

Summary of the Investment Policy and Strategy of NCBR Investment Fund ASI Spółka Akcyjna

Introduction

NCBR Investment Fund ASI S.A. ("**NIF**") is a co-investment venture capital fund belonging to the National Centre for Research and Development - an executive agency of the Ministry of Science and Higher Education - and financed from its resources. The fund specializes in investments in small and medium-sized enterprises (SMEs) that are in their growth or expansion phase and commercialize the results of their research and development (R&D&I). The Fund's investment budget is PLN 700 million in 2020-2026. The assumed value of a single investment is PLN 3-64 million, with at least 50% of the investment coming from one or more co-investors.

Summary of the NIF's investment assumptions

1) Investment objective

The main objective of NIF is to increase the value of the NIF assets as a result of an increase in the value of owned investments. To achieve this goal, NIF will, in cooperation with co-investors ("**Accredited Funds**"), purchase and acquire, on market conditions, shares and stocks in enterprises that are companies with share companies that implement projects resulting from scientific research or development work ("**Portfolio Companies**"). The secondary objective of the NIF's operations is to create a stable, long-term investment platform, enabling flexible investments on market conditions in prospective technology projects, which will activate (domestic and foreign) private investors and will be able to develop the range of investment products on the Venture Capital market. An additional objective of NIF is to fill the capital gap in the area of commercialization of R&D&I (i.e. research, development, innovation) at the level of large projects. The implementation of the additional objective will contribute to strengthening the innovation ecosystem in Poland, and thus to long-term economic growth.

NIF does not guarantee the achievement of the investment objective. The term of NIF's investment in Portfolio Companies will depend on the individual recommendation of the Accredited Fund, in line with its investment perspective.

2) Description of activities

NIF will invest its funds together (co-invest) with selected Accredited Funds (while maintaining equal conditions (*pari passu*), which will be selected in an open and continuous recruitment process and

which will be substantively verified by NIF in terms of reliability, professional preparation, experience and potential value added contributed to Portfolio Companies. NIF will not co-invest with entities other than Accredited Funds. NIF will invest in:

- a) Portfolio Companies selected and proposed by previously verified Accredited Funds; or
- b) Portfolio Companies that will report themselves to NIF and will be positively assessed by NIF, subject to verification by Accredited Funds, and then participation in the investment of at least one of the Accredited Funds.

An Accredited Fund may be a venture capital or private equity fund or a medium or large enterprise within the meaning of Annex I to Commission Regulation (EU) No. 651/2014 of 17 June 2014 declaring certain types of aid compatible with the internal market pursuant to Art. 107 and 108 of the Treaty, conducting investment activity on the venture capital market, conducted in any legal form, with the exception of a partnership or sole proprietorship, established and operating in accordance with the law applicable to its seat, with the exception of entities under which there is no principle of *pari passu* and state aid is granted.

3) Criteria for the selection of Portfolio Companies

NIF will invest in investments which are enterprises having the legal form of a capital company, with each enterprise meeting the following criteria jointly:

- a) it will be an enterprise emerging from the seed stage and start-up, i.e. in the expansion and growth phases;
- b) it will commercialize the R&D&I project, i.e. undertake activities related to conducting scientific research or development work in order to introduce a specific product or service to the market or activities consisting in the implementation of a product or service resulting from scientific research or development work within the meaning of the Act of 20 July, 2018 - Law on higher education and science (Journal of Laws of 2020, item 85),
- c) it will be an enterprise classified as a micro, small or medium-sized enterprise (i.e. will employ fewer than 250 employees, have an annual turnover not exceeding EUR 50 million or an annual balance sheet total not exceeding EUR 43 million) within the meaning of Annex I to Commission Regulation (EU) No. 651/2014 of 17 June 2014 declaring certain types of aid compatible with the internal market in application of Art. 107 and 108 of the Treaty;
- d) it will operate on the market no longer than 7 years from the first commercial sale;
- e) it will have its seat in Poland or other countries of the Organization for Economic Co-operation and Development (OECD);

- f) it will have Polish element, understood as having an enterprise by a Portfolio Company and conducting its business activity in the territory of Poland;
- g) it will be examined in terms of business prospects and investment risk and approved by the Accredited Fund.

The investment in a specific Portfolio Company will be undertaken by NIF after carrying out the due diligence process and its verification by the Accredited Fund.

