Annual Activity Report
Independent Auditor's Report
Financial Statements

Management Company
Karoll Capital Management EAD

31 December 2024

karoll
CAPITAL MANAGEMENT

Contents

ANNUAL MANAGEMENT REPORT OF KAROLL CAPITAL MANAGEMENT EAD

1. History and development of the Management company

Karoll Capital Management EAD is registered in Bulgaria with Decision № 1 dated 2 Sep 2003 of the Sofia City Court. As of 31 Dec 2024, the Company's share capital is BGN 900 000, divided into 10,000 ordinary registered shares with voting rights, with a nominal value of BGN 90. The Company has a three-member Board of Directors.

The Company is subject to regulation by the Financial Supervision Commission (FSC). Karoll Capital Management EAD is authorised by a resolution 328-UD of the FSC, dated 21 Aug 2003, to carry out operations within the meaning of the Public Offering of Securities Act. The license was complemented by a decision 115-UD of the FSC, dated 14 Feb 2006, and prepared in 2019, with holds license № 63-UD/25.09.2019 which covers:

- Management of the activities of collective investment undertakings, including:

    - Managing the investments.
    - Administration of funds' own units, legal services, bookkeeping services related to asset management, handling information requests from investors, asset revaluation, calculation of NAV and issuance price, controls over compliance with laws and regulations, risk management, keeping the book of unit-holders, in the case of managing a collective investment scheme originating in another Member State, distribution of dividends and other payments, issuance, sale and redemption of units, satisfying performance obligations for agreed contracts, record keeping;
    - Marketing services.

- Complementary services:
    - Managing the activities of national investment funds.
    - Management in accordance with a portfolio contract concluded with a client, including the portfolio of a collective investment undertaking, comprising of financial instruments, at its own discretion, without special orders from the client.
    - Investment consulting regarding financial instruments.
    - Storage and administration of units of other collective investment undertakings

The management company is entered in the register maintained by the Financial Supervision Commission as an entity managing alternative investment funds whose assets do not exceed the thresholds established in Article 197, paragraph 1 of the Act on the activities of collective investment schemes and other collective investment undertakings (CISOUCIA), by Decision No. 226- Managers of alternative investment funds (AIFMs) of 29 March 2022 of the FSC. By Decision No. 690- Managers of alternative investment funds (AIFMs) of 03.10.2024. The management company was deregistered from the register of the Financial Supervision Commission as an entitymanaging alternative investment funds.

Karoll Capital Management EAD offers individual portfolio management, pursuant to a contract without special orders from the client (discretionary management). The total value of the portfolios managed as of 31 December 2024 is BGN 185.6 million.

Karoll Capital Management distributes in Bulgaria units of collective investment schemes, organised and managed by „Schroder Investment Management "(Europe). The total value of the attracted assets as of 31.12.2024 is BGN 140 million.

In 2024, Karoll Capital Management EAD manages four collective investment undertakings:

- Advance Invest Mutual Fund, licensed with a permit to operate by the FSC with decision N 561-ID of 22.12.2003 and subsequent decision N 736 - MF of 03.10.2013. The fund invests in shares of Bulgarian, Romanian and other Eastern European companies. The public offering of securities of Advance Invest started on 10.05.2004. The net value of the managed assets in the Fund as of 31 December 2024 amounts to BGN 17.2 million.

