IP3 2018 ANALYTICS FOR MEDIA

January 23, 2019

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IP3 2018 Overview

- IP3 2018 was the third iteration of AST's Industry Patent Purchase Program, a fixed price, fixed term, collaborative patent buying program that provides patent owners access to dozens of leading technology companies

- Submission period: July 9 through July 20, 2018

- IP3 2018 focused on soliciting patents from the following technology areas:
  › Artificial Intelligence / Machine Learning
  › Augmented Reality / Virtual Reality
  › Automotive / Transportation Services
  › Blockchain
  › Internet of Things / Connected Devices
  › Smart Home
  › Software / Web Services
  › Wireless

- Participants: 19 operating companies including: Cisco, Google, Honda, IBM, Intel, Microsoft, Oracle, Philips, SAP, Uber and Verizon

- Total Spent: ~ $3M

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IP3 2018 Results Summary

$3M spent to acquire 32 patent families

- Purchased Deals
  - 31 deals acquired
    - 32 families, 47 U.S. Patents, 55 active assets
  - Ranged from $2,500 to $255,000
  - Avg. price per patent family – approx. $99k
    - (compared to $128k in IP3 2017, and $96k for IP3 2016)
  - 19 Members contributed to acquisitions

- AST closed all 31 deals before the year-end

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IP3 2018 Submission Stats

- 704 submissions were received out of which 32 submissions were rejected or excluded from program due to subject matter, family issues, etc.
  - › Slightly higher number of lots compared to IP3 2017

- 672 valid submissions published as individual AST lots
  - › All information was available to AST members through AST's proprietary fAST IP database

- 803 patent families
  - › 1,646 active assets
  - › 1,154 active US patents
  - › 92% or 617 lots were single patent family offerings
  - › 47 lots with 2-5 patent families
  - › 8 lots with more than 5 patent families

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IP3 Submissions by Seller Submitted Categories

Seller Submitted Category	Lots	Patent Families	WW Assets
Software / Web Services	230	239	447
Wireless	128	148	283
Automotive / Transportation Services	112	141	291
Internet of Things / Connected Devices	70	85	194
Augmented Reality / Virtual Reality	55	77	139
Artificial Intelligence / Machine Learning	28	32	120
Smart Home	18	18	25
Blockchain	12	13	26
Other	19	50	121
Grand Total	**672**	**803**	**1,646**

- Software & Web Services was the leading seller submitted technology category for IP3 lots with 230 lots with 239 patent families

- Blockchain had significant interest from Members but very few assets were received in the category

- 19 out of 31 purchased lots were related to Software and Web Services category

AST data as of December 2018
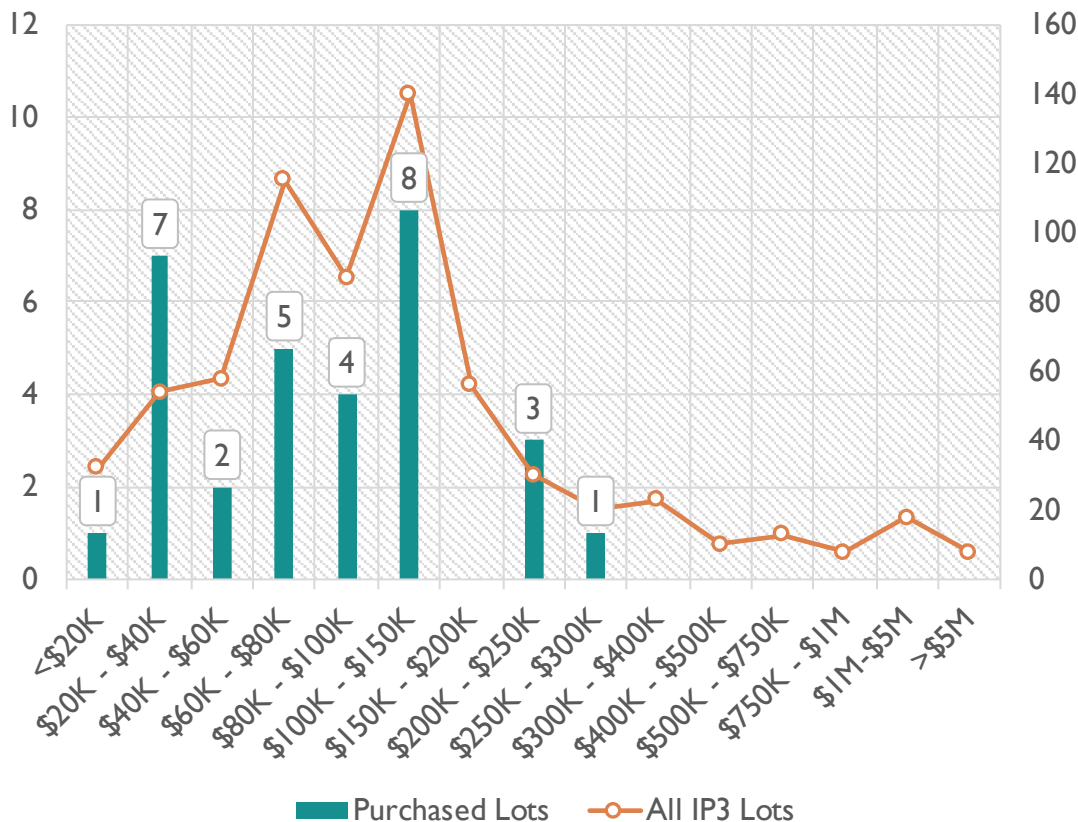
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What was Purchased?

