



CARLSON ASI EVIGAlfa^{VC fund}

Impact investing

REPORT 2022

FOREWORD ON SOCIAL IMPACT INVESTING

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At the beginning of our investment journey, we didn't focus on impact investing as a part of our investment criteria. Over time, we noticed that most of our portfolio companies focus not only on making a profit but also generate specific beneficial social or environmental effects. This was an incentive to monitor impact of investing in our Fund.



Dawid Wesolowski

President of Carlson EVIG Alfa



ABOUT IMPACT INVESTING

For the purpose of this report, we define impact investing as a strategy that seeks to generate financial returns while also creating positive social or environmental results using innovative solutions created in the process of research and development.



WHY IMPACT INVESTING MATTERS?

Capital can and should deliver for people and the planet. In addition to financial gains, impact investing offers diverse opportunities for investors to advance social and environmental solutions through investments.



THE REASON STANDING BEHIND THIS REPORT

Firstly, we want to analyse our investments in terms of social impact which wasn't part of our investment criteria. As a result, we want to see if our portfolio companies generate positive, measurable social and environmental impact. Secondly, we want to show that we have a stake in the world's welfare and that impact investing is a trend we are part of.

SNAPSHOT OF IMPACT INVESTING MARKET SIZE



SIZE OF IMPACT INVESTING

Global Impact Investing Network (GIIN) in 2020 survey identified over 292 institutional entities which were performing impact investing. Their Assets Under Management (AUM) was estimated at level USD 404 bln. Since last survey in 2015 AUM on average grew at 9% CAGR.



INVESTMENT DISTRIBUTION

Regarding geographical distribution, 55% of AUM was allocated to developed markets. 30% of AUM represented by 47% of respondents was allocated in U.S. and Canada region. Europe accounts for 15% of AUM and 24% of surveyed investors. Interestingly, in 2015-2020, Europe was the fastest-growing region in terms of AUM size, with a 25% CAGR.

Regarding asset allocation by sector, the top 3 positions in terms of AUM size were Energy (16%), Financial Services without microfinance (12%) and Forestry (10%). The top 3 fastest growing sectors in terms of AUM between 2015 and 2020 were WASH** (33% CAGR), Financial Services without microfinance (30% CAGR) and Healthcare (23% CAGR).



INVESTMENT ACTIVITY

In 2019 the previously mentioned 276 entities carried out a total of 9 807 investments for a total sum of USD 46 875 million.

*Sources:

Global Impact Investing Network (2020), Annual Impact Investor Survey 2020
Global Impact Investing Network (2015), Eyes on the Horizon The Impact Investor Survey

** WASH - water, sanitation and hygiene

ABOUT CARLSON EVIG ALFA

CAPITALIZATION: PLN 50m (EUR 10,4m)

DESIRED TARGET STAGE: pre-seed/seed, pre-reve/early-reve

FIELDS OF INTEREST: Medtech, AI/ML, ICT, Cleantech

CURR. NO. OF INVESTMENTS: 31

TARGET NO. OF INVESTMENTS 41

PORTFOLIO COMPLETION DATE by 2022

INVESTMENT HORIZON 5yrs after initial investment

NO. OF EXITS: 3



WHO WE ARE

Carlson ASI EVIG Alfa Venture Capital Fund invests in innovative founders turning their R&D projects into successful businesses. We cooperate with National Center for Research and Development in Poland under the Bridge Alfa programme.



OUR MISSION

To be trusted partners to entrepreneurs by providing smart money and hands-on support to high-growth-potential projects.



INVESTMENT OBJECTIVE

We search for projects with strong R&D works in the fields of ICT, DeepTech, AI/ML, IoT, CleanTech, MedTech and Fintech. Our focus is on the CEE region where innovative products and systems are created by founders that want to scale up a firm with global capabilities.

OUR GOAL & METHODOLOGY

Our goal is to reach transparency by implementing reliable measurement and management methods.

Our portfolio companies were assessed by:



One dominant field was chosen for each portfolio company.



One dominant metric was assigned to each portfolio company.



The method was used to show the potential for generating impact in startups at the stage of developing their products and services.

PORTFOLIO EXPOUSURE TO SDG'S

At the time of compiling the report, the Fund invested in a total of 31 companies and performed 3 exits. Therefore, 28 companies were taken into account for the analysis.

