



INVL



CLOSED-END COMPOSITE INVESTMENT FUND FOR INFORMED INVESTORS
INVL ALTERNATIVE ASSETS UMBRELLA FUND SUBFUND

INVL RENEWABLE ENERGY FUND I

INTERIM CONDENSED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX
MONTHS ENDED 30 JUNE 2023 PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS, AS ADOPTED BY THE
EUROPEAN UNION

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MAIN INFORMATION

Investment Committee

Liudas Liutkevičius (Chairman)

Linas Tomkevičius

Management Company

UAB INVL Asset Management

Registered address:

Gynėjų g. 14, Vilnius, Lithuania

Company code 126263073

Audit firm

KPMG Baltics, UAB

Registered address:

Lvivo g. 101, Vilnius, Lithuania

Company code 111494971

These financial statements were approved by the Management Company for issue and signed on 7 September 2023:

Document signed with a qualified e-signature

Liudas Liutkevičius
Chairman of Investment Committee

Document signed with a qualified e-signature

Agnė Vainauskienė
INVL Asset Management Chief financier

STATEMENT OF FINANCIAL POSITION

	Note	30 06 2023	31 12 2022
Non-current assets			
Financial assets at fair value through profit or loss	4	22,916,947	9,039,816
Total non-current assets		22,916,947	9,039,816
Current assets			
Cash	5	1,519,997	5,217,343
Loans granted	6	128,026	275,594
Other receivables	7	707,433	703,182
Total current assets		2,355,456	6,196,119
TOTAL ASSETS		25,272,403	15,235,935
Non-current liabilities			
Carried interest accrual		-	-
Total non-current liabilities		-	-
Current liabilities			
Amounts payable to the management company and depository	9, 12	205,606	158,319
Other current liabilities	10	90,634	100,836
Total current liabilities		296,240	259,155
TOTAL LIABILITIES		296,240	259,155
NET ASSETS ATTRIBUTABLE TO THE PARTICIPANTS OF THE SUBFUND		24,976,163	14,976,780

STATEMENT OF COMPREHENSIVE INCOME

	Note	6M 2023	6M 2022
Net changes in fair value of financial assets at fair value through profit or loss	4	(177,462)	1,654,375
Other income		16	-
Management fee	9	(395,357)	(249,315)
Other expenses	11	(222,571)	(372,207)
Carried interest		-	(240,796)
Operating profit (loss)		(795,374)	792,057
Net foreign exchange gain/(loss)		93,700	(33,527)
Profit (loss) before tax		(701,674)	758,530
Income tax expense		-	-
Other comprehensive income for the reporting period		-	-
Increase (decrease) in net assets attributable to the participants from operations		(701,674)	758,530

STATEMENT OF CHANGES IN NET ASSETS

	Note	6M 2023	6M 2022
Value of net assets attributable to the participants of the Sub-fund as at 1 January		14,976,780	5,386,141
Contributions from participants	13	10,701,057	-
Distributions to participants		-	-
Net increase in value on transactions with participants		10,701,057	-
Increase / (decrease) in net assets attributable to the participants of the Sub-fund during the reporting period		(701,674)	758,530
Value of net assets attributable to the participants of the Sub-fund as at the end of the period		24,976,163	6,144,671

STATEMENT OF CASH FLOWS

	Note	6M 2023	6M 2022
Cash flows from operating activities			
Purchase of financial assets	4	(13,996,090)	(1,380,528)
Advances paid		-	(889,000)
Advances returned		153,914	423,814
Management fees paid	9	(352,922)	(228,679)
Cash paid to suppliers (including VAT)		(231,937)	(242,572)
Other operating expenses paid		(245)	(5,044)
Net cash inflow (outflow) from operating activities		(14,427,280)	(2,322,009)
Cash flows from financing activities			
Capital contributions from participants	13	10,701,057	-
Net cash inflow (outflow) from financing activities		10,701,057	-
Net (decrease)/increase in cash and cash equivalents		(3,726,223)	(2,322,009)
Cash and cash equivalents at beginning of the period		5,217,343	2,648,437
Effect of movements in exchange rates on cash held		28,877	(9,437)
Cash and cash equivalents at the end of the period		1,519,997	316,991

