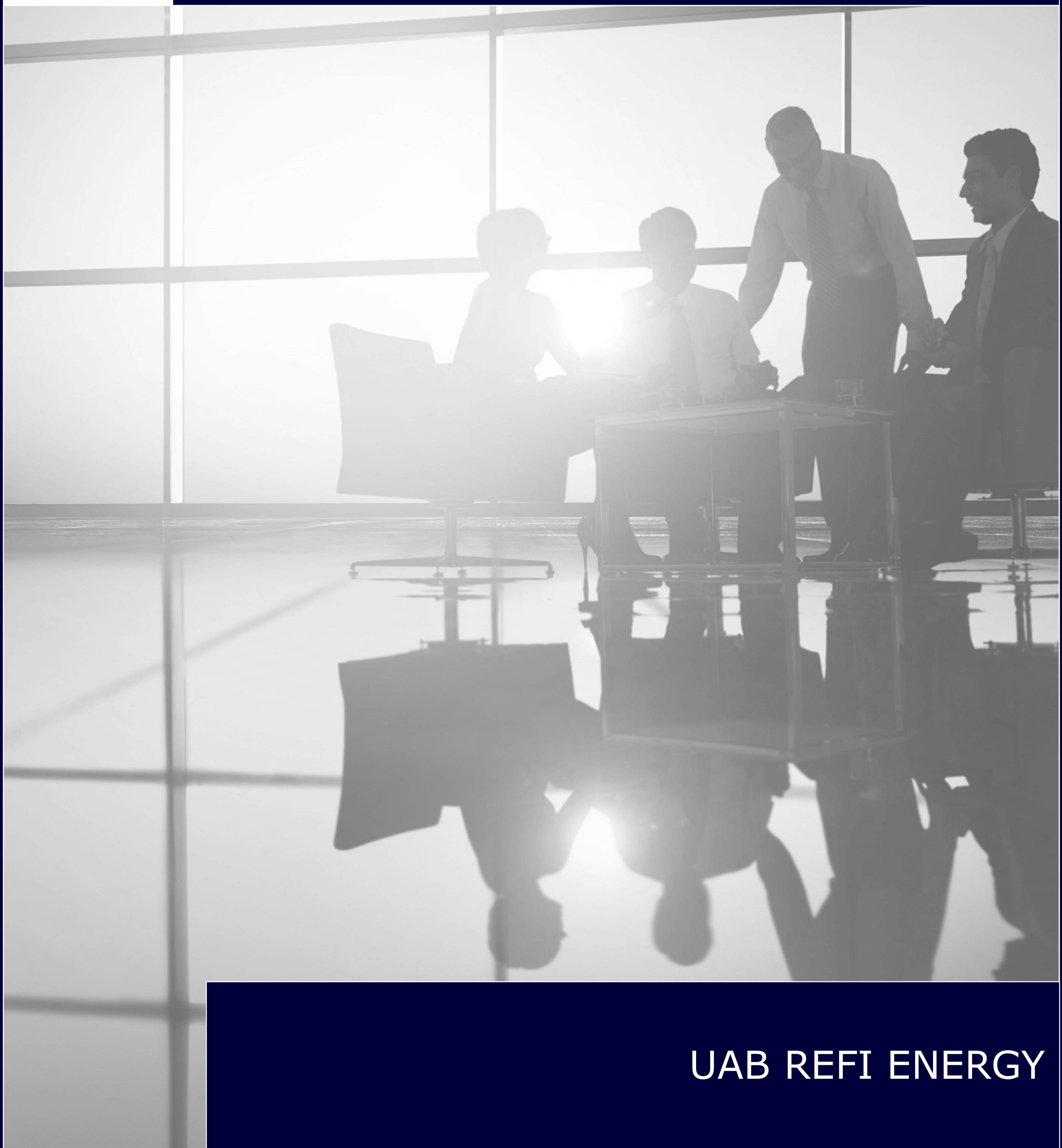

UAB REFI ENERGY

UNAUDITED COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS, AS ADOPTED BY THE EUROPEAN UNION

CONTENTS

MAIN INFORMATION

Management

Liudas Liutkevičius (CEO)

Address of registered office and company code

Registered address:

Gynėjų g. 14, Vilnius, Lithuania

Company code 306284592

Bank

AB Šiaulių Bankas

These financial statements were approved by the Management Company for issue and signed on 30 April 2024:

Document signed with a qualified e-signature	Document signed with a qualified e-signature
Liudas Liutkevičius Chief operating officer	Agnė Stančikaitė Chief accountant

STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2023
Non – current assets		
Loans	3.1	6,451,651
Total non - current assets		**6,451,651**
Current assets		
Other current assets		171
Cash	3.1	1,200,002
Total current assets		**1,200,173**
TOTAL ASSETS		**7,651,824**
Share capital	1, 7	2,500
Retained earnings		(341,302)
Total equity		**(338,802)**
Non - current liabilities		
Guaranteed fixed rate notes	4, 6	7,969,236
Total non - current liabilities		**7,969,236**
Current liabilities		
Interest on notes	4	21,111
Trade payables	6	250
Other current liabilities		29
Total current liabilities		**21,390**
TOTAL LIABILITIES		**7,990,626**
TOTAL EQUITY AND LIABILITIES		**7,651,824**

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2023
Revenue		
Income		98,331
Transaction expenses		(129,186)
Professional expenses		(10,066)
Salaries and related expenses (including vacation reserve)		(1,120)
Other operating expenses		(73)
Operating profit (loss)		**(42,114)**
Finance cost	5	(299,188)
Profit/(loss) before tax for the reporting period		**(341,302)**
Income tax expenses		-
Profit/(loss) for the reporting period		**(341,302)**
Other comprehensive income for the reporting period		-
Tota profit/(loss) for the reporting period		**(341,302)**

STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Legal reserve	Retained earnings	Total
Share capital issue	1, 7	2,500	-	-	2,500
Net profit/(loss) for 2023		-	-	(341,302)	(341,302)
Total comprehensive income for 2023		**2,500**	**-**	**(341,302)**	**(338 802)**
Transfer to reserves		-	-	-	-
Total transactions with owners of the Company, recognised directly in equity		**2,500**	**-**	**(341,302)**	**(338 802)**
Balance as at 31 December 2023		**2,500**	**-**	**(341,302)**	**(338 802)**

STATEMENT OF CASH FLOWS

	Notes	2023
Cash flows from operating activities		
Net profit for the reporting period		(341,302)
Adjustments for:		
Interest income	8	(98,331)
Interest expenses	8	299,188
		(140 445)
Changes in working capital:		
Increase (decrease) in accounts payable	6	250
Accrued expenses (income)		(172)
Increase (decrease) in other current liabilities		29
Income tax paid		**-**
Net cash flows from (used in) operating activities		**(140,337)**
Cash flows from investing activities		**-**
Loans granted	8	(6 353 320)
Net cash flows from (used in) investing activities		**(6 353 320)**
Cash flows from financing activities		
Issue of shares	1, 7	2,500
Notes issued	4, 6	7,964,284
Interest (paid)		(273,125)
Net cash flows from financing activities		**7 693 659**
Net increase in cash and cash equivalents		**1,200,002**
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period		**1,200,002**

NOTES TO THE FINANCIAL STATEMENTS

1. General information

UAB REFI Energy (hereinafter 'the Company', code 306284592) is a limited liability company registered in the Republic of Lithuania. The address of the office is Gynėjų str. 14, Vilnius, Lithuania.

The company was incorporated on 28 March 2023. Share capital amounted to EUR 2,500. As at 31 December 2023 the authorised capital of the Company consisted of 2,500 ordinary registered shares with a nominal value of EUR 1. All shares of the company are fully paid. The company has not acquired its own shares.

As at 31 December the sole shareholder of the Company is "INVL Renewable Energy Fund I"(hereinafter – REFI, fund code I134).

The main objective is to invest in renewable energy and/or other infrastructure objects 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 its objective, the Company will invest the in green field and brown field renewable energy (solar, wind, biogas, etc.) projects.

As at 31 December the Company had two employees.

2. Basis of preparation and accounting policies

2.1. BASIS OF PREPARATION

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (hereinafter – the EU).

The Company keeps its accounting and all the amounts in these financial statements are accounted for and presented in the national currency of the Republic of Lithuania, the euro.

The financial year of the Company corresponds to the calendar year.

The preparation of the financial statements according to IFRS requires use of certain significant accounting estimates. It also requires the management to make judgements related to the accounting principles applied by the Company.

Adoption of new and/or amended IFRSs and IFRIC interpretations

During the reporting year (as of 1 January 2023) the following amendments to IFRS and interpretations of IFRIC came into effect:

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

IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to IAS 8: Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023). The amendments to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates.

There are no other new standards, amendments to existing standards or interpretations which are not yet effective and could have a significant effect on the Company.

2.2. FUNCTIONAL AND PRESENTATION CURRENCY

All the amounts in these financial statements are presented in the national currency of the Republic of Lithuania, the euro, which is the functional and presentation currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rates prevailing at the year end. All translation differences are accounted for in profit or loss. All non-monetary items carried at historical cost and denominated in foreign currency are translated using the exchange rates prevailing at the dates of original transactions. All non-monetary items carried at fair value and denominated in foreign currency are translated using the exchange rates prevailing at the dates of fair value measurement.

