



INVL



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

INVL RENEWABLE ENERGY FUND I

SEMI-ANNUAL INTERIM CONDENSED NON - AUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024 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

Banks

AB Šiaulių Bankas

These financial statements were approved by the Management Company for issue and signed on 11 September 2024:

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 Head of alternative funds
accounting

STATEMENT OF FINANCIAL POSITION

	Note	30 06 2024	31 12 2023
Non-current assets			
Financial assets at fair value through profit or loss	4	50,008,782	39,904,983
Total non-current assets		50,008,782	39,904,983
Current assets			
Cash		830,306	411,134
Loans granted	5	90,938	90,299
Other receivables		28,871	28,927
Total current assets		950,115	530,360
TOTAL ASSETS		50,958,897	40,435,343
Current liabilities			
Amounts payable to the Management Company and Depository	7, 10	229,767	214,334
Trade payables		223,575	18,295
Other current liabilities	8	1,360,249	541,010
Total current liabilities		1,813,591	773,639
TOTAL LIABILITIES		1,813,591	773,639
NET ASSETS ATTRIBUTABLE TO THE PARTICIPANTS OF THE SUBFUND		49,145,306	39,661,704

STATEMENT OF COMPREHENSIVE INCOME

	Note	6M 2024	6M 2023
Net changes in fair value of financial assets at fair value through profit or loss	4	(1,715,247)	(177,462)
Other income		1,457	16
Management fee	7	(419,908)	(395,357)
Other expenses	9	(396,716)	(222,571)
Operating profit (loss)		(2,530,414)	(795,374)
Net foreign exchange gain/(loss)		14,016	93,700
Profit (loss) before tax		(2,516,398)	(701,674)
Income tax expense		-	-
Increase (decrease) in net assets attributable to the participants from operations		(2,516,398)	(701,674)

STATEMENT OF CHANGES IN NET ASSETS

	Note	6M 2024	6M 2023
Value of net assets attributable to the participants of the Sub-fund as at 1 January		39,661,704	14,976,780
Contributions from participants	11	12,000,000	10,701,057
Distributions to participants		-	-
Net increase in value on transactions with participants		51,661,704	10,701,057
Increase / (decrease) in net assets attributable to the participants of the Sub-fund during the reporting period		(2,516,398)	(701,674)
Value of net assets attributable to the participants of the Sub-fund as at the end of the period		49,145,306	24,976,163

STATEMENT OF CASH FLOWS

	Note	6M 2024	6M 2023
Cash flows from operating activities			
Purchase of financial assets	4	(10,986,000)	(13,996,090)
Advances paid		-	-
Advances returned		-	153,914
Management fees paid	7	(416,522)	(352,922)
Cash paid to suppliers (including VAT)		(183,355)	(231,937)
Other operating expenses paid		(48)	(245)
Other operating expenses reimbursed		3,630	-
Net cash inflow (outflow) from operating activities		(11,582,295)	(14,427,280)
Cash flows from financing activities			
Capital contributions from participants	11	12,000,000	10,701,057
Interest for late payments		1,457	-
Net cash inflow (outflow) from financing activities		12,001,457	10,701,057
Net (decrease)/increase in cash and cash equivalents		419,162	(3,726,223)
Cash and cash equivalents at beginning of the period		411,134	5,217,343
Effect of movements in exchange rates on cash held		10	28,877
Cash and cash equivalents at the end of the period		830,306	1,519,997

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 (LCIUIFII) 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 (hereinafter – REFI).

The 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.

REFI 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.

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.

The Fund is managed by INVL Asset Management, one of the leading asset management companies in Lithuania. The company was authorized 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.

For the purpose of efficiency and investment control of the Subfunds, investment and Subfund management decisions are made by the Subfund Managers appointed by decision of the Board of the Management Company or established investment committees. The Investment Committee is composed of 2 members, who are 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 Subfund Managers or 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 2024 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 2023.

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 2023, except adoption of new Standards and Interpretations as of 1 January 2024, noted below.

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

- Amendments to IAS 1: Classification of liabilities as current or non-current (effective for annual periods beginning on or after 1 January 2024);
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024);
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements (effective for annual periods beginning on or after 1 January 2024).

