain the differences between the subject intangible asset and these other assets used for corroborative analysis in order to substantiate the determined economic life.

6. Performing sensitivity and/or scenario analysis for significant risks

6.1. Sensitivity analysis involves changing one *input* or variable at a time to measure its impact on the *valuation* outcome, while keeping all other factors constant.

6.2. In contrast, scenario analysis involves changing multiple *inputs* simultaneously for each potential future state or scenario to evaluate the combined impact on *valuation*.

6.3. The *valuer* may consider performing sensitivity and/or scenario analysis under the following non-exhaustive circumstances:

(i) High levels of uncertainty surrounding key *valuation input(s).*

(ii) Change in *input(s)* results in a *significant* variation in *intangible asset value.*

6.4. The *valuer* may follow the following general approach when conducting sensitivity analysis:

(i) Based on the significance of risks identified through the risk matrix in *Section 2: Risk Factors of Intangible Assets*, identify the most critical *input* that would impact the *valuation* of the *intangible asset*.

(ii) Determine the range of the identified *input* to be sensitised. The *valuer* may not employ arbitrary sensitivity ranges and consider the risk associated with the *input* in determining the possible range of the *input* by referencing to historical *data*, market trends, or industry benchmarks.

(iii) Adjust the identified *input* within its determined range to evaluate its effect on the *valuation* of the *intangible asset*.

6.5. In contrast, the *valuer* may follow the following general approach when conducting scenario analysis:

(i) Based on the significance of risks identified through the risk matrix in *Section 2: Risk Factors of Intangible Assets*, identify different potential future states or scenarios that would impact the *valuation* of the *intangible asset*.

(ii) Identify the key *inputs* likely to change within each scenario, including:

(a) Forecast drivers such as growth rate, profit margins, and working capital days.

(b) *Valuation inputs* including royalty rate, obsolescence factor, *discount rate*, and terminal growth rate.

(c) Probability assignments which is applicable for multiple scenario analysis or decision tree method (as per next step).

(iii) Utilize methods such as:

(a) Best case/worst case analysis. Evaluates the impact on *value* under extreme positive and negative assumptions to understand the range of potential outcomes.

(b) Multiple scenario analysis. Assess various plausible scenarios by adjusting key drivers and assigning probabilities to these scenarios to understand the spectrum of possible impacts on *value*.

(c) Decision tree analysis. A decision tree systematically evaluates different possible decisions and uncertainties by mapping them as branches in a sequential process. Each branch represents a potential scenario, with assigned probabilities and corresponding payoffs. By incorporating probabilities and expected values, decision trees provide a quantitative way to assess risks and rewards, making them particularly useful for analysing complex, multi-stage scenarios.

7. Performing corroborative analysis for *intangible assets valuation*

7.1. If the *value* of a subject *intangible asset* relies heavily on a single *valuation approach* and no secondary *valuation approach* can be performed, a corroborative analysis may be performed to assess the appropriateness of the *valuation* subject to the availability of information or *data* points A corroborative analysis is not meant to be considered as a *valuation approach* or *method* to determine the *value* of *intangible assets*.

7.2. A corroborative analysis refers to the process of using multiple sources of information or methods to support the concluded *value*. This type of analysis is often used to increase the reliability and validity of results by cross-verifying information from different alternate perspectives. The goal of corroborative analysis is to ensure that the conclusions drawn are well-supported and less likely to be biased or erroneous.

7.3. To corroborate an *intangible asset*'s *value*, the *valuer* can consider adopting a "drill-down" analysis or benchmarking analysis. The drill-down analysis involves analysing broader indicators/metrics (industry level) before drilling down to more detailed levels (company level and *asset* level) whereas benchmarking analysis involves comparing the indicators/metrics across comparable companies or transactions. The following indicators/metrics at the respective levels can be considered:

(i) Industry level metrics, such as different types of market sizes that the *intangible asset* can capture.

(ii) Company level metrics, such as the value of the business owning/using the *intangible asset*.

(iii) *Intangible asset* level metrics, such as *intangible asset* expenditures or investments which are made to develop and protect the *intangible asset*.

7.4. There are two methods in performing a corroborative analysis. The two different methods are:

Method 1: Relative positioning of subject *intangible asset value* versus industry/company/*intangible asset* level metrics

(i) Select relevant industry/company/*intangible asset* level metrics and where necessary, perform adjustments to reflect the relevant revenue or income contributions achievable by the business unit which utilises the *intangible asset* in its product and/or services.

