



ULLMAN SAILS INTERNATIONAL

Royalty Payment Policy

Updated January 29, 2016

Basis of Royalties

- Royalties are due on the sales amount (actual amount for which the Product is sold excluding freight and sales tax) for all Products that are listed in Schedule A of the Ullman Sails License Agreement sold by a licensee, including all Products sold by licensee's dealers (if any). All royalty rates, volume-based discounts are also listed in Schedule A.
- Royalties are due on the sales amount of a Product, including all labor and materials that make up the Product including without limitation any hardware, fittings, or attachments to the Product that are used in the handling of the Product, improve the performance of the Product or attach the Product to the rigging or boat unless waived by Licensor in writing in advance.*

*USI publishes all clarifications and/or waivers in the 'Royalties - Product Defined Clarifications' document, which will also be posted on the U/S Extranet.
- All Products invoiced in the given month are to be included in the royalty payments for that month, regardless of whether or not deposits or full payment has been received.
- Royalties are not paid on sails sold to another licensee or affiliate for the purpose of resale.

Monthly Royalty Minimum

As outlined in the License Agreement all lofts are subject to a minimum annual royalty that is listed in Schedule A of the License Agreement. If a loft's total royalties (Non-OEM and OEM royalties) are less than the annual minimum amount in a calendar year as of December 31, the loft shall pay the balance due to equal the minimum no later than January 30 of following the calendar year for which the minimum is due.

Original Equipment Manufacturer (OEM)

In order to qualify for OEM rates, licensees are required to provide Ullman Sails International (USI) with a copy of a bona fide contract for OEM products at least 14 days prior to reporting OEM sales. Once a licensee is approved to use OEM rates, USI will update a loft's royalty form.

Licensees that qualify for the discounted OEM rate based on annual OEM sales from the preceding year shall be notified by USI no later than January 31 and USI will update the royalty form accordingly. For more information about OEM requirements and terms, contact USI.

Report Format

Every licensee will be given access to a royalty report form through a Google Sheet (shared using the same Google account(s) used to set up your SNR Database). The format is the same for every licensee and is designed to calculate royalties in USD with minimal loft input, and will automatically track year-to-date (YTD) sales, and royalty rate discounts. The form is easily exportable to a PDF to send to USI.

The royalty report form also provides a significant amount of useful information for your loft. As it tracks sales for the year, you gain a clear picture of YTD sales, total amount of racing vs. cruising sail revenue, and more. The form will also indicate your effective royalty rate for the month for non-OEM sales, and YTD effective royalty rate (including minimum charges, OEM and non-OEM). This enables you to verify the form is calculating royalties correctly.

Using the Report

- All amounts must be entered in the same currency. If a currency other than USD is used, the exchange rate value must be updated for each month.
- A licensee's OEM royalty rate may change at the end of a calendar year. USI will ensure your loft's form uses the appropriate royalty rate.

Reporting Schedule

All lofts must submit monthly royalty reports monthly due no later than the 20th of the following month regardless of payment schedule (see below).

- All sails invoiced for the month are included in the royalty report, regardless of whether or not deposits or full payment has been received.
- Each royalty report must be submitted by email or post (email preferred).

Payment Schedule

For lofts outside the United States the payment schedule has been altered from monthly to quarterly to alleviate the costs of transferring funds from other countries. However, royalty reports must be submitted by the 20th of each month regardless of a loft's payment schedule.

- **USA Lofts:** Monthly royalty reports and payments are due no later than the 20th of the following month. *Example: January report and payment must be received by USI no later than February 20th.*
- **Non-USA Lofts:** Monthly royalty reports are due no later than the 20th of the following month. Quarterly payments are due no later than the 20th of the month following the end of the quarter. *Example: January report must be received by USI no later than February 20th. Payment for January, February and March reports is due no later than April 20th.*

Payment Terms

- Royalties are due in US Dollars in the amount listed on the royalty report.
- If a loft requires an invoice for royalty payments, please notify Kelly Buchan.
- Royalties may be paid by check, wire payment, PayPal or credit card. USI accepts credit card payments under USD \$1,000 at no charge. Any credit card payments that exceed USD \$1,000 will be charged a fee according to the USI Credit Card Fee Schedule. For more information or to request the fee schedule, please contact Kelly Buchan.
- All wired royalty payments are due net of all wire fees. USI will notify a loft if there are any discrepancies in a wire transfer.

- A flat fee of USD \$35 will be charged on all payments that are not received by the 30th of said month (10 days after the due date). Wire transfers and PayPal transfers must be in the USI account by end of business day on the 30th. Checks must be postmarked by the 30th. If the 30th falls on a weekend or holiday, USI will use the next business day. A licensee will only be charged a late fee once per late payment. However, USI reserves the right to accrue interest on late royalties at its discretion and will notify the licensee.

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By: Ullman Sails International
CC: Ullman Sails Licensees
Related Documents: Royalties – Product Defined Clarifications
Credit Card Fee Schedule