- 31 AST Lots purchased in IP3 comprised 55 active patent filings in 32 families
  - › 47 US Patents, 6 US Applications
  - › 1 European and 1 Austrian Patent
- Average 1.7 assets per family compared to 3.6 in 2017 and 1.8 in 2016
  - › 15 lots with single US patent, 6 lots with two US filings, 8 lots with 3 US filings
  - › 2 lots - each with a single foreign patent
- 23 different sellers and 4 brokers
  - › 21 out of 31 purchased deals are from Brokers/Intermediaries
  - › Type of Sellers –
    - • 16 lots from NPE/PHC
    - • 7 lots from Individual Inventors
    - • 5 lots from Practicing Entities
    - • 2 lots from University and 1 from R&D Institute
- 77% or 24 purchased lots were previously received by AST

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31 IP3 Lots Purchased - $2,500 to $255,000

Average Purchase Price for IP3 = $98,887

Seller's Price Expectations: Purchased vs. All Lots

- Median purchase price is $95,000

- Average price paid is lower compared to all IP3 lots
  › Sweet spot appears to be in $60K-$150K

- 21 or 68% of all purchased deals are offered by Brokers
  › Slightly lower ratio than last year as more Sellers decided to sell direct

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IOT, Automotive and AI had higher prices

Price Expectation Per Lot by Seller Submitted Category

Seller Submitted Category	Purchased Deals			<$500K Deals		
	Lots	Patent Families	Average Per Lot	Lots	Patent Families	Average Per Lot
Software / Web Services	19	20	$94,763	221	229	$97,762
Wireless	2	2	$65,000	120	129	$102,242
Automotive / Transportation Services	3	3	$165,000	108	134	$105,343
Internet of Things / Connected Devices	3	3	$141,667	63	74	$145,306
Augmented Reality / Virtual Reality	2	2	$57,500	50	53	$132,300
Artificial Intelligence / Machine Learning	2	2	$50,000	22	22	$164,318
Smart Home				16	16	$98,181
Other				16	47	$189,813
Blockchain				12	13	$142,083
Total	31	32	$98,887	628	717	$112,976

AST data as of December 2018

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Services assets had the highest avg. sales price

Price Expectation Per Lot by AST Lot Category

AST Lot Category	Purchased Deals			<$500K Deals		
	Lots	Patent Families	Average Per Lot	Lots	Patent Families	Average Per Lot
Software	11	11	$75,955	172	176	$109,749
Communication	10	10	$115,500	164	174	$105,829
General Electronics	5	6	$51,000	98	125	$127,059
Services	3	3	$186,667	86	106	$121,453
Automotive	2	2	$130,000	37	41	$97,378
Audio-Video-Graphics				35	48	$119,571
Components				29	40	$103,690
Other				7	7	$146,286
Total	**31**	**32**	**$98,887**	**628**	**717**	**$112,976**

AST data as of December 2018

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THANK YOU

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