NOTES TO THE FINANCIAL STATEMENTS

1. General information

A closed-end composite investment fund for informed investors INVL Alternative Assets Umbrella Fund (hereinafter – the Fund) was established in accordance with the provisions of the Law on Collective Investment Undertakings Intended for Informed Investors of the Republic of Lithuania (LCIUJIFII) in order for Investors to collectively invest into alternative assets and to diversify the resulting risk and to earn profit from this activity for Investors. The Fund performs its investing activities through the established Subfunds (hereinafter separately – the Subfund and collectively – the Subfunds). The asset portion of the Fund in each Subfund is maintained separately from the asset portions of the Fund in other Subfunds in accordance with the rules which are separate for each Subfund. Investors invest into assets managed by a specific Subfund in accordance with that Subfund's rules and have the right only to net assets of that particular Subfund. These financial statements cover only INVL Renewable Energy Fund I (REFI).

INVL Alternative Assets Umbrella Fund is intended for informed investors, i.e., for persons meeting the requirements stipulated in the Law on Collective Investment Undertakings Intended for Informed Investors. Subfund units can only be acquired by investors who meet the criteria of an informed investor, and the investor's right to demand the redemption of investment units owned by the investor from a closed-end fund is limited.

The INVL Renewable Energy Fund I Subfund started its activities on 19 July 2021. The Subfund's objective is to invest the assets entrusted to the participants' management company in renewable energy and/or other infrastructure objects located (or to be located) in the investment area and to earn above average risk-adjusted returns. Recent international initiatives, such as the Paris Agreement on Climate Change of December 2015, the EU Green Deal and the Green Deal launched in May 2020, and the EU's target to generate at least 32% of its electricity from renewable sources by 2030, have accelerated the liberalisation of the electricity generation sector in the EU. To achieve the Subfund's objective, the Management Company will invest the Subfund's assets in green field and brown field renewable energy (solar, wind, biogas, etc.) projects. These will include, but will not be limited to, (i) the construction of new power plants, (ii) the acquisition of existing power plants, (iii) the development and/or acquisition of the infrastructure necessary for the operation of the power plants, and (iv) the efficient management of existing power plants. Investment returns will be generated by (i) compensation for the energy produced by the renewable energy facilities (power plants) controlled by the Subfund, and (ii) increasing the value of these facilities and related infrastructure objects.

During first half of 2023 INVL Renewable Energy I have paid the remaining amount for MB Sun 6 SP. Z o o and SF Projekt 15 SP. Z o o shares. In addition, REFI Energy UAB was acquired by the Subfund. The Subfund's duration is 7 years, starting from the end of the first offering phase of the Subfund. The Management Company has the right to extend the Subfund's duration for 2 years.

INVL Alternative Assets Umbrella Fund is managed by INVL Asset Management, one of the leading asset management companies in Lithuania. The company was authorised by the Bank of Lithuania in October 2016 to manage investment funds for informed investors. INVL Asset Management is part of the Invalda INVL Group, which has been operating since 1991.

Investment and Subfund management decisions are made by the Subfund Managers appointed by decision of the Board of the Management Company. Investment Committees may also be established by a decision of the Management Company's Board for the purpose of efficiency and investment control of the Subfunds. The Investment Committee will be composed of 2 to 3 members, who may be appointed as representatives of the Management Company (employees of the Management Company, members of the Management Company's governing bodies, other persons appointed by decision of the Management Company's Board). The members of the Investment Committee shall be appointed and removed by the Board of the Management Company.

The Subfund has entered into a depository services agreement with AB Šiaulių Bankas, which has been acting as the depository of the Fund's assets since 2019.

2. Accounting policies

2.1. BASIS OF PREPARATION

The interim condensed financial statements for the 6 months ended 30 June 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Subfund's annual financial statements as at 31 December 2022.

2.2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Subfund's annual financial statements for the year ended 31 December 2022, except adoption of new Standards and Interpretations as of 1 January 2023, noted below.

A number of new or amended standards became applicable for the current reporting period:

- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (effective for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 8: Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023);

The amendments to existing standards does not have significant effect on these interim financial statements.

3. Financial risk management

3.1. FINANCIAL RISK FACTORS

The Subfund’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk. No significant changes in financial risk exposures or management activities took place during six month period of 2023.