- Mutual Fund Advance Eastern Europe, organized and managed by the Company with decision № 29-MF of 31.08.2006 of the FSC. The public offering of securities of Advance Eastern Europe started on 4.10.2006. The fund invests mainly in shares of leading companies in the Eastern Europe region. On 03.01.2023. Advance Eastern Europe Fund was transformed by segregating two classes of units, creating a new class of units, Class B, to which are attributed assets affected by restrictions on the operation of and access to the securities market of Russian issuers, dividend receivables thereon, blocked cash from dividends paid by Russian issuers, and unrestricted cash required to meet estimated expenses attributable to the new Class B over its lifetime. The existing issue of units has been converted into Class A units of the Fund. Units of the new Class B have been distributed ex officio and gratuitously to investors in a 1:1 ratio to existing unitholders' shares in the Fund prior to the transformation. In 2024 their number is unchanged as the Fund's Class B remains closed for subscription and redemption. With a protocol of the minutes of the meeting of the Board of Directors of the Management Company from 05.11.2024, the term of existence of Class B of the Fund was extended until 05.12.2025. The net value of assets under management of the Fund as of 31.12.2024 amounts to BGN 3.6 million.

- Mutual Fund Advance Emerging Europe Opportunities, organized and managed by the Company with decision № 1410-MF from 7.11.2007, of the FSC and subsequent Decision № 112 - MF / 23.02.2015, Decision № 113 - MF / 23.02. 2015 and Decision № 114 - MF / 23.02.2015. The Fund invests in the following non-exhaustive markets: Poland, Czech Republic, Hungary, Estonia, Lithuania, Latvia, Austria, but also accepts investments in the regulated markets of Romania, Russia, Slovenia, Serbia, Croatia, Bulgaria, Turkey, Kazakhstan, Macedonia, Ukraine, UK and Northern Ireland. The fund may also invest in shares of Central and Eastern European companies traded on foreign exchanges. The public offering of securities of the Advance Emerging Europe Opportunities started on the 23.11. 2007. The net value of the managed assets in the Fund as of 31 December 2024 amounts to BGN 105.7 million.

- Mutual Fund Advance Global Trends, organized and managed by the Company with decision № 353-MF of 08.06.2011 of the FSC. The fund has a global focus and invests in exchange-traded funds, mainly in the United States and Europe, and in collective investment schemes admitted to public offering in the EU. The public offering of securities of Advance Global Trends started on 01.07.2011. The net value of the managed assets in the Fund as of 31 December 2024 amounts to BGN 3.6 million.

In 2024, Karoll Capital Management EAD participated as a founding member and unlimited partner in a limited liability company "Fond za Ekipa na Karoll" KDA with UIC 207749068. "Fond za Ekipa na Karoll" KDA was established as an alternative investment fund with the object of investing funds in accordance with its investment policy in Bulgarian and foreign companies, collective investment schemes and other collective investment undertakings, for a period of 10 years from the date of its entry in the Commercial Register, which may be extended by up to two years before the expiry of that period by a resolution of the General Meeting and with the consent of the unlimited partner. The Fund was established for the purpose of incentivising and bonifying in the future employees of the shareholder companies by distributing an interest in the same, to be monetised by liquidation on expiry of the period for which it was established. Shares may be transferred by a shareholder to its employees to whom they are allocated as part of the shareholder's employee bonus and incentive scheme. Transfer of shares allocated by a shareholder to its employees may take place after the expiry of five (5) years from the date of registration of the Fund in the commercial register. With decision from 22.11.2024, the "Fond za Ekipa na Karoll" KDA was transformed by changing its legal form and name into "Karoll Motivation Pull" AD, in which Karoll Capital Management EAD. has kept the amount of its shareholding unchanged. The newly established company "Karoll Motivation Pull" A.D., UIC 208107127, has a term of existence of 10 years from the date of its entry in the Commercial Register, which may be extended by up to two years before the expiry of this term by a resolution of its shareholders' general meeting. Its activity in focusing on the investment of funds in Bulgarian and foreign companies, collective investment schemes and other collective investment undertakings, which Karoll Motivation Pull A.D. will carry out with the same purpose - incentivisation and bonification in the future period of the employees of the companies-shareholders through the distribution of an equity interest in the same, to be monetised through liquidation at the end of the period for which it was established. Shares of the newly established company as a result of the transformation through a change of legal form may also be transferred by a shareholder to its employees to whom they are allocated as part of the respective shareholder's employee bonus and incentive scheme. Transfer of shares allocated by a shareholder to its employees may take place after the expiry of five (5) years from the date of registration of "Karoll Motivation Pull" in the commercial register. As a result of the reorganisation through a change of legal form, "Fond za Ekipa na Karoll" KDA was dissolved. Karroll Capital Management EAD owns 30% of the capital of the newly established company.

