

THE INVESTMENT AGREEMENT

A GUIDE FOR ITALIAN FOUNDERS

Understanding the terms of the investment by IFF

Designed by BonelliErede for Italian Founders Fund

Italian Founders Fund

managed by Koinos Capital SGR S.p.A.

THE IFF—BONELLIEREDE PARTNERSHIP

— A standardized Investment Agreement framework for Italian startups

ITALIAN FOUNDERS FUND

Italy's #1 Founders Fund

Venture Capital fund investing in companies with an Italian DNA:
Founded in Italy, Italian Founders abroad, or companies expanding into Italy as a strategic market

Supported by 160+ successful entrepreneurs (Bending Spoons, King.com, Scalapay...)

€100M vehicle investing from pre-seed to Series A with tickets ranging from €300K to €3M

BonelliErede

Italy's Leading Independent Law Firm

500+ professionals, 80+ partners

Offices across Europe, Middle East & Africa

Ranked #1: Private Equity, Corporate/M&A (Chambers, Legal 500)

Legal tech innovation via beLab

We designed this standardized Investment Agreement framework together for Italian startups.

WHAT IS AN INVESTMENT AGREEMENT & WHY IT MATTERS

— It sets out the rules of the game

INVESTMENT AGREEMENT

The key legal document that governs the relationship between founders, existing quotaholders, and investors when IFF invests in an innovative startup/PMI.

MECHANICS

Regulates how the investment is structured and sets out each party's commitments.

GOVERNANCE FRAMEWORK

Establishes the new board composition and references the governance rules detailed in the New By-Laws.

Standardized by BonelliErede = fair, balanced, market-standard terms for every IFF investment.

THE PARTIES: WHO'S INVOLVED

— Key players in the Investment Agreement

THE COMPANY

The innovative startup/PMI receiving the investment

THE FOUNDERS

The entrepreneurs building the business

IFF / KOINOS CAPITAL SGR

The Lead Investor

CO-INVESTORS

Other investors joining the round alongside IFF (if any)

OTHER QUOTAHOLDERS

Existing quotaholders in the company

SAFE HOLDERS

If SAFEs were issued

HOW THE AGREEMENT IS STRUCTURED

— A visual roadmap of the four main sections

I

THE INVESTMENT

Subscription of quotas, use of proceeds, closing mechanics

II

REPRESENTATIONS & WARRANTIES

What the company and the founders confirm to investors about the company

III

FOUNDERS' UNDERTAKINGS

Non-compete, exclusivity, IP, stability commitments

IV

COMMON PROVISIONS

Confidentiality, adherence, governing law, notices

Plus: Call Option Arrangement (Exhibit 12) — vesting and leaver mechanics for founder quotas.

THE INVESTMENT: HOW IT WORKS

— Capital injection and use of proceeds · Cash in → Company → Growth

ROUND QUOTAS

IFF subscribes for "Round Quotas" — a class of quotas with specific rights under the New By-Laws — for cash.

CO-INVESTORS

Co-investors (if any) subscribe for Round Quotas of the same class as IFF, alongside IFF on the same terms.

SAFE CONVERSION (optional)

If SAFEs exist, they convert automatically at Closing into "SAFE Quotas" via the SAFE Vehicle — a vehicle incorporated prior to Closing to consolidate all SAFE holders.

USE OF PROCEEDS

Founders commit to use investment proceeds substantially in line with the Business Plan.

PRE-MONEY VALUATION

Agreed and set out in the Agreement on a fully diluted basis.

CASH IN
COMPANY
GROWTH

FROM SIGNING TO CLOSING

— The step-by-step process from agreement to investment

01

SIGNING

All parties sign the Investment Agreement.

02

INTERIM PERIOD

Company operates in ordinary course; no major decisions without IFF consent. Reserved Matters under the New By-Laws apply.

03

CONDITIONS PRECEDENT

Must be satisfied before Closing:
(a) corporate resolutions duly passed; (b) no interim period breach; (c) deal-specific CPs. The Investors can waive CPs. If not met by the Longstop Date, the Agreement terminates.

04

CLOSING

Before a Notary (via audio-video conference, for the resolution on the capital increase). Investors subscribe quotas, pay cash, the new board is appointed, SAFE conversion occurs if applicable. All actions = one single indivisible transaction.

YOUR NEW BOARD OF DIRECTORS

— How the company will be managed post-investment

BOARD COMPOSITION

Board with a **3-year term**. Founders designate their directors; IFF designates its director(s). A **Managing Director (CEO)** is appointed with defined powers.

