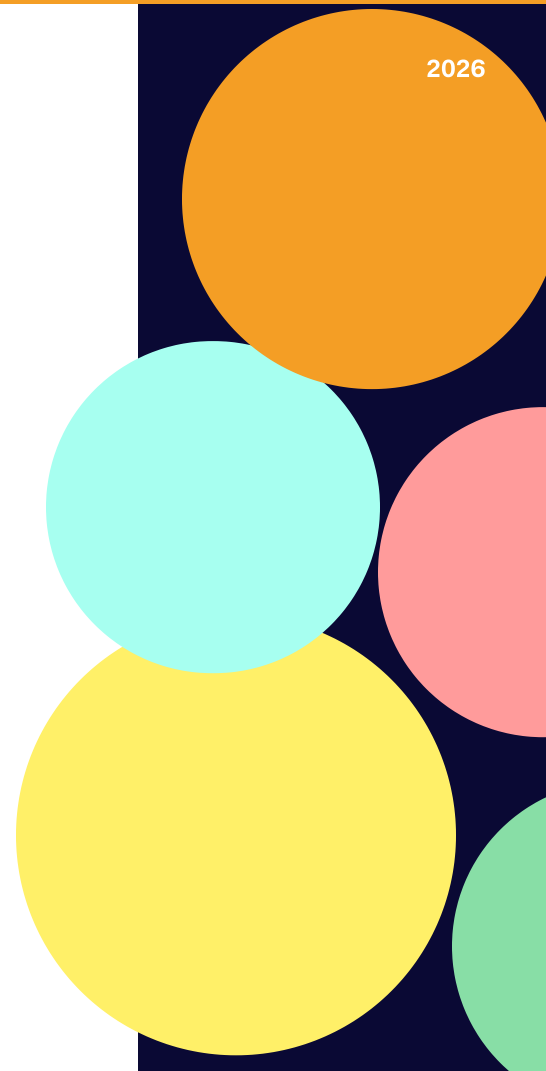


THE COMPANY'S BY-LAWS

UNDERSTANDING YOUR COMPANY'S LEGAL FRAMEWORK

A Guide for Italian Founders

Designed by BonelliErede for Italian Founders Fund



THE IFF—BONELLIEREDE PARTNERSHIP

— A standardized By-Laws 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 these standardized New By-Laws together for Italian startups to ensure transparent, founder-friendly governance.

THE GOVERNANCE CHARTER OF YOUR COMPANY

By-Laws define how your company is structured after IFF's investment, how decisions are made, and how equity is protected.



SAFEGUARD THE COMPANY

Restrictions on transfers to competitors and lock-up for founders protect strategic integrity



ATTRACT & PROTECT INVESTORS

Strong governance, information rights, liquidation preference and anti-dilution make the company investor-ready



ALIGN INTERESTS

Multi-class equity structure ensures each stakeholder holds rights and obligations proportionate to their role



ENABLE EFFICIENT EXITS

Drag-along and full tag-along ensure exits are managed efficiently, maximizing value

Standardized by BonelliErede = fair, balanced, market-standard governance for Italian Founders.

YOUR COMPANY'S EQUITY DNA

I

FOUNDER QUOTAS

Assigned to the founders

II

SAFE QUOTAS (OPTIONAL)

Assigned to holders of SAFEs (pre-investment instruments that convert at closing), if any

III

PRE-SEED QUOTAS

Pre-Seed 1 Quotas → Assigned to IFF / Pre-Seed 2 Quotas
→ other round co-investors (if any)

IV

ESOP QUOTAS

Assigned to beneficiaries (if any) of the company's ESOP plan (non-voting)

KEY TAKEAWAY

Each class carries different rights. ESOP Quotas have **no voting rights**. Your Founder Quotas give you governance power.