The amendments to existing standards are not relevant to the Subfund.

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 2024.

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 2024.

Assets	Level 3
Financial assets at fair value through profit or loss:	
Equity securities	15,393,136
Loans granted	34,615,646
Total	50,008,782

The Subfund conducted an independent valuation of its investments in as at 31 December 2023, 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 2024, when preparing preliminary operating results for the six months of 2024, the Subfund measured the fair value of investments using the values determined as at 31 December 2023 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 2023.

Assets	Level 3
Financial assets at fair value through profit or loss:	
Equity securities	17,200,098
Loans granted	22,704,885
Total	39,904,983

4. Financial assets at fair value through profit or loss

Investments into subsidiaries together with loans granted to subsidiaries are measured at fair value through profit or loss in the Subfund's financial statements in 30 June 2024 and 31 December 2023. It is Level 3 fair value measurement. The fair value of investments is measured at the fair value of their net assets including loans granted by the Subfund. The main assets of active subsidiaries are connection rights, which are measured at fair value using the discounted cash flow method.

The split of carrying amounts of the investment into subsidiaries by legal components is as follows:

	30 June 2024	31 December 2023
MB Sun 6 Sp. Z.o.o		
Fair value of equity investment	1,264,408	1,330,000
Loans granted	722,178	167,013
Total:	1,986,586	1,497,013
REFI 11 Sp. Z.o.o		
Fair value of equity investment	1,953,542	2,010,000
Loans granted	1,533,587	1,511,820
Total:	3,487,129	3,521,820
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	-	1,019
Loans granted	4,794	4,669
Total:	4,794	5,688
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	2,127,142	2,160,000
Loans granted	545,214	531,323
Total:	2,672,356	2,691,323
SF Project 23 Sp.Z.o.o		
Fair value of equity investment	945,413	1,000,000
Loans granted	1,627,350	1,583,599
Total:	2,572,763	2,583,599
INVL Renewables UAB		
Fair value of equity investment	9,092,907	10,689,354
Loans granted	30,182,522	18,906,491
Total:	39,275,429	29,595,815
Total financial assets at fair value through profit or loss	50,008,782	39,904,983

The table below shows changes in financial instruments in Level 3 during the 1st Half Year of 2024:

Fair value as at 31 December 2023	39,904,983
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	(1,715,247)
Foreign exchange rate impact	13,371
Acquisitions	1,000
Expenses and liabilities related to the issuance of the financial guarantees	819,675
Loan granted during a year	10,985,000
Loan repaid during a year	-
Fair value as at 30 June 2024	50,008,782

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

Fair value as at 31 December 2023	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 2024	22,916,947

5. Loans granted

As at 30 June 2024 and 31 December 2023 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 2024 and 31 December 2023, the value of the loan amounted to EUR 90,938 (PLN 391,851) and EUR 90,299 (PLN 391,851) 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 1,002,553 (calculated at the exchange rate as at 30 June 2024, EUR 995,506 calculated at the exchange rate as at 31 December 2023). 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. Most of these projects have not received a grid

connection permit. Some of the projects, for which the advance payment below has been made, have received connection permits for 2023. However, the seller must reach the contractually agreed ready-to-build stage before the final payment can be made.

As at the date of issue of financial statements, part of the loan has been repaid (EUR 208,436 or PLN 898,149). At the date of signing the financial statements, the balance of advance payments made was EUR 90,938 (PLN 391,851).

In 2024 and 2023, no expected credit losses were recognised as the impairment of the loan granted is not considered material.

6. Critical accounting estimates and judgements

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 2023.

Success Fee

Success Fee shall mean the share of the Subfund's overall profit in the amount and in accordance with the terms and conditions set out in the rules of the Subfund to be paid by the Investors subscribing to Class A and C Units to the Class B Units holders upon distribution of the assets. Distribution procedure is described in detail in the Subfund Rules. In the statement of financial position, accrued success fee is presented as a part of net assets but not as liabilities. In addition, changes in success fee over the reporting period are not presented in the statement of comprehensive income as such changes do not have any impact on net assets attributable to the holders of the Subfund's units. Then, in the statement of changes in net assets, success fee is reclassified from Class A and Class C to Class B. The Success Fee is payable on a Subfund-wide basis and in all cases takes into account the return of 100% of the capital commitments and the payment of preferential returns to investors subscribing to Class A and Class C Units.