3.2. FAIR VALUE ESTIMATION

The Subfund is required to classify, for disclosure purposes, the fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Subfund can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs that have been applied in valuing the respective asset or liability.

Investments classified within Level 3 make use of significant unobservable inputs in deriving fair value, as they trade irregularly. As observable prices are not available for these investments.

The following table analyses the fair value hierarchy of the Subfund’s financial assets as at 30 June 2023.

Assets	Level 3
Financial assets at fair value through profit or loss:	
Equity securities	2,860,121
Loans granted	20,056,826
Total	22,916,947

The Subfund conducted an independent valuation of its investments in as at 31 December 2022, the valuation was carried out by “Newsec valuations” UAB using the income approach. In the opinion of the management, the fair value of investments was determined appropriately using the inputs and ratios properly selected and reasonably reflecting the investments. The fair value of investments was determined in compliance with the International Valuation Standards approved by the International Valuation Standards Council. For the income approach, the discounted cash flow method was used.

As market conditions and other preconditions used in the valuation did not change significantly during the first six months of 2023, when preparing preliminary operating results for the six months of 2023, the Subfund measured the fair value of investments using the values determined as at 31 December 2022 adjusted by the net profit or loss of its investments that occurred during the period, and additional investments, if any.

The following table analyses the fair value hierarchy of the Subfund’s financial assets as at 31 December 2022.

Assets	Level 3
Financial assets at fair value through profit or loss:	
Equity securities	3,171,664
Loans granted	5,868,152
Total	9,039,816

4. Financial assets at fair value through profit or loss

The financial assets of INVL Renewable Energy Fund I Subfund consist of investments and granted loans to SPVs. Below is the investment information:

	30 June 2023	31 December 2022
MB Sun 6 Sp. Z.o.o		
Fair value of equity investment	848,847	790,000
Loans granted	127,557	97,732
Total:	976,404	887,732
REFI 11 Sp. Z.o.o		
Fair value of equity investment	701,476	720,000
Loans granted	1,464,891	1,371,252
Total:	2,166,367	2,091,252
REFI 1 Sp. Z.o.o		
Fair value of equity investment	1,080	1,080
Total:	1,080	1,080
REFI 2 Sp. Z.o.o		
Fair value of equity investment	1,080	1,080
Total:	1,080	1,080
REFI 3 Sp. Z.o.o		
Fair value of equity investment	1,080	1,080
Total:	1,080	1,080
REFI 4 Sp. Z.o.o		
Fair value of equity investment	1,080	1,080
Total:	1,080	1,080
REFI 5 Sp. Z.o.o		
Fair value of equity investment	1,080	1,080
Total:	1,080	1,080
REFI 6 Sp. Z.o.o		
Fair value of equity investment	1,081	1,081
Total:	1,081	1,081
REFI 7 Sp. Z.o.o		
Fair value of equity investment	1,081	1,081
Total:	1,081	1,081
REFI 8 Sp. Z.o.o		
Fair value of equity investment	1,081	1,081
Total:	1,081	1,081
REFI 9 Sp. Z.o.o		
Fair value of equity investment	1,081	1,081
Total:	1,081	1,081
REFI 10 Sp.Z.o.o		
Fair value of equity investment	1,081	1,081
Total:	1,081	1,081
SF Project 15 Sp.Z.o.o		
Fair value of equity investment	631,297	640,000
Loans granted	461,241	348,309
Total:	1,092,538	988,309

SF Project 23 Sp.Z.o.o		
Fair value of equity investment	610,418	530,000
Loans granted	1,045,562	134,008
Total:	1,655,980	664,008
INVL Renewables UAB		
Fair value of equity investment	57,279	480,860
Loans granted	16,957,574	3,916,850
Total:	17,014,853	4,397,710
REFI Energy UAB		
Fair value of equity investment	-	-
Total:	-	-
Total financial assets at fair value through profit or loss	22,916,947	9,039,816

The table below shows changes in financial instruments in Level 3 during the 1st Half Year of 2023