2.3. FINANCIAL ASSETS

Financial assets within the scope of IFRS 9 are classified as either financial assets at fair value (either through other comprehensive income or through profit or loss) or financial assets measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets are recognised when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. At initial recognition, the Company measures a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

The Company measures all of its loans granted to portfolio companies and interest receivable, as described in note 6, as financial assets measured at fair value through profit or loss. Since such assets are not held for trading at initial recognition, the Company has designated these instruments to be accounted at fair value through profit or loss subsequent to initial recognition.

The Company has financial assets measured at amortised cost which includes cash and cash equivalents and other current assets.

2.4. CASH AND CASH EQUIVALENTS

In the statement of financial position, cash and cash equivalents include cash at bank and short-term deposits with an original maturity of up to 3 months. Cash and cash equivalents in credit institutions are valued at face value, and fixed-term deposits are measured at amortised cost.

2.5. FINANCIAL LIABILITIES

The Company recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract.

All financial liabilities are initially recognised at fair value, less (in the case of a financial liability that is not at fair value through profit or loss) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortised cost using the effective interest method. A financial liability is derecognised when the obligation under the liability is settled, cancelled or expires.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Financial liabilities included in trade payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest-bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Guaranteed fixed rate notes

A fixed rate bond is a long-term debt instrument that pays a fixed coupon rate for the duration of the bond. Guaranteed fixed rate notes are recognised initially at fair value less directly attributable transaction costs. After initial recognition, notes are subsequently measured at amortised cost using the effective interest method. Amounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

2.6. SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are recognised in equity as a deduction, net of tax, from the retained earnings.

2.7. INCOME TAX AND DEFERRED TAX

The profit tax for the reporting period is calculated in accordance with the tax legislation approved or substantially approved at the end of the reporting period in the countries where the Company operates and earns taxable profits. Management regularly assesses its position on tax returns for situations in which the applicable tax rules may be subject to differing interpretations. Management recognises provisions, where appropriate, based on amounts expected to be paid to tax authorities.

The standard corporate income tax rate in Lithuania was 15% in 2023.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is not recognised to the extent that it arises from the initial recognition of goodwill; from the initial recognition of an asset or liability, other than in a business combination, that at the time of the transaction had no effect on either accounting or taxable profit or loss. Deferred tax assets and liabilities are calculated using tax rates (and legislation) that are enacted or substantially enacted as at the reporting date and that are planned to be applied for the year when the related deferred tax asset is realised or when the deferred tax liability is settled.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will allow the temporary differences to be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on the same taxable entity or different taxable entities, where the intention is to offset the balances on a net basis.

2.8. FINANCE COSTS

Finance costs are expensed in the period they occur. Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3. Financial risk management

3.1. FINANCIAL RISK FACTORS

The risk management function within the Company is carried out in respect of financial risks, operational risks, and legal risks. Strategical risk management was executed by the management of the Company. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

The Company's principal financial liabilities comprise borrowings and trade payables. The main purpose of the borrowings is to raise finance for the Company's operations. The Company have not used any derivative instruments so far, as management considered that there is no necessity for them.

The main risks arising from the financial instruments are credit risk and liquidity risk. The risks are identified and disclosed below.

Credit risk

Credit risk arises from cash and cash equivalents, outstanding trade and other receivables and outstanding loans.

For loans that are neither past due nor impaired, no indication exists that the debtors will not meet their obligations as at the reporting date as the balances of the receivables are regularly reviewed.

According to the European deposit insurance scheme, cash, cash equivalents and deposits of up to EUR 100 thousand of every legal entity in each bank are covered with insurance. All the Company's balance of cash and cash equivalents are covered with the insurance. The insured amounts of cash placed on AB Šiaulių bankas accounts were exceeded by EUR 1,100 thousand as at 31 December 2023. All cash balances have a low credit risk at the reporting date and the impairment loss determined on 12-month expected credit losses is resulted in an immaterial amount.

The maximum amount of credit risk is equal to the carrying amount of these instruments and was equal to:

	31 December 2023
Loans granted	6,451,651
Cash and cash equivalents	1,200,002
Total	**7,651,653**

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

Liquidity risk

The Company's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its commitments at a given date in accordance with strategic plans. The liquidity risk of the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of guaranteed fixed rate bonds. The liquidity risk management is divided into long-term and short-term risk management. The aim of the short-term liquidity management is to meet daily needs for funds. Short-term liquidity for the Company is controlled through monthly monitoring of the liquidity status and needs of funds. Long-term liquidity risk is managed by analysing the predicted future cash flows taking into account the possible financing sources. Before approving the new investment projects the Company evaluate the possibilities to attract needed funds. The Company's liquidity ratio (total current assets / total current liabilities) as at 31 December 2023 was approximately 56,11. As at 31 December 2023 the current assets were higher than current liabilities by EUR 1,178,611. The management of the Company forecasted the cash flows of the Company for 2024 and the forecast indicates that the Company will have sufficient funds to cover liabilities, which fall due in 2024.