2. Operating result of the Company in 2024

In 2024 Karoll Capital Management EAD realized revenues from operating activities in the amount of BGN 3,343 thousand (2023: 2,272 thousand), formed by:

- remuneration for management of collective investment schemes at the amount of BGN 1,612 thousand.
- remuneration under discretionary management contracts at the amount of BGN 845 thousand.
- distribution of Schroders Funds in the amount of BGN 886 thousand.

In 2024, the Company reports a net gain on transactions with financial assets carried at fair value of BGN 66 thousand, formed from a gain on operations with financial assets of BGN 136 thousand, a loss on subsequent measurement of BGN 87 thousand and interest income on financial instruments of BGN 17 thousand. Gains on financing activities amounting to BGN 2 thousand, net loss from currency exchange differences of BGN 1 thousand and other finance costs amounting to BGN 7 thousand.

In the reporting period, the operating expenses of the Company was at the amount of BGN 2,220 thousand.

The Company's net result for the period, after tax, is BGN 1,063 thousand.

The company meets all regulatory requirements for liquidity and capital adequacy

Indicator	Statutory minimum (%)	Reported
Equity to minimum capital	100	875.92%
Minimum liquid assets to current liabilities	100	119.38%

The past year proved to be quite positive for the financial markets. Global equities, represented by the MSCI ACWI index, ended the year with a +23.5% gain (measured in EUR). There was a big divergence between developed markets, which rose by +24.8%, and emerging markets, which gained +12.1%. The difference was mainly due to US and Japanese equities, whose prices spiked by over 20% for the year. At the sector level, cyclical industries such as Financial Services and Information Technology outperformed the defensive companies in Healthcare and Consumer Staples. Chinese equities started the year timidly but caught up in the second half after the government announced solid measures to support the economy.

After a record performance in 2023, equities in Central and Eastern Europe continued to climb in 2024. Supported by strong corporate results and expectations of accelerated economic growth, regional equities ranked among the leaders in terms of returns in the first half of the year. However, economic dynamics did not fully meet expectations. Weak demand in Western Europe weighed on exports and domestic consumption recovered more slowly than expected despite significant income gains. This led to a poorer performance of the indices in the second half of the year. The main regional benchmark we use for comparison, the MSCI EFM Europe+CIS ex RU, rose by +9.27% in 2024.

Among our main markets in the region, Hungary was the strongest performer, where stocks recorded a +30.9% growth, as measured by the BUX index. In the Czech Republic, the PX index rose by +24.5%. Poland, which has the largest weighting in the Fund, underperformed and the main WIG20 index ended with a decline of 6.2%. At the sector level, Financial Services stocks performed the strongest, followed by Communication Services. Meanwhile, Consumer Goods and Energy were the weakest performers. The main index of the Bulgarian Stock Exchange - SOFIX remained in the top 10 in terms of growth among regional exchanges, although it slowed down in 2024. The Bulgarian benchmark rose by +16.7% last year (vs. +27.2% in 2023).

The performance of Karoll Capital Management's funds in 2024, was as follows:

- MF Advance Invest: +11.33%
- MF Advance Eastern Europe Class A: +11.08%
- MF Advance Emerging Europe Opportunities: +8.02%
- MF Advance Global Trends: +16.14%

Over the past year, all of the funds managed by Karoll Capital Management managed to generate positive returns for their investors, and some of the strategies managed to beat the benchmark indices. The traditional leader in terms of returns among domestic funds was Advance Invest Mutual Fund. Furthermore, this fund also took the first place in the 'Equity Fund - Emerging Markets' category in the 2024 Investor.bg ranking as a result of its good performance. The portfolios of the discretionary account service ended the year with a positive performance in all risk categories.