Sustainable Development Goals have been assigned to most of the companies (>95%) and the detailed exposure to SDG is as follows:

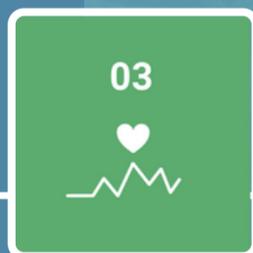
44%

DECENT WORK
& ECONOMIC GROWTH



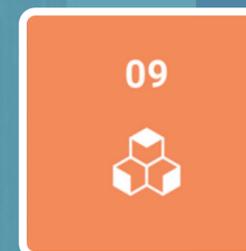
29%

GOOD HEALTH
& WELL-BEING



15%

INDUSTRY, INNOVATION
& INFRASTRUCTURE



4%

SUSTAINABLE CITIES
& COMMUNITIES



4%

AFFORDABLE
& CLEAN ENERGY



4%

PEACE, JUSTICE
& STRONG INSTITUTIONS



IMPACT INVESTING CASE STUDIES

On the following slides, we present a cross-section of our investment portfolio with an in-depth description of some case-studies.



We invest in projects that are the result of insightful scientific research. The companies in our portfolio are diverse and address various challenges to people's lives and the planet. Now we are aware it is desirable to use money and investment capital for positive social results. Our portfolio represents a kind of next evolutionary step in global technological development.



Łukasz Marczuk

Vice-President Carlson EVIG Alfa





THE GOAL

The company's goal is to provide help for the day-to-day struggle of type 2 diabetics and to make their lives more comfortable both from the side of cooperation with doctors and from the daily responsibilities.

The innovative system consists of a universal device, called gSense, which can analyze blood or saliva to measure glucose, and the gSense mobile application which allows integration with public healthcare institutions, doctors, and patients, to improve the quality of medical services.



SDG ALIGNMENT



SDG Subgoal:
3.8 Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all.



WHO IS AFFECTED

Diabetes is a global emergency that affects more than 500M people globally, with 1.300 new patients every hour. LATAM key growth market with rates of 11-13% of the population.

Lack of digital health data in the treatment plan leads to not following the treatment plan by the patients which results in severe complications (e.x.: Chile more than 70%).



RISKS

Second generation of technology for monitoring of salivary glucose is under development. Clinical studies will validate if state-of-the-art algorithms for prediction provide sufficient information.

The company ensures growth and revenue stream thanks to launch of first generation of the device and partnerships agreements.



CHANGE PREDICTION

The company has just launched the solution with first generation of gSense device in the beachhead market. The following metrics are planned to be used to measure impact:

- Clients Individuals: Total (Pi4060), disaggregation:
 - Number of tests performed via the gSense device,
 - Health metrics - improvement in treatment plans.
- Social Impact Objectives (OD6247):
 - Increasing Access to Medical Diagnostics.



THE IMPACT

Nutrix increases accessibility to medical devices, shortens doctors' response times and reduces treatment costs from the perspective of public institutions and patients.

The company's development plans include the development of painless saliva tests to detect biomarkers such as glucose, cortisol, and cancer markers using proprietary technology.



Our goal is to promote the maximum well-being of patients with chronic diseases worldwide.

We want to give people the chance to monitor their health before it's too late with our innovative health monitoring sensors.



Maria Hahn
Founder & CEO



THE GOAL

The company aims to make financial services, including loans and credit, more accessible to people with little or no credit history. Such people often find it difficult to access financial services (financial inclusion).

In addition, through the use of technology, it will be possible to tailor the offer of financial services to the individuals for their benefit.

The company has created an algorithm based on artificial intelligence methods to analyze users' online activity in order to assess their credit scoring.



SDG ALIGNMENT



SDG Subgoal:

8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.



WHO IS AFFECTED

The banking scoring system puts a lot of emphasis on a person's past credit performance (credit history) to estimate credit risk.

An estimated 28 million U.S. consumers are considered "credit invisible" while another 21 million are deemed "unscorable" meaning they don't have the types of accounts that have been traditionally used to generate a credit score.*



RISKS

Personal data leak risk: the company takes special cyber security steps to ensure the security of the data it processes. The company is compliant with GDPR and CCPA.

Risk of discrimination by AI: When using machine learning methods in a way that may affect particular groups of people, the occurrence of discrimination by the algorithm should be taken into account. The mitigation strategy is to continuously enlarge the learning set and continuously analyze the results generated by the algorithm to detect unfavourable deviations.



CHANGE PREDICTION

The following metrics are planned to be used to measure impact:

- Responsible Financial Products/Services Offered (PI8255), disaggregation:
 - Number of clients assessed resulting in increased availability of financial services.
- Social Impact Objectives (Financial Services, Other: Increasing access to financial services by increasing financial inclusion among disadvantaged and excluded groups).



THE IMPACT

Thanks to Braight, people, especially young people with no credit history, who until now have had limited access to certain financial services will have a better chance of obtaining them.



Naturally, we discovered that offering our solution to larger institutions would accelerate the long road ahead of us, and so we began our journey to become a renowned technology company under the name BRAIGHT.