4) Principles of investment diversification

When carrying out investment activities, NIF takes into account the following principles regarding the diversification of investments:

- a) NIF may invest funds in enterprises from all industries and market segments, as long as they meet the conditions related to the R&D&I element (they belong to the so-called innovative sector). Enterprises that are the subject of investment may operate in the territory of the Republic of Poland or abroad, in member countries of the Organization for Economic Cooperation and Development (OECD). Although the set of innovative enterprises ("innovative sector") can be clearly distinguished in the market, it is not possible to translate into the traditional division between industries and industrial sectors, because Portfolio Companies can operate in virtually every sector and industry. The key determinant of the set is the implementation of innovation in a specific market by the Portfolio Company;
- b) The diversification of investments will be made through co-investments with many Accredited Funds. NIF will also reduce the risk of concentration on Portfolio Companies, aiming within 36 months from the date of commencement of investment activities to achieve no more than 20% concentration of the NIF assets. Due to the expected low liquidity of investments, NIF allows the possibility of exceeding the aforementioned limits, especially as a result of events beyond the control of the NIF. In such a case, NIF will take steps to reach the limits again, taking care of the rate of return on investment;
- c) The maximum investment in one enterprise is the equivalent of EUR 15 million, with at least 50% of the investment coming from one or more co-investors and, at the same time, at least 30% of the total investment in a given round will come from resources of private investors.

5) Exits from the investment

Exits from investments will be made in accordance with the following rules:

- a) the introduction of the Portfolio Company shares to trading on the organized market - IPO;

- b) the sale of shares or stocks in the Portfolio Company to other entities without conducting a public offering;
- c) the redemption of shares from the resources of the Portfolio Company,

wherein the detailed rules for exits from investments are specified in the Investment Policy and agreements concluded with Accredited Funds.

6) Making investment decisions

NIF, in the case of stocks of listed and unlisted companies and shares in companies with share capital, will make a decision on investing its own funds in accordance with the following rules:

- a) in the field of decision-making, NIF will be a passive investor. The business analysis and decision regarding the investment, including its valuation, will belong to the Accredited Fund;
- b) NIF will make a decision to invest its own funds in the Portfolio Company based on the analysis of the formal conditions described in the Investment Policy and with at least equal participation of one or more Accredited Funds and on the same terms as the Accredited Fund or Accredited Funds;
- c) the selection of high-quality Accredited Funds with the competences, experience and infrastructure (including contact networks) necessary for profitable investments in enterprises using the results of R&D&I and coming out of the seed stage and start-up, i.e. in the expansion and growth phases, is key to achieving the objective of the NIF existence;
- d) NIF will conduct a continuous and open recruitment of high-quality Accredited Funds based on the criteria set out in the NIF's Investment Policy;
- e) the detailed rules of cooperation with the Accredited Fund will be each time specified in a bilateral agreement.

7) Relations with Portfolio Companies

NIF assumes that the ongoing supervision of the Portfolio Companies' activities will be carried out by the Accredited Fund. NIF will not be involved in making operational decisions in Portfolio Companies, except for matters reserved to the decisions of the Portfolio Company's general meeting or shareholders' meeting or specified in a multilateral agreement between NIF and the co-investing Fund or Accredited Funds. The NIF supervision over the activities of the Portfolio Company will, as a rule, be exercised by an observer appointed to the Supervisory Board of the Portfolio Company, with the right to present his/her position, without the right to vote on resolutions and without the right to ask questions to the Management Board of the Portfolio Company, unless: (i) NIF may appoint a

member(s) of the Supervisory Board due to the number of votes held by NIF in the Portfolio Company, taking into account the maximum number of members of the Supervisory Board of a given Portfolio Company; or (ii) NIF invests at least PLN 5,000,000.00 in the Portfolio Company. In the case of an investment of at least PLN 5,000,000.00, NIF will have the right to appoint a member of the Supervisory Board on the basis of a personal right, regardless of exercising the rights indicated above. The function of an observer or a Member of the Supervisory Board of a Portfolio Company appointed by NIF will be performed by NIF's Management Board Member or NIF's designated employee as part of his/her official duties. The aforementioned persons will be independent from the Accredited Fund and will not receive remuneration from the Accredited Fund. The detailed rules of the NIF relationship with Portfolio Companies will be specified in the agreement concluded for each investment. In exceptional cases, when it will be required by the interest of NIF or the Portfolio Company, in particular in the event of a breach of the investment agreement, NIF reserves the right to exercise rights specified in detail in the framework cooperation agreement or the investment agreement for a given Portfolio Company.

This document is not an internal act regulating the investment policy and strategy of NIF within the meaning of Art. 70b of the Act on investment funds and management of alternative investment funds (Journal of Laws of 2020, item 95) and has been made available for information purposes only. In order to get acquainted with the detailed information constituting the Investment Policy and the Investment Strategy, please refer to the statute of NIF.