RESERVED MATTERS

Certain decisions require IFF's consent under the New By-Laws: **Quotaholders' Reserved Matters** (major corporate decisions, qualified majority including IFF) and **Board Reserved Matters** (operational decisions requiring the IFF director's approval).

REPRESENTATIONS & WARRANTIES

— A simplified, founder-friendly R&W set

FOUNDER R&WS

- Company has capacity to execute
- No other shareholders' agreements exist
- Company is duly incorporated & not insolvent
- Enrolled as innovative startup/SME
- No conflict with by-laws or law
- Corporate capital is as represented
- Company's general accounts are accurate

COMPANY R&WS

- No omitted material facts affecting Pre-Money Valuation
- All documents and information are true, accurate, complete
- No false or misleading information provided to investors
- Founders have managed the Company with highest diligence
- Employee and consultant list is accurate
- All IP is valid, enforceable, and unencumbered
- Compliance with all applicable laws
- Financial Statements are true and fair
- No material pending or threatened proceedings

IFF intentionally uses a simplified set of R&Ws — designed for startups/SMEs, not large M&A deals. This is a key founder-friendly feature.

WHAT HAPPENS IF R&WS ARE BREACHED

— Understanding exposure and protections

IF COMPANY R&WS ARE BREACHED

The **Company** indemnifies investors

IFF can choose cash or in-kind — additional "Indemnification Quotas" issued at adjusted valuation, with no payment from the founder

No duplication of indemnification

IF FOUNDER R&WS ARE BREACHED

Founders personally indemnify in cash

Investors' rights are not affected by due diligence

Founder-friendly: the simplified R&W package means the indemnification exposure is limited and proportionate.

FOUNDERS' COMMITMENTS

Key obligations

NON-COMPETE 24 months post-departure

No competing business, no soliciting clients/employees, no equity in competitors, within Restricted Territories. Duration: 24 months from the later of (i) ceasing to be a director or employee, or (ii) ceasing to be a direct or indirect quotaholder. No additional consideration — factored into the Pre-Money Valuation.

EXCLUSIVITY Until departure or 10th anniversary

Full-time dedication to the Company. Any side activity requires the prior written consent of BOTH the Company and IFF.

STABILITY 3-year Stability Period

Cannot resign during the first 3 years, unless Good/Bad Leaver events apply.

IP ASSIGNMENT Permanent

All inventions, discoveries and IP created in connection with the Company belong to the Company absolutely. Founders must assist with patent filings.

VESTING: HOW FOUNDERS EARN THEIR QUOTAS

— 4-year vesting with a 1-year cliff



KEY VESTING RULES

Founder Quotas vest over **4 years** from the Closing Date

After the cliff, vesting occurs quarterly — **12 installments**

If a founder leaves before a Vesting Date, all Unvested Quotas do **NOT** vest

12-month cliff: no quotas vest during the first year

Vesting is conditional on continued service as director, employee or consultant

WHAT HAPPENS IF THE FOUNDERS LEAVE

— The mechanism that applies when a founder departs

THE CALL OPTION

It gives the **Company first**, then the **Investors pro rata**, the right to purchase founders' unvested quotas — and, in case of Bad Leaver, also vested quotas.

The Call Option expires on the **4th anniversary** of the Closing Date

Exercised by sending a written "**Call Notice**" within 60 Business Days from awareness of the leaver event

The founder can object within **30 Business Days** with an "Objection Notice"

If no agreement is reached: price disputes go to an **Independent Expert**; other disputes to the **Court of Milan**

BAD LEAVER VS GOOD LEAVER

What happens to your quotas when you leave

BAD LEAVER

EVENTS

Director removed for just cause

Resignation during the Stability Period without the Lead Investor's prior written consent

Employment terminated for just cause or justified subjective reasons

Criminal conviction materially detrimental to the Company

Breach of non-compete, exclusivity or stability undertakings

Consequence: lose ALL quotas (100% vested + 100% unvested).
Call Option Price = nominal value of the quotas, a symbolic amount.

GOOD LEAVER

EVENTS

Any departure that is NOT a Bad Leaver Event

E.g. mutual termination, health reasons, constructive dismissal

Consequence: keep ALL vested quotas. Lose only unvested quotas at Fair Value — fair market value via standard VC valuation methods, no minority discounts.

Important: underperformance or failure to meet milestones does NOT constitute a Bad Leaver Event.

STEP-BY-STEP PROCEDURE

— From leaver event to closing

1

LEAVER EVENT OCCURS

A Bad or Good Leaver event triggers the Call Option.