Maciej Jarzab
Founder & CEO

*Source: Experian.com based on Oliver Wyman white paper, "Financial Inclusion and Access to Credit," January 12, 2022.



THE GOAL

The goal of the company is to increase safety on the roads by implementing next-generation Autonomous Systems in the Bus & Coach sector

The following is achieved through:

- Development and production of ADAS (Advanced Driver Assistance Systems) specially designed for the needs of bus manufacturers such as Solaris, Temsa and others.
- Automating and electrifying urban logistics fleets by means of developing and deploying safe Last Mile autonomous vehicles in cooperation with InPost.



SDG ALIGNMENT



SDG Subgoal:
3.6 By 2020, halve the number of global deaths and injuries from road traffic accidents.



WHO IS AFFECTED

Each year over 1,3m people are killed in road accidents and over 20m are injured. The goal of the company is to significantly reduce the number of road accidents due to human error.

From 6th July 2022, each new bus in the EU will be required to have installed an ADAS with a list of functionalities. The Company is providing all autonomy-related features in one device thus improving safety and helping meet new homologation criteria for customers.



RISKS

Technology Risk:
Integration and certification of the product within the vehicle with all automotive subsystems.

Logistic Risk:
Availability of components: restrictions in the availability of electronic components may cause delays in the delivery of products

Business Risk:
Winning the tenders from customers, providing the safest comprehensive solution on the market.



CHANGE PREDICTION

AutonomyNow developed and sold 183 systems with driver sleepiness and distraction warning to Solaris.

The full ADAS is planned to be delivered to the first customers in Q1 2023.

Client Organizations: Total (PI9652), disaggregation :

- 10.000 vehicles equipped with AutonomyNow ADAS by 2030



THE IMPACT

The company is making a real contribution to reducing the number of accidents on the roads and increasing the safety of vulnerable road users, especially pedestrians, cyclists and bus passengers. The comfort of the public vehicle driver, which is a high-stress profession, will also be improved.

The last mile autonomous delivery solution will also help increase safety by eliminating the human error factor as well as provide a cleaner solution to diesel vehicles in city centres.



AutonomyNow enables safer mobility through the use of Advanced Driver Assistance Systems for city buses. Our technology offers reaction times that are 10x faster than in the case of a human driver.



Michał Wendeker
Founder & CEO

THE GOAL

Terrabio is a biotechnology company developing a fully automated lightweight and mobile pathogen detection platform for use at the site of sample collection, which offers unprecedented ease of use, and sensitivity (minimum 95%) of detection of any pre-defined pathogen. Terralyzer can be used to analyze the presence of undesired microorganisms in any kind of biological sample such as soil, water, food etc

SDG ALIGNMENT



SDG Subgoal:
3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.

WHO IS AFFECTED

Only in EU over 1 mln people suffer from food contamination. Losses in yields and cold storage due to pathogens reach up to 80%.

In the EU, over 91,000 salmonellosis cases are reported each year. EFSA has estimated that the overall economic burden of human salmonellosis could be as high as €3 billion a year.

RISKS

Limitations in the availability of electronic components.

The need to create new tests for each pathogen: detection of some pathogens may be more difficult than others which may hinder further product development.

CHANGE PREDICTION

The company is still in development phase. Following metrics are planned to be used to measure its impact:

- Client Organizations: Total (PI9652), disaggregation :
 - Number of organizations using the device to detect pathogens and undesired compounds,
 - Number of essays performed.
- Social Impact Objectives (OD6247): Agriculture—Food Security.

THE IMPACT

One of the many ways in which the technology developed by Terrabio (Terralyzer/assays) can have an impact is by verifying the presence of pathogens on food production lines.

Detecting the presence of pathogens on production lines is simpler, cheaper and faster and, above all, speeds up production processes.

As the company grows, it plans to expand the number of pathogens detected, which will translate into a more versatile application of the technology in different market segments.



Thanks to the close cooperation of outstanding experts in a narrow field of specialization, commercialization specialists and executives, the company is building its position in the food safety market.



Bartosz Pencakowski
Founder & CTO

THE GOAL

PelviFly is a company that offers a telemedicine solution consisting of a probe that has numerous sensors and a mobile app that downloads and analyzes data from the device. The integration allows for a telemedicine solution, as a doctor or physiotherapist can monitor the course of treatment and give recommendations when needed.

Using the device increases the development of pelvic floor muscles contributing to the reduction of incontinence problems.

WHO IS AFFECTED

Over 30% of the total woman's population suffers from urinary incontinence problems which in most cases derive from weak pelvic floor muscles.

The main causes of pelvic floor weakness are:

- pregnancy, childbirth,
- sports,
- menopause.

