

## Term Sheet

This document (hereinafter "Term Sheet") outlines the main terms and conditions of the potential investment in [Startup Name]. This Term Sheet is drafted for discussion purposes only and should not be interpreted as a binding offer or contract and does not create any legal obligation for the parties (hereinafter the "Parties") until all Parties sign the final legal documentation, except for the sections titled "Costs," "Confidentiality," and "Governing Law/Jurisdiction," which are immediately binding for the Parties.

Company [Startup Name], with registered office at [Address], [City], share capital of Euro 100,000.00, Tax ID/VAT No. [Tax ID], represented by [Legal Representative Name] (hereinafter the "Company").

### Current Shareholders

- [Shareholder 1 Name] holding a 50% stake in the company's share capital
- [Shareholder 2 Name] holding a 50% stake in the company's share capital (hereinafter the "Current Shareholders")

### New Investor

- [Investor Name] (hereinafter the "New Investor") (hereinafter collectively with the Current Shareholders the "Shareholders" or the "Parties")

### Investment Round Amount

Euro 1,000,000.00

### Pre-Money Valuation

The Company's Pre-Money Valuation is Euro 3,000,000.00.

Investment At the closing of the investment operation (hereinafter the "Closing"), the New Investor will subscribe to a capital increase of the Company for a total amount equal to the Investment Round Amount (hereinafter the "Investment"). Based on the Pre-Money Valuation, assuming the full disbursement of the Investment Round Amount, the New Investor will subscribe to a stake amounting to approximately 25% of the company's post-money share capital.

### Investment Conditions

The Investment is subject to the following conditions:

- Completion of due diligence satisfactory to the New Investor

- Agreement between the Parties regarding the Contractual Documentation (as defined below).

### **Contractual Documentation**

The contractual documentation relating to the Investment (hereinafter the "Contractual Documentation") will consist of:

- An Investment Agreement and Shareholders' Agreement governing the Investment and the corporate governance rules based on the principles established by this Term Sheet;
- The new statutes of the Company, which will incorporate, as far as possible and deemed appropriate by the Parties, the agreements of the Investment Agreement and Shareholders' Agreement.

### **Shareholders' Meeting**

Resolutions of the company's shareholders' meeting on certain matters listed in Annex 1, require the favorable vote of 60% of the company's share capital and in any case the favorable vote of the New Investor (hereinafter the "Reserved Matters Assembly").

### **Board of Directors**

The Company's Board of Directors will be composed of 5 members, appointed as follows:

- The Current Shareholders will have the right to appoint 3;
- The New Investor will have the right to appoint 2;
- The Chairman of the Board of Directors will be chosen by the Current Shareholders;
- The CEO will be chosen by the New Investor. Resolutions of the Company's Board of Directors on certain matters of particular relevance, as listed in Annex 2, require 70% of the votes of the Board of Directors ("Reserved Matters Board of Directors").

### **Board of Auditors**

The control body of the Company will be, where required by law, a Board of Auditors composed of 3 acting auditors and 2 alternate auditors, of which (i) 2 acting auditors (including the President) and 1 alternate auditor will be appointed by the Current Shareholders; and (ii) 1 acting auditor and 1 alternate auditor will be appointed by the New Investor.

### **Timing**

The signing of the Contractual Documentation and the completion of the Investment are indicatively expected within 30 days from the signing of this Term Sheet (the "Closing").

## **Information Rights**

The Company will provide the New Investor with the following documents:

- The monthly cash situation;
- The Company's uncertified monthly management accounts, along with a report on the administration of the Company, within 15 days from the end of each month;
- The Company's annual financial statements within 120 days from the end of each fiscal year;
- A detailed operational and economic budget and forecasted cash flow for the next fiscal year 30 days before the end of the fiscal year;
- Reasonable access to the Company's financial documents, accounting records, and accounts.

## **Option Rights**

All Shareholders will have a right, but not an obligation, to participate pro rata to their shareholding in subsequent financing operations of the Company. Any unsubscribed share can be reallocated to other Shareholders.

## **Lock-up Period**

No Shareholder may transfer their share in the Company's share capital for a period of 2 years following the Closing.