Strong client interest toward individual portfolio management (discretionary management) services continues, where through exchange traded funds (ETFs), active mutual funds and individual financial instruments we provide access to a large number and variety of strategies, assets, regions and sectors around the world. Assets under management also grew substantially in 2024, particularly in the conservative low-risk profile segment dominated by investments in debt securities.

There was a substantial interest in investing in Advance Emerging Europe Opportunities fund, whose assets nearly quadrupled during the year. Expectations of an imminent end to the war and the subsequent recovery of Ukraine put Central European markets in the focus of investors.

It was also a dynamic year for Karoll Capital Management's offering of funds from our global partner Schroder Investment Management. Once again, we reported strong interest in investing in the UK fund management company's funds, with assets in the institutional investor segment growing in 2024.

The main priorities in the past year were the high quality service of Karoll Capital Management's clients, upgrading of technical support, active participation in initiatives of professional organizations in the industry, and last but not least - active focus on educational initiatives as part of the implementation of the company's corporate social responsibility.

3. Main risks for the Management Company

The main risks to the activity of the management company are described in detail in the Risk Management Rules of Karoll Capital Management EAD.
The management company distinguishes the following types of risks, related to activities, procedures and systems:

1. Internal - related to the organization of work of the Management Company, which consists not limited to:

a) Risks related to the staff.
b) Risks related to the processes.
c) Risks associated with the systems

2. External - related to macroeconomic, political, and other factors that affect or may affect the activities of the Management Company. They consist of, but are not limited to:

a) Risk related to the surrounding environment.
b) Risk of physical interference.

4. Financial instruments used by the Company

Categories of financial instruments

The book values of the financial assets and liabilities of the Company can be presented in the following categories:

Financial assets	**As of 31.12.2024**	**As of 31.12.2023**
Financial assets at fair value through profit or loss		
Shares	84	164
Units of collective investment schemes	2,286	1,137
Bonds	-	198
	2,370	**1,499**
Financial assets at amortized cost:		
Trade and other financial receivables	731	646
Receivables from related parties	195	77
Cash and cash equivalents	234	185
	1,160	**908**
Total	**3,530**	**2,407**

Financial liabilities	**As of 31.12.2024**	**As of 31.12.2023**
Financial liabilities at amortized cost:		
Trade and other payables	55	21
Liabilities to related parties	19	20
Total	**74**	**41**

Objectives and policy for financial risk management

The main financial risks to which the Company is exposed are market risk, credit risk and liquidity risk.

Risk management is carried out on the principle of centralization and is structured according to the levels of competence as follows:

- Board of Directors - determines the acceptable levels of risk within the Company's strategy, as well as adopts and approves adequate rules and procedures for risk management.
- Executive director - monitors compliance with the limits adopted, and organises the proper implementation of the risk management rules and procedures adopted by the Board of Directors.

Risk Management Department - carries out the operational activities of measuring, monitoring, managing and controlling risks in the management of the Company's portfolio of funds and financial assets.

Market risk

Market risk is a systemic (total) risk that affects the value of all assets. It arises from the characteristics of the macroeconomic environment and the state of the capital market in the country, operates outside the company - issuer and in principle cannot be diversified. Market risk consists of currency, interest rate and other price risk. The main methods for limiting systemic risk and its individual components are the collection and processing of information on the macroeconomic environment, and on this basis forecasting and compliance of investment policy with the expected dynamics of this environment. All investments in securities can create a risk of capital loss.