Fair value as at 31 December 2021	1,642,369
Unrealized gains and losses for the reporting period recognized in the statement of comprehensive income for assets managed at the end of the reporting period	785,077
Investment into share capital	2,126,257
Loan granted during a year	5,783,613
Loan repaid during a year	(1,297,500)
Fair value as at 31 December 2022	9,039,816
Unrealized gains and losses for the reporting period recognized in the statement of comprehensive income for assets managed at the end of the reporting period, net foreign exchange loss	(177,462)
Foreign exchange rate impact	58,503
Acquisitions	157,890
Loan granted during a year	13,838,200
Loan repaid during a year	-
Fair value as at 30 June 2023	22,916,947

5. Cash and cash equivalents

	30 06 2023	31 12 2022
Cash in euro	1,001,758	4,572,173
Cash in zloty (euro equivalent)	518,239	645,170
Total cash and cash equivalents in euro	1,519,997	5,217,343

All the Subfund's cash and cash equivalents comprised funds in current accounts, the financial institutions having control over them had Moody's Prime-3 rating.

6. Loans granted

As at 30 June 2023 and 31 December 2022 the Subfund had granted an interest-free loan to a third party to be used for the payment of advances to gain connection capacities to the contracted projects. The loan was issued in zloty. As at 30 June 2023 and 31 December 2022, the value of the loan amounted to EUR 128,026 (PLN 569,525) and EUR 275,594 (PLN 1,290,000) respectively.

In accordance with the provisions of the loan agreement, the commitment was made to grant loans to the borrower during the entire term, the total amount of which shall not exceed PLN 4,320,000 or EUR 971,114 (calculated at the exchange rate as at 30 June 2023, EUR 922,919 calculated at the exchange rate as at 31 December 2022). The loan agreement is integral to the contract for the acquisition of potential projects with connection capacity from the Polish distribution grid signed on 17 September 2021. In case the electricity distribution grids do not grant the electricity grid connections for the projects procured, or in case the connection conditions and the technical characteristics of the projects procured are not suitable for the Subfund, payments shall be refunded

to the Subfund within the time limits set out in the agreement, and the loan granted shall not be used for the acquisition of other projects specified in the agreement. The agreement covers a total of 152 projects.

As at the date of issue of these financial statements, part of the loan has been repaid (EUR 153,915 or PLN 684,686) and part of the projects for which the loan was granted were awaiting a response from the Polish electricity distribution grid regarding connection.

During the six months period of 2023 and 2022, no expected credit losses were recognised as the impairment of the loan granted is not considered material.

7. Other receivables

As at 30 June 2023 and 31 December 2022, the Subfund had receivables of EUR 707,417 and EUR 703,182 respectively which consisted of receivables from UAB INVL Renewables for reimbursable transaction costs for the acquisition of investments in Romania.

8. Critical accounting estimates and judgements

In addition ss at 30 June 2023 the Subfund had receivables of EUR 16 from one of investor according point 51 of Subfund rules.

In preparing these Financial Statements, the significant judgements made in applying Subfund's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended 31 December 2022. No significant amounts of the Subfund's income or expenses are of a substantial seasonal nature.

9. Management fee

	30 06 2023	31 12 2022
Management fee liability at the beginning of the period	155,346	105,019
Calculated management fee to the management company during the period	395,357	532,311
Management fee paid during the period	(352,922)	(481,984)
Management fee liability at the end of the period	197,781	155,346

10. Other current liabilities

	30 06 2023	31 12 2022
Trade payables	14,091	69,046
Audit fees	11,888	6,776
Taxes payable	3,326	4,195
Liability related to the issued financial guarantee	61,329	-
Other payables	-	20,819
Total	90,634	100,836

The Subfund's subsidiary company REFI Energy has raised funds for renewable energy development projects in the neighbouring country through a private placement of 2-year 9.5% fixed-rate bonds to institutional and private investors. The notes are guaranteed by the Subfund. The proceeds of the issue of notes will be used to provide funds to the Subfund or its controlled entities with the aim to finance construction projects developed by INVL Renewable Energy Fund I in the Republic of Poland. As the total assets of the subsidiary company was lower than the liabilities by EUR 61,329 as of 30 June 2023, the Subfund becomes liable to the holders of issued bonds to the same amount and therefore the Subfund accounted for EUR 61,329 expenses and liability, related to the issue of the financial guarantee.