## **Right of First Refusal**

Each shareholder will have the right of first refusal, proportional to their share, on the purchase, in whole or in part, of the shares of other shareholders who intend to sell to third parties who are not shareholders, whether for consideration or free of charge, their share in the Company's share capital, outside of the Exit Procedure (as defined below).

## **Right of Co-sale**

Each Shareholder will have the right of co-sale, proportional to their share, on equal terms, in case a Shareholder intends to sell their share to a third party.

## **Drag-Along Right**

If one or more Shareholders representing jointly at least 50.1% of the Company's share capital (the "Selling Shareholders") intend to sell the entire share capital of the Company to third parties, all other Shareholders will be obliged to sell their respective shares under the same terms and conditions as the sale of the Selling Shareholders' share.

## **Exit Procedure**

The Parties agree that, unless otherwise agreed, after 3 years from the Closing, they will initiate a divestment procedure aimed at selling the entire share capital of the Company, to be completed possibly within the following 6 months, under the following conditions. Before the expiry of this term, the Parties will evaluate the conditions for a possible IPO of the Company. If the IPO is not feasible, the Parties will confer a joint and irrevocable mandate to a leading financial institution (the "Financial Advisor"), selected by the Current Shareholders from a list of names provided by the New Investor, in relation to the search for potential buyers of the entire share capital of the Company and the negotiation of the relevant terms and conditions of sale. The Financial Advisor will, among other things, perform an evaluation of the fair value of 100% of the Company's share capital, intended as the price that a third-party buyer in good faith would pay to purchase the entire capital of the Company (the "Fair Value"). In any case, the sale must take place, against payment of a monetary consideration that cannot be less than the Fair Value of the entire capital of the Company. Following the determination of the Fair Value, each Shareholder may purchase the shares of other Shareholders intending to exit at a value equal to the Fair Value. If no Shareholder exercises this option for the entire share capital of the Company, the Shareholders will sell the entire participation to the buyer identified by the Financial Advisor at a consideration nonetheless not less than the Fair Value.

## **Non-competition**

The Current Shareholders will sign reasonably acceptable non-competition agreements for the New Investor and will commit to communicate the activities currently carried out and not to undertake any new activity competing with that of the Company without the consent of the New Investor.

## **Costs**

Each Party will bear its respective costs to carry out the Investment. The legal costs incurred by the Current Shareholders and the Company for the negotiation and drafting of the Contractual Documentation will be borne by the Company.

## **Confidentiality**

The Parties undertake to keep this Term Sheet confidential and not to distribute copies and/or disclose its existence and/or content to third parties without the prior written consent of the other Parties, except as required by their advisors.

## **Governing Law and Jurisdiction**

This Term Sheet and the Contractual Documentation will be governed by [Applicable Law] and will be interpreted in accordance with it. Any dispute relating to this Term Sheet or the

Contractual Documentation will be exclusively subject to the jurisdiction of the Court of [City].

Read, approved, and signed in [City], on [Date] [Shareholder 1 Name]  
\_\_\_\_\_ [Shareholder 2 Name] \_\_\_\_\_ [Investor Name]  
\_\_\_\_\_

### **Annex 1 Reserved Matters Assembly**

- Approval of the industrial plan presented to the shareholders' meeting by the board of directors;
- Substantial modification of the company's purpose and statutes;
- Significant modification of the shareholders' special rights;
- Issuance of debt instruments;
- Limitation of the transferability of shares;
- Any extraordinary operation, including the increase or reduction of the share capital, merger, demerger, transformation, voluntary liquidation, appointment of liquidators, and the determination of the criteria for liquidation.

### **Annex 2 Reserved Matters for the Board of Directors**

- Any substantial modification of the industrial plan as well as the approval of any industrial plan and annual budget;
- Distribution of any dividend or other distribution of reserves;
- Establishment of a new subsidiary or the acquisition or sale by the Company or by any Controlled Company of shareholdings in the share capital of any company;
- The sale of any of the Company's assets;
- Establishment of any guarantee on the assets of the Company or related parties; and
- The assumption by the Company of any loan, indebtedness, or liability exceeding 2,000,000 Euros, other than normal commercial credits and financings and not included in the annual budget.