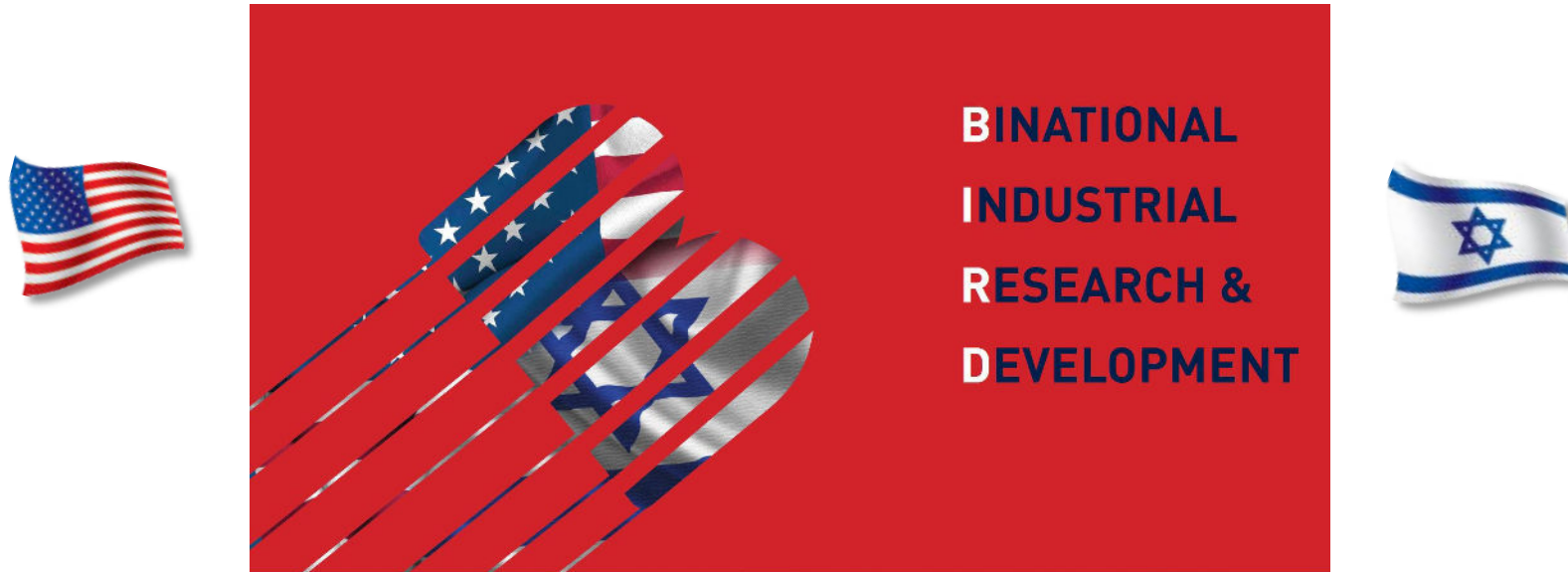


# BIRD Foundation

## BIRD Repayment Models



Israel-United States Binational Industrial Research and Development Foundation  
[www.birdf.com](http://www.birdf.com)

# BIRD Repayment principles - standard

- Royalties paid on sales of Product funded or its derivatives
- Definition of “Product” – as per its functionality, not technology
- Royalties are 5% of gross sales till “Full Repayment” - no time limit.
- Full Repayment – indexed award scales up over time from 100% at the end of the first year, up to a maximum of 150% as of 5<sup>th</sup> year +
- Repayment events – Breach of contract, Change of Control and Outright Sale.



# BIRD new repayment model for small companies

- Optional track for companies with total revenues of less than \$2M in last full year prior to submission.
- Royalties calculated as 7% of total reported **revenue growth** as of first fiscal year after completion of project compared to full first year after “Effective date”.
- Company can choose to postpone first year of repayment by up to two years
- Repayments are made till “Full Repayment” but in any case, not more than 5 sequential years as of first payment made.
- Full repayment is **90%** of indexed grant if completed within 3 years of project completion and 120% on indexed grant thereafter.
- One time repayment can be made in the first five years after project completion in which case 80% of indexed grant will be considered full repayment

# BIRD new repayment model in "mixed" situations

How does it work if one of the partners qualifies and chooses the Small Companies track and the other doesn't?

- Each company pays royalties, if relevant, according to model they qualify for.
- If both companies pay royalties the definitions of "Full Repayment" for both will be the lower one. Still – the company in the new track will pay only 5 consecutive years while the other company will continue to pay till full repayment is achieved.
- If only the Non-SCT (\*) company pays – definitions will apply according to the existing model.
- For repayment events that can easily be associated to one of the companies – Change of control, Breach of contract etc. the definitions will be as defined for the relevant company.

(\*) SCT- Small Companies Track. Non-SCT Participant is a Participant that isn't eligible or hasn't chosen this track

**Assumptions**

Grant received	1,200
Indexed grant after 7 years	1,400
Max repayment SCT	1,680 120%
Max repayment Non - SCT	2,100 150%
SCT - Repayment within 3 years	1,160 90%
SCT - 1 payment (within 5 years)	1,120 80%

**Repayments - Example 1**

Year	Annual Rev	SCT	SCT + 2Y
Y0- Base Line**	1,000		
Year 1	2,000	70	
Year 2	2,500	105	
Year 3	3,000	140	140
Year 4	4,000	210	210
Year 5	6,000	350	350
Year 6	9,000	*	560
Year 7	13,000		420
Year 8			
Year 9			
Max "Full repayment"		1,680	1,680
Total Paid		875	1,680

**Repayments - Example 2**

Year	Annual Rev	SCT	SCT + 2Y
Year 0 - Base line	-		
Year 1	3,000	210	
Year 2	5,000	350	
Year 3	4,000	280	280
Year 4	5,000	350	350
Year 5	3,000	210	210
Year 6	3,500		245
Year 7	3,500		245
Year 8			
Year 9			
Max "Full repayment"		1,680	1,680
Total Paid		1,400	1,330

**Repayments - Example 3**

Year	Annual Rev	SCT	SCT+2	Non-SCT
Year 0 - Base line	1,000			
Year 1	1,200	14		60
Year 2	1,000	-		50
Year 3	2,000	70	70	100
Year 4	2,500	105	105	125
Year 5	4,000	210	210	200
Year 6	5,000		280	250
Year 7	9,000		560	450
Year 8	10,000			500
Year 9	12,000			365
Max "Full repayment"		1,680	1,680	2,100
Total Paid		399	1,225	2,100

**Notes**

- SCT7% of revenues growth (vs. base year). Up to 5 years of payment. Paid annually
- Non-SCT5% of "product line sales". Paid until completion of grant (max 150%\*indexed). No cut-off time. Paid every 6 months.
- \*5 years end
- \*\*Revenues as of the 1st year of project