The success fee is considered part of the net assets of the Subfund and is deducted from the holders of Class A and Class C Units, then distributed to the holders of Class B Units in accordance with the Subfund's income distribution procedures described in the Subfund's Rules.

As at 30 June 2023, the Subfund had not accrued any success fee As at 31 December 2023 (change during 2023: EUR 1,101,729), the Subfund recorded a Success Fee of EUR 1,101,729 (change during 2023: EUR 1,101,729).

7. Management fee

	30 06 2024	31 12 2023
Management fee liability at the beginning of the period	206,568	155,346
Calculated management fee to the management company during the period	419,908	815,115
Management fee paid during the period	(416,522)	(763,893)
Management fee liability at the end of the period	209,954	206,568

8. Other current liabilities (including fee for audit services)

	30 June 2024	31 December 2023
Liability related to the issued financial guarantee	1,344,955	525,280
Accrual for audit	15,294	15,730
Total	1,360,249	541,010

The Subfund's subsidiary company REFI Energy has raised funds for renewable energy development projects in the neighboring country through a private placement of 2-year 9.5% fixed-rate bonds to institutional and private investors. Additionally, REFI Green, another subsidiary of the Subfund, initiated a private placement of 2-year 10% fixed-rate bonds to institutional and private investors. Finally, REFI Solar the third subsidiary of the Subfund received a loan from third party Creditor. The notes and the loan are guaranteed by the Subfund.

The proceeds of the issue of notes and received loan will be used to provide funds to the Subfund or its controlled entities with the aim to finance construction projects developed by REFI in the Republic of Poland. As the total assets of the subsidiaries were lower than the liabilities by EUR 1,344,954 as of 30 June 2024, the Subfund becomes liable to the holders of issued bonds and the loan to the same amount and therefore the Subfund accounted for EUR 819,675) expenses and liability, related to the issue of the financial guarantees. As at 31 December 2023 assets of the subsidiaries were lower than the liabilities by EUR 525,280 lower than the liabilities, the Subfund becomes liable to the holders of the bonds issued by the Subfund for the same amount. Consequently, the Subfund has recorded liabilities and investment to SPV of EUR 525,280 during 2023 related to the issuance of the financial guarantee. Depreciation of EUR 1,344,954 and EUR 525,280 was recognised for the above investment as at 30 June 2024 and 31 December 2023.

As of 2019, the Fund has been audited by KPMG Baltics, UAB. KPMG Baltics, UAB did not provide non-audit services (except for translation of financial statements) in 2023 and 2022.

9. Other expenses

	30 06 2024	30 06 2023
Intermediary services	214,500	-
Transaction/Legal expenses	84,838	78,158
Valuation expenses	30,250	24,200
Depositary services	19,813	7,825
Audit expenses	9,123	8,984
Operating taxes	2,926	1,627
Expenses related to the issue of the financial guarantee	-	61,329
Other expenses	35,266	40,448
Total	396,716	222,571

10. 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 2024 were as follows:

	Change during the reporting period		Outstanding balance as at 30 June 2024	
	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	-	-	33,432,655	-
Interest on loans granted	912,390	-	1,182,991	-
Other operating expenses reimbursed	-	-	24,200	-
Management Company				
Management fee	-	419,908	-	-
Operating costs incurred on behalf of the Subfund reimbursed	-	35,776	-	-
Total:	912,390	455,684	34,639,846	-

Number of units held by related parties of INVL Renewable Energy Fund I Subfund as at 30 June 2024:

	Number of units
Management Company	8,034.1052
Other related entities and Subfund partners	2,169.2084
Total	10,203.3136

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 31 December 2023:

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

11. 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 2024	31 December 2023
Total investment commitments	57,935,000	57,935,000
Paid-in capital	46,545,589	34,545,589
Distributions to participants	-	-
Outstanding capital commitments	11,389,411	23,389,411

12. Subsequent events

After the balance sheet date but before signing these financial statements INVL Renewable Energy Fund Subfund I called EUR 11,389,411 from investors.