The table below summarises the maturity profile of the company's financial liabilities as at 31 December 2023 based on contractual undiscounted payments.

	On demand	**Less than 3 months**	**4 to 12 months**	**2 to 5 years**	**More than 5 years**	**Total**
Interest bearing borrowings	-	190,000	380,000	8,570,000	-	9,140,000
Trade and other payables	-	21,111	-	-	-	21,111
Balance as at 31 December 2023	**-**	**211,111**	**380,000**	**8,570,000**	**-**	**9,161,111**

3.2. CAPITAL MANAGEMENT

The primary objective of the capital management is to ensure that the Company maintain a strong credit health and healthy capital ratios in order to support their business and maximise shareholder value. The Company's management supervises the investments so that they are in compliance with requirements applied to the capital, specified in the appropriate legal acts, as well as provide the Company's management with necessary information. The Company's capital comprises share capital, reserves and retained earnings. The Company manage their capital structure and make adjustments to it, in light of changes in economic conditions and specific risks of their activity. To maintain or adjust the capital structure, the Company may, return capital to shareholders or issue new shares. The Company is obliged to keep its equity ratio at not less than 50 % of its share capital, as imposed by the Law on Companies of Republic of Lithuania. The Company did not comply with this requirement as at 31 December 2023. In 2024, The Company's management plans to increase the capital to meet the requirements of the Law on Companies of Republic of Lithuania.

4. Guaranteed fixed rate notes

	31 December 2023
Non-current:	
Fixed rate notes	7,969,236
Current:	
Interest portion of fixed rate notes	21,111
Total	**7,990,347**

All notes are expressed in EUR. Notes were issued with fixed interest rate. The fixed rate notes amount to EUR 7,969,236 and consists of the first issue fixed rate notes of EUR 3,500,00 and the second issue fixed rate notes of EUR 4,464,284.

The Company has raised funds for renewable energy development projects in the neighbouring country through a public placement of 2-year 9.5% fixed-rate bonds to institutional and private investors. The notes are guaranteed by the Company's shareholder INVL Renewable Energy Fund I. The proceeds of the issue of notes will be used to provide funds to INVL Renewable Energy Fund I or its controlled entities with the aim to finance construction projects developed by INVL Renewable Energy Fund I in the Republic of Poland.

5. Finance cost

Finance cost for 2023 amounts to EUR 299,188 and consists of interest expenses for guaranteed fixed rate notes issued on 20 June 2023 and 20 September 2023 of EUR 294,236 and the discounted interest expenses for guaranteed fixed rate notes issued on 20 September 2023 of EUR 4,952.

6. Financial instruments by categories

As at 31 December 2023 the Company's financial instruments and the value at which they are recognized are given below:

31 December 2023	Assets at amortised cost	Financial assets at fair value through profit or loss
Financial assets in the statement of financial position		
Loans granted	-	6,353,320
Interest receivable	-	98,331
Other current assets	172	-
Cash	1,200,002	-
Total	**1,200,002**	**6,451,651**

The fair value of loans granted and accrued interest receivable equals to their nominal amount as loans are granted at market interest rates.

31 December 2023	Financial liabilities at amortised cost
Liabilities in the statement of financial position	
Guaranteed fixed rate notes	7,969,236
Interest payable	21,111
Other payables	280
Total	**7,990,627**

7. Share capital and reserves

As at 31 December 2023 the Company's share capital was divided into 2,500 ordinary registered shares with the nominal value of EUR 1.00 each. All the shares of the Company were fully paid. As at 31 December 2023 the Company held none of its own shares.

Legal reserve

Legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5 % of net profit, calculated in accordance with the statutory financial statements, are compulsory until the reserve reaches 10 % of the share capital. The reserve can be used only to cover the accumulated losses. As at 31 December 2023 the Company has not yet formed this reserve.

8. 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 Company were the key management personnel, including other companies under INVL Renewable Energy Fund I 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.

The management remuneration contains short-term employee benefits. Key management of the Company includes the member of Investment Committee of INVL Renewable Energy Fund I who is also the CEO of the Company. Total remuneration for 2023 for key management amounts to EUR 52.

The Company's transactions with other related parties during 2023 and outstanding balances as at 31 December 2023 were as follows:

	Revenue and income from related parties	Expenses incurred with respect to related parties	Receivables from related parties	Payables to related parties
Loans granted	-	-	6,353,320	-
Interest on loans granted	98,331	-	98,331	-
Reimbursable expenses	-	9,086	-	-
Total	**98,331**	**9,086**	**6,451,651**	**-**

9. Subsequent events

No post-balance sheet events occurred from the balance sheet date till the date of issuance of the financial statements.