Currency risk

The Company is exposed to currency risk when it conducts transactions with financial instruments denominated in foreign currency. When making transactions in foreign currency, income and expenses arise from foreign exchange transactions, which are reported in the statement of comprehensive income. Such exposures are the monetary assets and liabilities of the Company denominated in currencies other than BGN and EUR. During the presented reporting periods the Company has not been directly exposed to currency risk, as it has not had monetary assets denominated in currencies other than BGN and EUR. To the extent that a large part of the Company's investments in financial assets measured at fair value are exposed to currency risk due to their own investments denominated in currencies other than EUR and BGN, the Company is indirectly exposed to currency risk.

Interest rate risk

The activity of the Company is subject to risk of fluctuations in interest rates to an insignificant extent. The value of interest-bearing assets with a fixed interest rate changes as a result of changes in market interest rates. For assets with floating interest rates, the Company is exposed to interest rate risk as a result of a change in the interest rate index to which the respective financial instrument is linked.

As of 31 December 2024, the Company is not exposed to the risk of changes in market interest rates.

Other price risk

The Company defines price risk as the risk of a decline in the price of a financial asset or portfolio of financial assets due to factors other than those arising from interest rate or currency risk. These investments are constantly monitored. The equities held by the Company give voting rights in the issuers' General Meetings of the Shareholders.

	ISIN	Issue currency	As of 31.12.2024	As of 31.12.2023
MF Advance Opportunities in New Europe	BG9000023077	EUR	2,151	823
MF Advance Global Trends	BG9000002113	EUR	135	116
Karoll Motivation Pull AD	BGBNB0008283	BGN	75	-
Advance Equity Holding AD	BG1100033064	BGN	9	164
SISF EURO Liquidity EUR A Acc	LU0136043394	EUR	-	198
TB TBI Bank EAD - Sofia	BG2100042238	EUR	-	198

Credit risk

Credit risk is the risk that a counterparty will fail to meet its obligation to the Company. The company is exposed to this risk in connection with various financial instruments, such as receivables from customers, deposit of funds, investments in securities and others.

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognized at the end of the reporting period, as follows:

	As of 31.12.2024	As of 31.12.2023
Financial assets at fair value through profit or loss	2,370	1,499
Debt Instruments at Amortised Cost	1,160	908
Book value	**3,530**	**2,407**

As of the date of the financial statements, none of the trade and other financial receivables or other assets of the Company have expired.

Liquidity risk

According to the requirements of Ordinance № 44 on the requirements to the activity of collective investment schemes, management companies, national investment funds, alternative investment funds and persons managing alternative investment funds. The Management Company must maintain at all times minimum liquid assets, including cash on hand, in current accounts and on deposit in a bank, which is not in insolvency proceedings, government securities and mortgage and municipal bonds that have market price, not less than the amount of its current liabilities with maturity of up to 3 months.

The company estimates cash flows from remuneration for management of managed mutual funds for up to 1 month. Available cash resources and trade receivables do not exceed current cash flow needs.

According to the concluded individual portfolio management contracts (trust management) and according to the concluded contracts for distribution of Schroders funds, all cash flows are due within one month.

5. Significant events that occurred after the annual accounting closing

No adjusting events or significant non- adjusting events have occurred between the date of the financial statement and the date of its approval.

6. Expected future development of the Company

The investment community is once again facing a challenging environment in the context of ongoing geopolitical conflicts around the world - the ongoing for a third year war in Ukraine, the fragile truce in Gaza and the Middle East, tensions between the US and China, the policy of the US President Trump of imposing tariffs leading to global trade wars. Karoll Capital Management's investment professionals monitor capital market dynamics on a daily basis to effectively manage our clients' investment portfolios and take advantage of opportunities across all asset classes and geographical regions.

In 2025 Karoll Capital Management aims to provide its clients with the best possible portfolio management and client service - factors that are a prerequisite for long-term success based on the accumulated solid experience over the years. The main task is to focus the activities on the individual expectations and needs of the client. Our expectation is to attract a number of new customers for the products and services offered. In view of the excellent prospects for the Central and Eastern Europe (CEE) region, we expect strong interest and development in the Advance funds that we manage, whose investment focus is on the region.