(a) Industry level metrics represent the broadest (or ceiling) measure of possible value because it represents the maximum potential that the entire market (including the subject *intangible asset*) could possibly achieve over a defined period. It reflects the aggregate demand from all potential customers in the market and is often used as a key metric to gauge the potential for businesses operating within that space. Given that it is the broadest form of measure, it is useful for an intangible asset that either is a key market player or contribute to a significant market share in the industry. It should not be the only metric that is adopted when performing the corroboration.

(b) Company level metrics represents the business value for all employed *assets* (including the subject *intangible asset*) because it encapsulates the collective worth of all the *assets*, both tangible and intangible, and their synergistic potential within the business context. It is therefore expected that the business value will be higher than that of the subject *intangible asset value*.

(c) Intangible asset metrics typically represents the floor value as it reflects the level of expenditure or investment that the company has consistently dedicated to develop, maintain and enhance the *intangible asset*. Generally, the key expenditure or investment which is the most *significant* component of cost in developing the *intangible asset* is used, eg. advertising and promotion (A&P) cost for trademark and research and development (R&D) cost for technology.

Method 2: Peer benchmarking of subject *intangible asset* against comparable companies or transactions via units of comparison

(i) Identify the units of comparison that are relevant to the subject *intangible assets*, such as *intangible asset value*/business value; *intangible asset value*/*intangible asset* level metric such as R&D cost, A&P cost, customer acquisition cost.

(ii) Search for comparable/benchmark *data*: The process involves searching for comparable companies within the same industry and/or business that have similar *intangible assets* and calculate the relevant units of comparison

(iii) Perform benchmarking analysis: This analysis compares the relevant units of comparison

7.5. After performing the above steps, rationalise the *intangible asset value*'s relative positioning against the corroborated values by considering the following factors (non-exhaustive):

(i) Growth potential

(ii) Regulatory Environment

(iii) Financial Performance

(iv) History of Investment

(v) Life cycle of the intangible asset

8. Disclosure of subsequent events post the valuation date

8.1. IVS 101 requires the *valuation date* to be stated. If *valuation date* is different from the date on which the *valuation* is reported, then that date *should* also be stated.

8.2. There may be events that occur between the *valuation date* and the issuance date of the *valuation* report. Disclosures of these events allow users of the report to assess potential changes to the *value* of *intangible asset* from the *valuation date,* allowing them to make more informed decisions for purposes such as financing and investing.

8.3. From the *valuation date* to the report date, the *valuer* may consider disclosing the *significant* developments that are not known or knowable as of the *valuation date* which may impact the *intangible asset* value. These events may be company-specific and/or external events (relates to the environment in which the *intangible asset* is utilised) that are considered to be *significant* following the risk assessment performed by the *valuer (refer to Section 2. Risk factors of intangible assets).*

8.4. The above disclosure is not intended to update the *valuation* to reflect such subsequent events, as the *valuation* was performed as of a point in time and the events occurring subsequent to the *valuation date* would not be relevant to the *value* determined as of the *valuation date*. Therefore, the *valuer should* also include a statement and disclose that such events are provided for information purposes only and do not affect the determination of *intangible asset value* as of the specified *valuation date*.

9. Additional report disclosures when performing intangible assets valuation

9.1. IVS 106 states that valuation reports *must* provide, in sufficient detail, a clear and well-structured description of the basis for the conclusion of *value*. The reports *should* include all necessary information to provide the *client* with a clear description of the scope of work, the work performed, *professional judgments* made and the basis of conclusions reached.

9.2. In view of recommendations suggested by this guidance, *valuer* can provide additional disclosures which may include:

(i) Key risks associated with *intangible asset*: Specifically, the types of these *significant* risks and a description of the risks. For *significant* risks that underpin the *valuation*, *valuers should* demonstrate how these *significant* risks have been given due consideration and *weight.*

(ii) Sensitivity/scenario analysis: Outcome of sensitivity and scenario analysis for *significant* and/or material risks.

(iii) Corroborative analysis: Outcome of the corroborative analysis to support the concluded value.

(iv) Subsequent events: Events that occur between the valuation date and the date on which the valuation report is issued.