11. Other expenses

	30 06 2023	30 06 2022
Transaction expenses	78,158	351,239
Expenses related to the issue of the financial guarantee	61,329	-
Consultation expenses	38,430	8,924
Valuation expenses	24,200	-
Audit expenses	8,984	4,840
Depository expenses	7,825	2,479
Fees to Lithuanian Central bank	1,627	-
Other expenses	2,018	4,725
Total	222,571	372,207

12. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The related parties of the Subfund were the key management personnel, including companies under control or joint control of key management and participants having significant influence. Under IAS 24, AB "Invalda INVL" and its controlled companies (hereinafter - Other related parties) are also classified as related parties. However, after assessing the volatility of economic interest and rights held by investors for the Subfund and, considering the results, the Management Company considers that it does not control the Subfund.

The Subfund transactions with related parties during the six months period ended 30 June 2023 and related balances as at 30 June 2023 were as follows:

	Change during the reporting period		Outstanding balance as at 30 June 2023	
	Revenue and income from related parties	Expenses incurred with respect to related parties	Receivables from related parties	Payables to related parties
The Sub-fund's subsidiaries				
Loans granted	-	-	19,650,524	-
Interest on loans granted	291,971	-	406,302	-
Other operating expenses reimbursed	-	-	-	-
Management Company				
Management fee	-	395,357	-	-
Operating costs incurred on behalf of the Subfund reimbursed	-	46,144	-	-
Total:	291,971	441,501	20,056,826	-

Number of units held by related parties of INVL Renewable Energy Fund I Subfund as at 30 June 2023:

	Number of units
Management Company	4,754.5678
Other related entities and Subfund partners	10,602.6863
Total	15,357.2541

The Subfund transactions with related parties during the six months period ended 31 December 2022 and related balances as at 31 December 2022 were as follows:

	Change during the reporting period		Outstanding balance as at 31 December 2022	
	Revenue and income from related parties	Expenses incurred with respect to related parties	Receivables from related parties	Payables to related parties
The Sub-fund's subsidiaries				
Loans granted	-	-	5,755,949	-
Interest on loans granted	110,170	-	112,203	-
Other operating expenses reimbursed	-	-	-	-
Management Company				
Management fee	-	532,311	-	-
Operating costs incurred on behalf of the Subfund reimbursed	-	329,377	-	-
Total:	110,170	861,688	5,868,152	-

Number of units held by related parties of INVL Renewable Energy Fund I Subfund as at 31 December 2022:

	Number of units
Management Company	4,754.5678
Other related entities and Subfund partners	10,602.6863
Total	15,357.2541

13. Undrawn capital commitments

Undrawn capital commitments from investors are not recognised in the statement of financial position and do not constitute part of net assets value as undrawn capital commitment represents a loan commitment that is scoped out of IFRS 9. In accordance with IFRS principles and guidance, capital commitments shall be accounted for in the accounting period in which they arise and, therefore, the Subfund's capital commitments are an off-balance-sheet item and are disclosed only in the notes to the financial statements.

The capital commitment in respect of each investor shall be the cumulative amount specified in the agreement(s) signed by the investors and accepted by the Management Company and which such investors have irrevocably agreed to contribute to the Subfund in accordance with the terms of the rules. If, under the terms of the Subfund rules, the outstanding capital commitment of the relevant investor is cancelled, the capital commitment of such investor shall be equal to the capital contribution of such investor. Investors shall contribute the full amount of their capital commitment in accordance with the terms set out in the Subfund's rules.

The amount and timing of capital calls shall depend on the cash requirements of each Subfund and shall be determined at the sole discretion of the Management Company. The investor shall make capital contributions to the capital of the Subfund in the functional currency of the Subfund in the amount and on the date specified by the Management Company in the Management Company's notice.

The breakdown of the structure of investor commitments for the Subfund:

	30 June 2023	31 December 2022
Total investment commitments	57,935,000	52,928,000
Paid-in capital	25,164,977	14,463,920
Distributions to participants	-	-
Outstanding capital commitments	32,770,023	38,464,080

Additional 5,007,000 euros of capital commitments were collected during the six months period of 2023.

14. Subsequent events

After the balance sheet date but before signing these financial statements INVL Renewable Energy Fund Subfund I called EUR 9,763,895 from investors and invested EUR 529,265 in renewable energy projects through subsidiaries.