The broad global product portfolio of our partners Schroder Investment Management is also expected to boost the interest of local investors. In 2025 we also plan to offer principal protected structured products in the local market in partnership with one of the most reputable global finance companies.

The still low interest rates on bank deposits and the improving financial literacy in the society favour the demand of households and companies for ways to channel their savings to investments in the capital markets. Our strategy is precisely in response to this new reality in the country. At the forefront is the discredtionary accounts service, where the investment specialists of Karoll Capital Management work more closely with individual clients to provide them with personalized global solutions according to their risk profile and preferences.

In the medium term, Karoll Capital Management aims to take a leading position among the management companies in Bulgaria, and a worthy place in the region. The Company will offer its portfolio management services to various types of institutional and individual investors - local and international, including pension funds, universities and foundations, individuals, and legal entities. The investment focus of the managed products, as before, will cover a wide range of markets in Eastern Europe and around the world. In addition, the strategy includes offering local clients an increasingly rich palette of investment products, managed by our global partners.

7. Research and development activities

The specificity of the subject of activity of the Management Company does not imply the development of research and development in the traditional sense of the term. The innovations in the activity of Karoll Capital Management EAD will be related mainly to the development and improvement of the processes and methods for asset management and customer service, including through the implementation of modern software solutions in these areas. The company is currently developing an online module through which remotely clients will be able to enter into contracts with the management company to invest in Schroders managed funds, place subscription and redemption orders for the funds and monitor their investment portfolio, activity and performance.

8. Information pursuant to Art. 187d and art. 247 of the Commerce Act

In 2003, Karoll Capital Management EAD was established with a capital of BGN 100,000, divided into 1,000 ordinary registered voting shares with a nominal value of BGN 100. In 2005 the Company increased its capital by BGN 150,000 with funds from the sole owner and distribution of the profit from previous years. In 2006 the Company increased its capital by BGN 300,000 by distributing the profit from previous years and general reserves. In 2008 the Company increased its capital by another BGN 450,000 to a total of BGN 1 million. In 2017, the Company reduced its capital by BGN 100,000, reducing the nominal value of one share to BGN 90. With the reduction of capital, part of the accumulated losses from previous years are covered. As of 31 December 2024, the capital of the Company is BGN 900 thousand, distributed in 10,000 ordinary registered voting shares, with a nominal value of BGN 90. The sole and ultimate owner of the capital is Stanimir Karolev. The Company's shares are registered in Central Depository AD as dematerialized. The Company is entered in the Commercial Register with UIC 131134055. It has a three-member Board of Directors. The Company is represented jointly by the executive director and the procurator. As of 31 December 2024, the members of the Board of Directors are: Stanimir Karolev - Chairman of the Board of Directors, Konstantin Prodanov - Deputy Chairman of the Board of Directors and Daniel Ganev - Executive Director.

Remuneration of the Board of Directors and procurator, received in 2024 under employment contracts amount to BGN 429 thousand

There are no restrictions on the rights of the members of the Board of Directors to acquire shares of the Company.

Stanimir Karolev owns more than 25 percent of the capital of Karoll AD, Drakar OOD, Mebelor OOD, Karoll Finance EOOD, Nettelkom EOOD, Karoll Standard EOOD, and Karoll Investment EAD and participates in the management of Karoll Investment EAD, Karoll AD, Karoll Finance EOOD, Karoll Standard EOOD and Karoll Knowledge Foundation.

Bistra Kotseva participates in the management of the "Everything for Personal Finance Foundation and Gradus AD.

Konstantin Prodanov participates in the management of "Bravo Property Fund" REIT.

In 2024 the Company chose the auditing company Grant Thornton Ltd. with registration number 032 to audit the annual financial statements for 2024. The agreed remuneration amounts to BGN 7 thousand without VAT and is entirely for an independent financial audit.