WHAT THE INVESTORS GET TO SEE

QUARTERLY

Profit & loss statement, comparison vs. budget and prior year, strategic performance report

Within 20 business days after quarter-end

MONTHLY

Management report

Within 30 business days after month-end

ANNUALLY

Draft financial statements + budget for current year

Within 90 business days after year-end

ON REQUEST

Any other information reasonably requested

Within 15 calendar days

ACCESS RIGHTS

IFF and other qualifying investors have broad access to:

Corporate documentation

Books & records

Contracts

Premises

(7 business days' notice)

Why? To ensure transparency and effective oversight – informed investors make better partners.

THE RULES OF THE GAME

How quotas can (and cannot) change hands

1 LOCK-UP (3 YEARS)

Founder Quotas cannot be transferred for 3 years after closing

Carve-out: a portion of each founder's quotaholding shall be freely transferable

Exception: IFF written consent can unlock transfers

Rationale: Keeps founders invested and committed

2 NO TRANSFERS TO COMPETITORS

All quotas are non-transferable to competitors or industrial partners

Exception: (i) transfers consented by IFF and the founders; or (ii) a sale of 100% of the company (including drag / full tag scenarios)

Rationale: Prevents "cap table contamination"

3 PERMITTED TRANSFERS (EXEMPT FROM RESTRICTIONS)

Transfers to the Company

Transfers from Company to ESOP beneficiaries

Transfers to heirs (mortis causa)

Transfers with IFF's written consent / Drag-along transfers

ROFR, TAG-ALONG & DRAG-ALONG

Protecting everyone when quotas change hands

RIGHT OF FIRST REFUSAL

Pre-Seed and Founder Quotaholders have a pro rata ROFR on transfers to third parties

Transferring Quotaholder must send a ROFR Notice with offer details

ROFR Holders have **30 business days** to send the ROFR Exercise Notice, stating whether they intend to purchase all the Transfer Quotas on the ROFR Terms

Purpose: Preserves existing quotaholder structure

TAG-ALONG RIGHT

If a sale would result in a Change of Control (>50%), all quotaholders can join on the same terms

Transferring Quotaholder must send a Tag-Along Notice

20 business days to exercise

If the buyer refuses tagged quotas, the original transfer is blocked

Purpose: No quotaholder is left behind in a Change of Control

DRAG-ALONG RIGHT

IFF + Founders can force all others to sell pro rata if a bona fide offer for >50% is received

Price must be at least **Fair Value**

Purpose: Enables smooth, complete exits

IFF'S €1 DISINVESTMENT RIGHT

HOW IT WORKS

1

IFF can require other quotaholders (or the Company, to the extent permitted by law) to redeem **ALL their quotas** for a total of **€1.00** – at any time, at their sole discretion, by written communication (Redemption Notice)

2

Execution before a **notary public**; quotas transferred free of encumbrances; €1.00 paid in cash simultaneously

3

Seller provides only **minimal representations** (capacity, title, absence of encumbrances)

WHY IT EXISTS

Acts as a "**walk-away**" right for fund lifecycle management

Clean exit in **downside or deadlock** scenarios where quotas have lost substantially all value

Investor doesn't seek economic return – only **termination of obligations** and liabilities as quotaholder

No unwanted third parties enter the cap table – quotas stay with **existing quotaholders or the Company**

KEY FEATURES

Exercisable **at any time** – no conditions

Covers **ALL quotas held** – complete exit

Receipt of the Redemption Notice constitutes a **preliminary sale and purchase agreement** between the Redeeming Parties, as promissory purchasers, and the Disinvesting Quotaholder, as promissory seller

Fixed **€1.00** price – no valuation disputes

HOW DECISIONS ARE MADE

BOARD OF DIRECTORS

Board composition – 3 to 5 members

Founders designate their directors – 2 to 3 members

IFF designates its director(s) – 1 to 2 members

Regular resolutions: majority vote

Board Reserved Matters: require the IFF director's favorable vote

Examples: budget approval, expenses above thresholds, new subsidiaries, IP transfers, incentive plans, related-party transactions, disputes above thresholds

QUOTAHOLDERS' MEETING

Regular resolutions: majority vote of voting quotas

(ESOP Quotas have no voting rights)

Quotaholders' Reserved Matters: require IFF's favorable vote

Examples: by-laws amendments, capital increases/reductions, mergers/demergers, distributions, liquidation, changes to board composition

Why Reserved Matters? They ensure that major decisions affecting the company's structure, finances or strategy require alignment between founders and investors.