2

CALL NOTICE

The Calling Party (Company first, then Investors pro rata) sends a Call Notice within 60 Business Days from awareness.

3

OBJECTION NOTICE

The Called Party may send an Objection Notice within 30 Business Days from receipt.

4

NEGOTIATION OR DIRECT CLOSING

If no objection, closing on the date set in the Call Notice. If there is an objection, the parties negotiate for 30 Business Days.

5

DISPUTE RESOLUTION

Price disputes → Independent Expert (binding determination within 20 Business Days).
Other disputes → Court of Milan.

6

CALL OPTION CLOSING

Payment by wire transfer; transfer of quotas.

WHAT NEEDS TO HAPPEN AFTER DAY ONE

— Your checklist of post-investment obligations

- **NEW ESOP** (if needed)

The board approves a stock option plan for key people within the agreed days post-closing. Options assigned to employees, directors and consultants as decided by the board.

- **D&O INSURANCE**

Directors & officers liability insurance — minimum coverage agreed.

- **KEY PERSON INSURANCE**

Life and civil liability coverage for the Founders — minimum coverage agreed.

- **ADHERENCE**

Any new quotaholder must sign a deed of adherence to the Investment Agreement.

- **USE OF PROCEEDS**

The investment must be used in line with the Business Plan as agreed.

FUTURE ROUNDS: SUPPORTING GROWTH

— Facilitating future equity financing

NEW FINANCING ROUNDS

The Company may raise additional equity financing through one or more New Financing Rounds. New investors may receive customary VC rights, including:

Senior liquidation preference

Broad-based weighted average anti-dilution

Transfer restrictions (ROFR, ROFO)

Directors/observers appointment & governance rights (veto rights)

Exit rights (drag-along, tag-along, IPO process)

PARTY COMMITMENT

If a New Financing Round is approved by the Lead Investor and the Founder(s), ALL parties undertake to:

Vote in favour of the round

Execute any documents required to implement it

NO VETO POWER

Lead Investor and Founders' approval is NOT a formal condition for a New Financing Round to proceed. Rounds may be validly approved under the corporate governance rules and majority thresholds in the Agreement, the New By-Laws, and applicable law.

Ensures the Company can raise capital efficiently — no procedural holdups, full alignment between founders and investors.

CONFIDENTIALITY & OTHER KEY PROVISIONS

Common provisions you should know

CONFIDENTIALITY (7 YEARS)

All parties must keep the Investment Agreement and company information strictly confidential.

EXCEPTIONS

Enforcement of the Investment Agreement

Public information

Regulatory requirements

Legal obligations

Joint written consent

Investors may share with Affiliates on a need-to-know basis.

NOTICES

All communications in English, by email.

COSTS

Each party bears its own costs. The Company bears IFF's legal fees (up to an agreed cap) plus Notary fees.

GOVERNING LAW

Italian law, Court of Milan exclusive jurisdiction.

ENTIRE AGREEMENT

The Investment Agreement supersedes all prior agreements between the parties.

KEY EXHIBITS: THE BUILDING BLOCKS

— Essential documents attached to the Agreement

NEW BY-LAWS

Governance rules for the company post-investment

BUSINESS PLAN

Growth roadmap — how the investment shall be used

CAP TABLE

Who owns what, before and after the investment

CALL OPTION ARRANGEMENTS

Vesting & leaver rules for founder quotas

NEW ESOP

Stock option plan for key employees

DEED OF ADHERENCE

Template for new quotaholders joining

These exhibits are integral parts of the Investment Agreement and are customized deal-by-deal.

WHY THE IFF INVESTMENT AGREEMENT WORKS FOR YOU

— Six things to remember

01 **Standardized & transparent** — the same framework for every IFF investment

02 **Founder-friendly R&Ws** — simplified, proportionate to startup reality

03 **Clear governance** — you keep operational control, IFF has protective rights

04 **Fair vesting** — equity earned over time: 4 years, 1-year cliff, quarterly thereafter

05 **Founder protection** — underperformance is NOT a Bad Leaver Event; Good Leavers keep vested quotas at Fair Value

06 **Aligned incentives** — ESOP for founders and key people, D&O protection, professional governance

NEXT STEPS

- 01** Review the full Investment Agreement and New By-Laws carefully
- 02** Consult your own legal and tax advisors
- 03** Reach out to IFF or Giulia Bianchi Frangipane for any questions

**"BUILDING THE FUTURE OF ITALIAN
INNOVATION – TOGETHER."**

CONTACTS

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