9. Announcement regarding the Remuneration Policy of the Management Company

The Management Company discloses to all interested parties, details of the applied remuneration policy and any subsequent changes in it, without disclosing information that is a secret protected by law.

The remuneration policy covers all forms of remuneration paid by the management company, as well as all amounts paid directly by the managed collective investment schemes, including:

- Wages.
- any financial incentives, incl. fees for achieved results.

- other material incentives, incl. any transfer of units or shares of collective investment schemes for the benefit of employees, as well as for the benefit of any other employee, whose total remuneration is comparable to the remuneration of those employees and whose professional activities affect the risk profile of the collective investment undertakings managed by the management company.
- benefits related to pension and health insurance.

The remuneration policy applies to the remuneration of the following categories of staff:

- executives.
- employees whose activities are related to risk-taking.
- employees performing control functions.
- all other employees whose remuneration is commensurate with the remuneration of executives and employees whose activities involve risk-taking and whose professional activities affect the risk profile of the collective investment schemes, managed by the Company.

Remuneration is formed in such a way that it does not impair the independence of employees, and they are not placed in a situation where the approval of a transaction, decision-making or advice on issues, affecting risk and financial control, are directly related to the increase of the remuneration. Remunerations are formed so that there is no direct relationship between the remuneration of the persons, performing mainly one activity, and the remuneration of the persons, performing mainly another activity for the Management Company, or the income realized by the latter.

In cases, where the remuneration is linked to the results of the activity, its total amount is based on a combination of the assessment of the results of the individual and the organizational unit in which the employee works, or the relevant collective investment scheme or other investment product, taking into account their risk profile, as well as the overall results of the Management Company.

The Management Company, in order to determine the variable remuneration of its employees, has evaluated the results of the company as a whole and a thorough analysis of the results of the management of collective investment schemes, the results of trust management of individual portfolios, and the distribution of collective investment schemes, managed by other management companies. The quantitative and qualitative criteria set out in the Company's Remuneration Policy have been used to assess performance and the Company's financial position has been determined by reference to the indicators set out in the Policy.

There are no remunerations paid directly by a collective investment scheme itself, including a performance fee.

During calendar year 2024, in accordance with the applicable Remuneration Policy, a portion of the variable remuneration of certain employees was paid into units of collective investment schemes managed by the Management Company, subject to the deferral and forfeiture rules. In cases where the Management Company has not applied the provisions of Article 108(4)(11) to (13) of the Act on the activities of collective investment schemes and other collective investment undertakings (CISOUCIA), the requirements of Article 108(6) of the Act on the activities of collective investment schemes and other collective investment undertakings (CISOUCIA) have been complied with, namely that the total amount of the annual variable remuneration of the employee concerned does not exceed 30% of his total annual fixed remuneration and does not exceed BGN 30 000.

A review of the Remuneration Policy was carried out on 29 January 2025 by two members of the board of directors, who are not entrusted with management and have experience in risk management and renumeration. As a result of the review, it was found that the rules applied as set out in the Remuneration Policy comply with the requirements of the law. A periodic review was also carried out by the Head of Regulatory Compliance, which found that the rules set out in the Remuneration Policy were being complied with and applied by the staff responsible. No amendments to the Remuneration Policy were adopted in 2024.

Total gross remuneration of employees of the management company for the financial year 2024 is presented in the following table.