CHANGE PREDICTION

The company is still in the development phase. The following metrics are planned to be used to measure its impact:

- Client Individuals: Total (PI4060), disaggregation :
 - Number of devices sold
 - Active use (PI7985): Number of users by the end of a given period.
- Social Impact Objectives (OD6247): Increasing Access to Medical Diagnostics.

SDG ALIGNMENT



SDG Subgoal:
3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

RISKS

Limitations on the availability of electronic components.

Risks associated with medical device certification in specific target markets.

Personal data leak risk: the company takes appropriate steps to maintain high-quality cyber security.

THE IMPACT

The company's impact can be considered in the light of a medical solution as well as a lifestyle device.

Regular use of the product with the support of a smart mobile app helps counteract woman's incontinence. The problem is particularly acute for women who have been recently pregnant, as their muscles are weakened or strained.

The company is also developing solutions enabling Kegel muscle training for men.

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Nearly 40% of people do not know how to activate their pelvic floor muscles, the so-called Kegel muscles.

We created PelviFly to enable customized training regardless of the cause of the problem or gender.



Urszula Herman, PhD.
Founder & CEO



THE GOAL

The company's goal is to restore mobility to lower limb amputees both at a high level of functional restoration and at an affordable price for the patient.

The company has created its proprietary technology for manufacturing lower limb prostheses and prosthetic sockets.

The prosthesis is equipped with numerous sensors which will make it able to adapt to obstacles and the patient's gait style.



SDG ALIGNMENT



SDG Subgoal:
3.8 Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all.



WHO IS AFFECTED

Only in Poland, 12,000 lower limb amputations are performed annually and the secondary and primary demand for prostheses is 25,000 units. In the UK, Slovakia and Ukraine combined, 52,000 lower limb amputations are performed, while in the United States 150,000.



RISKS

Limited availability of electronic components.



CHANGE PREDICTION

The company is still in development phase. Following metrics are planned to be used to measure its impact:

- Measurement: Client : Total :
 - Number of leg prosthesis sold (inc. subscription model).
- Social Impact Objectives (OD6247): Increasing Access to Essential Medicines, Medical Supplies, and Devices.



THE IMPACT

The company creates an impact on three levels:

- Increasing the availability of high-quality prostheses at a lower price than the competition,
- Increasing the patient's quality of life through modern prosthesis features,
- Increasing the comfort of the user thanks to an improved prosthesis socket.



Every journey begins with the first step.

Thanks to ideas, passion, commitment and over 50.000 hours spent in lab, as a team of Polish engineers, physiotherapists and doctors, we are commissioning an innovative step in the field of prosthetics.



Adam Gramala
COO / R&D Engineer

SELECTED IMPACT PORTFOLIO COMPANIES

NTW WIND SYSTEMS

NTW Wind System creates high efficient wind turbine designed for low winds (approx. 3m/s). Turbines can be mounted without legal permits on households roofs and can work independently or with cooperation with PV creating more resilient and efficient renewable energy installation.

INVESTED IN: Q4 2022

SDG and IRIS+ alignment



SEEMORE

Seemore creates smart motorcycle helmets for motorcyclists by utilising state-of-the-art artificial intelligence algorithms to identify potentially dangerous objects or events.

The product significantly increases the safety of motorcyclists on the road resulting in fewer traffic accidents.

INVESTED IN: Q1 2021

SDG and IRIS+ alignment



Hinter.ai

The product developed by Hinter AI aims to improve health and well-being across the workforce through ongoing monitoring of employee satisfaction, detection of disorder and management of stress levels in the organization.

INVESTED IN: Q1 2021

SDG and IRIS+ alignment



whirla.

Whirla enables smart management of office space to reduce the need for space, which in the long term results in a reduced carbon footprint and increased employee satisfaction, which has become important in the post-pandemic era and energy crisis.

INVESTED IN: Q1 2021

SDG and IRIS+ alignment



KEY FINDINGS

The conclusions of the analyses made throughout the report can be boiled down to following key findings:

1.



SDG and IRIS+ Aligement

More than 95% of our portfolio companies were assigned to at least one of the SDG of the UN. It was followed by choosing IRIS+ metrics that can be used for monitoring social impact in the long term. Although the impact was sometimes not straightforward to measure, the overall picture shows high involvement and viable contribution of our startups to solving social and environmental problems worldwide.

2.



Positive impact

The common denominator of our investments - Social impact was not the Fund's intended investment strategy, but the impact of projects on people's lives and the planet is a fact. The next step is to monitor and measure selected metrics at regular intervals and update the report every year.

3.



Delivering actual impact

Impact investing is an approach with increasing appeal across the globe. Common understanding of the concept and adhering to measurement standards can bring about greater awareness of impact investing, which should be an indispensable part of investment strategy so that private capital could work for the world's challenges.

CARLSON EVIG ALFA TEAM



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