WHO GETS PAID FIRST

1x Non-Participating Liquidation Preference

STEP 1 - PRIORITY

Pre-Seed + SAFE Quotas (if any) get paid **FIRST**, pari passu. They receive the **GREATER** of: (a) original subscription price, or (b) pro-rata share based on total quotas outstanding. This means that **all** Investors are pari passu.



STEP 2 - RESIDUAL

Any remaining proceeds are distributed to Founder + ESOP Quotas, pari passu and pro rata.

LIQUIDITY EVENT TRIGGERS

Change of Control / transfer of all, or substantially all, of the Company's assets and/or Intellectual Property Rights

Liquidation of the Company

IPO

Any distribution to quotaholders (incl. dividends)

EXAMPLE

IFF invested €500K for Pre-Seed Quotas representing 25% of the company. At exit:

Company sells for €5M → IFF pro-rata (€1.25M) > subscription price (€500K) → IFF gets **€1.25M** first

Company sells for €1M → subscription price (€500K) > IFF pro-rata (€250K) → IFF gets **€500K** first

This is "**non-participating**" – IFF doesn't double-dip. They get their preference OR their pro-rata, whichever is higher.

BROAD-BASED WEIGHTED AVERAGE

Protecting investors from down rounds

WHAT IS IT?

If the company issues new quotas at a **lower price** than what Pre-Seed Quotaholders paid, their number of quotas automatically increases

No additional payment required · No quotaholder vote needed

Uses a "**broad-based weighted average**" formula – the most founder-friendly type of anti-dilution

Example: IFF paid €10 per quota. A new investor comes in at €7 per quota (a "down round"). The formula automatically issues additional Pre-Seed 1 Quotas to IFF to partially compensate for the dilution. The broad-based weighted average ensures the adjustment is moderate – it doesn't penalize founders as harshly as a "full ratchet" would.

What is NOT covered (exclusions):

ESOP issuances

Capital increases required by law

IPO-related issuances

Quota splits

FORMULA CONCEPT

The adjustment considers:

Number of Pre-Seed Quotas held prior to the dilutive issuance

Original subscription price

Weighted average price

Total quotas outstanding prior to the dilutive issuance

Amount raised through the dilutive issuance

Number of quotas issued in the dilutive issuance

Broad-based weighted average is the most common and founder-friendly anti-dilution formula in VC. It protects investors while being fair to founders.

WHY THESE BY-LAWS WORK

✓ **STANDARDIZED & TRANSPARENT**

Same framework for all IFF portfolio companies, no hidden clauses

✓ **FOUNDER PROTECTION**

Lock-up keeps the founding team aligned; permitted transfers give flexibility when needed

✓ **CLEAR GOVERNANCE**

Founders keep operational control; IFF has protective rights on major decisions

✓ **FAIR ECONOMICS**

Liquidation preference protects investors; anti-dilution uses the most founder-friendly formula

✓ **EFFICIENT EXITS**

ROFR preserves the existing quotaholder structure; drag-along prevents holdouts; tag-along ensures no one is left behind

✓ **DESIGNED BY BONELLIEREDE**

Italy's #1 law firm for PE/VC, ensuring market-standard, legally robust terms

The By-Laws are the governance foundation of the company – understand them, respect them, and build on them.

NEXT STEPS

- 01** Review the full 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

IRENE MINGOZZI

Italian Founders Fund



imingozzi@italianfoundersfund.com

italianfoundersfund.com

GIULIA BIANCHI FRANGIPANE

Partner at

BonelliErede

belex.com

Milan | Rome | Genoa | Brussels | London

Cairo | Addis Ababa | Dubai | Tripoli