



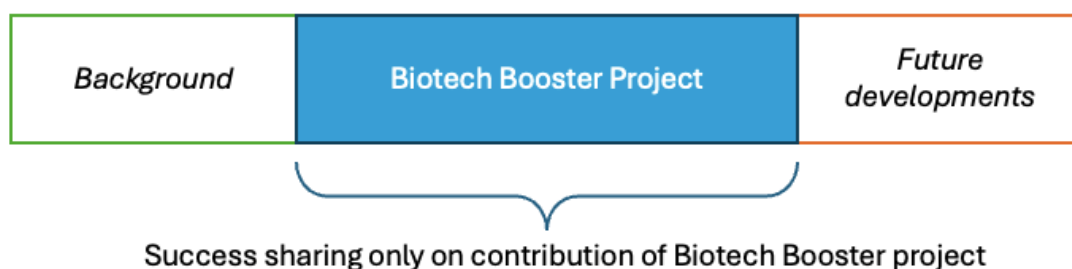
## Success sharing for Biotech Booster Level 2 Projects

By joining the Biotech Booster program with a level 2 project and receiving up to €1.9M in funding, you agree that Biotech Booster will share equally in the project's success upon completion. As part of the level 2 application process, you are therefore asked to prepare a proposal for success sharing. This document will explain more about what is meant by success sharing and we will share success sharing examples and give you guidelines for your proposal for success sharing.

### Background principle of success sharing

Biotech Booster is currently financed by the National Growth Fund. Biotech Booster plans to operate as a revolving fund, ensuring ongoing support for biotechnology development and valorization in the Netherlands after NGF funding ends. To establish a revolving fund, Biotech Booster projects are expected to share part of their success with Biotech Booster. There is a lot of flexibility in how projects can share their success. Therefore, you are asked to prepare a proposal for success sharing that best fits your project and is in line with the Biotech Booster TC-agreement<sup>1</sup> article 11. This will be the starting point of the negotiations between you and Biotech Booster.

General principle: Sharing success only concerns the results of the activities performed during the Biotech Booster project and the revenues directly associated with these results. Therefore it is important to define a clear field for the project and the success sharing.



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<sup>1</sup> The TC agreement will be shared with you during the application process



## Success sharing at the end of the defined Biotech Booster project

It is important to note that success sharing will only occur when there is tangible success, such as a sale, revenue, or licensing. Additionally, if it is anticipated that significant time and money will still need to be invested after the Biotech Booster project, this can be considered in the success sharing arrangement. Furthermore, during the project, the agreement can be adjusted when circumstances change or if it is necessary for a successful scale out. Any revenue from success sharing is designated exclusively for the Biotech Booster program to support new projects.

## Guidelines for your success sharing proposal

The proposal for success sharing will be the starting point of future agreements to be made between your project and Biotech Booster.

Important aspects of the proposal for success sharing are:

- What will your scale out strategy look like: licensing out the technology, establishing a NewCo, selling the company, etc.?
- What type of success, fitting with the scale out strategy, can be shared? (royalties, licensing income, shares, convertible loan, etc.)
- What will be the project and therefore its defined field?
- Important: Elaborate on how your proposal relates to the equal distribution of success of the project.

## Examples of success sharing constructions

### 1. Royalties

- IP is owned by a start-up/company.
- The success sharing is a royalty arrangement where Biotech Booster will receive X% royalties over net-sales in the field defined in the project. In calculating this percentage, it can be taken into account that the project will need additional investments during the project. The ratio between the new investment and Biotech Booster's 1.9 million can be used to calculate the 50% sharing of success.
- The technology developed in the project may have applications beyond the intended product, allowing Biotech Booster and the project partners to potentially establish additional agreements regarding other related fields and, for example, limit success sharing to a specified period of years.



## 2. Licensing agreement

- IP is owned by a knowledge institute.
- The knowledge institute foresees a scale out strategy of licensing out the technology to third parties.
- Biotech Booster will share in success by receiving 50% of the licensing income. The field of the project is strictly defined, allowing the knowledge institute to use the technology in other fields where Biotech Booster does not profit from.

## 3. NewCo.

- IP owned by (1 or more) Knowledge institutions, agreement on licensing out to projects
- Biotech Booster and partners can agree on multiple scenarios for success sharing, depending on the project results. Eg:
  - Formation of a company: BB will be offered equity in that company
  - Licensing out to a company: equity compensation, royalty fee etc

## 4. Shares in existing company

- IP owned by company
- The project may involve validating the technology within a specific sector, which constitutes only a portion of the company's overall activities (e.g., 20%). An equity position for Biotech Booster can be considered exclusively for this segment.

## 5. Convertible loan

- IP owned by company
- The Biotech Booster grant can be considered as a convertible loan (of max 1.9 M Euro).
- The loan may be converted on variable terms, e.g.
  - Annual compounded interest rate of X%
  - Option for conversion to shares, potentially subject to a cap
  - Additional terms as applicable