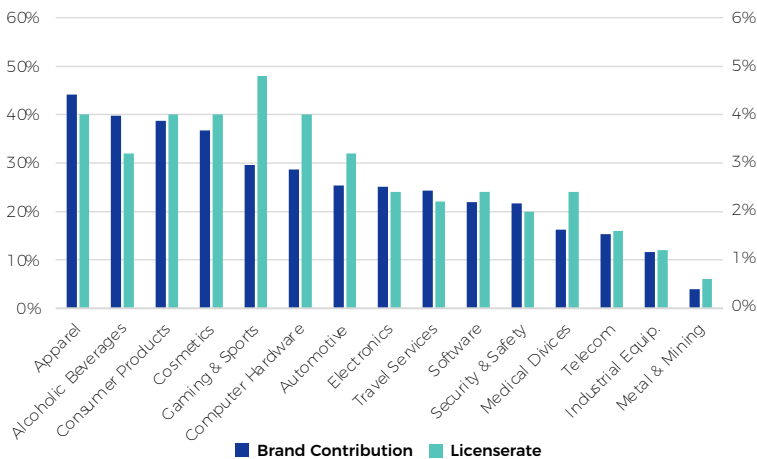


What brand valuation can do to reduce your import duties.

We at Adwired AG specialize in the analysis and evaluation of brands and have developed a method with which the value contribution of your brand can be analytically broken down into product-related and non-product-related components. Why is this relevant?

When importing your products, which your company produces outside the European Single Market, customs duties are incurred, which include an amount for the use of the trademark. Any legal or natural person who pays directly or indirectly (through subsidiary) for a trademark license and imports corresponding branded goods into the EU must include the product-related portion of such payments in the customs value.

Based on the group license rates applicable in your company, EU authorities usually assume that 95% of a lump-sum trademark license payment is product-related. However, this high percentage is often not justified and may unnecessarily burden your company, as the group license is, after all, not only paid for product branding, but also for the brand's contribution to employee acquisition and retention, financial market communications, public relations or other non-product related services. Splitting your group license rate into its components creates transparency and would allow you to reduce import duties accordingly.

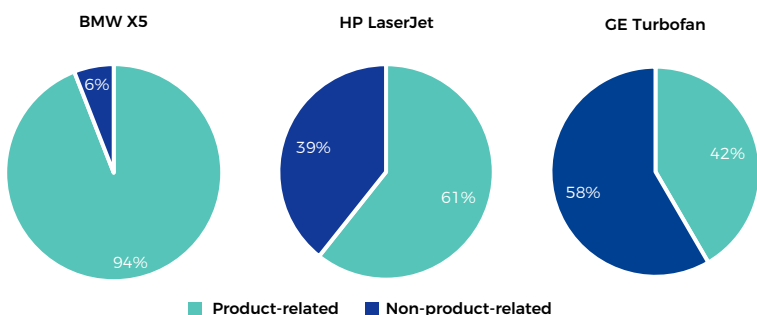


Adwired has a concept and technical approach that can help you in your argument that only a smaller portion of the royalty payment is product related. If such a proportional allocation of the trademark royalty payment is included in the wording of the group license, there is a strong likelihood that Customs will follow the reasonably determined allocation.

Customary market royalty rates are based on the value contribution of the brand, which can be measured. While this value amount can vary significantly between individual companies and products, there are nevertheless trends and orders of magnitude within each industry. Therefore, the correlation between license rates and value contribution (brand contribution) is high, as the example opposite shows.

The split between product- and non-product-related brand value contributions also varies between the individual product categories. However, a breakdown shows that the product-related share can be significantly smaller than 95%. This reduced share related to import tariffs can result in high import tariff savings even for small differences.

This comparison is based on 10 to 40 case studies per industry. Sources: License rates (median): RoyaltySource. Brand Contribution (median): Adwired AG.



Our method of calculating brand value is ISO10668 certified. The allocation of licenses is based on large amounts of data and a statistically robust analysis with which the value contribution of the brand to the product can be calculated. By combining human and artificial intelligence, this analysis can be specifically adapted to your requirements.

The three examples show that the share of product-related value added by the brand is subject to major differences.