Staff category	Average number of employees	Permanent remuneration BGN'000	Variable remuneration BGN'000	Pension and health insurance BGN'000
Executives	9	564	130	5
Employees, whose activities involve risk-taking	9	381	120	9
Employees performing control functions	3	157	36	3
Employees whose remuneration is commensurate with the remuneration of executives and employees whose activities involve risk-taking and whose professional activities affect the risk profile of the collective investment schemes managed by the management company	-	-	-	-
All other employees	3	138	19	4

10. Disclosure for sustainable investments under Article 6 of Regulation 2019/2088

Karoll Capital Management EAD has adopted a policy of integrating sustainability risks into its investment decision-making process in order to invest responsibly both on behalf of and for the account of the managed collective investment schemes and in carrying out the activities of trust management of individual portfolios and distribution of financial instruments. The management company has taken sustainability risks into account in its investment decision-making process as these risks affect the risk of investments and therefore their return. The Management Company applies the principles of responsible investment and sustainability in the management of assets, using sustainable finance assessments and indicators from external providers in screening and identifying the main adverse sustainability impacts as part of the investment process. Where such external assessments are not available, the Management Company applies an internal assessment of factors based on a proprietary model that considers both the criteria themselves and the specifics of the sectors in which companies operate and their ability to collect and disclose information about their sustainability and social responsibility actions.

In accordance with the requirements of Delegated Regulation (EU) 2022/1288, Karoll Capital Management EAD has published on its website information on the reported main adverse impacts of investment decisions on sustainability factors for the period 01.01.2022 - 31.01.2022, and such for the period 01.01.2023 - 31.01.2023 and such for the period 01.01.2024 - 31.12.2024 shall be published by 30.06.2025. Although a significant part of the investments made on behalf of and for the account of the managed collective investment schemes and/or of the trustees, as well as a significant part of the products distributed could comply with the principles of sustainable investment, the financial products offered and/or distributed by the management company are not fully compliant with the EU criteria for environmentally sustainable economic activities. Therefore, the management company does not have any environmental and/or social characteristics within the meaning of Article 8 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 29.11.2019 on sustainability disclosures in the financial services sector.

11. Company's Offices

Karoll Capital Management EAD offers the possibility of receiving orders for subscription and redemption of managed and distributed shares of collective investment schemes of investors in the office in Sofia, 1 Zlatovrah Str.

18.03.2025

Executive Officer:
/ Daniel Ganev /

Procurator:
/ Bistra Kotseva /

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INDEPENDENT AUDITOR'S REPORT

To the sole shareholder of
Karoll Capital Management EAD
57 Hristo Botev Str., Sofia

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Karoll Capital Management EAD** (the Company), which comprise the statement of financial position as of 31 December 2024 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and Bulgarian legislation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independent Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), together with the ethical requirements of Bulgarian Independent Financial Audit and Assurance of Sustainability Reporting Act, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the annual management report, prepared in accordance with Bulgarian Accountancy Act, and other applicable regulatory requirements, but does not include the financial statements and our auditor's report thereon

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or whether our knowledge obtained in the audit may indicate that there is a material misstatement or otherwise the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and Bulgarian legislation, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and Bulgarian Independent Financial Audit and Assurance of Sustainability Reporting Act will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In addition to our responsibilities for reporting under ISAs, described above in section "Information Other than the Financial Statements and Auditor's Report Thereon", regarding annual management report, we have performed the additional procedures contained in the Guidelines of the professional organisation of certified public accountants and registered auditors in Bulgaria - Institute of Certified Public Accountants (ICPA). The procedures on the existence, form and contents of the other information have been carried out in order to state whether the other information includes the elements and disclosures in accordance with Chapter Seven of Bulgarian Accountancy Act.

Statement Pursuant to Article 37, Paragraph (6) of Bulgarian Accountancy Act

Based on the procedures performed, we describe the outcome of our work:

(a) the information in the management report is consistent with the financial statements for the same reporting period;

(b) the management report is prepared in accordance with the applicable legal requirements; and

(c) as a result of the acquired knowledge and understanding of the activities of the Company and the environment in which it operates, we have found no cases of material misrepresentation in the management report.

Additional reporting in relation to Regulation № 58/2018 of the Financial Supervision Commission

Statement in relation to Article 11 of Regulation *№58* /2018. of the FSC on the requirements for the protection of financial instruments and clients' funds, for the management of products and for the granting or receiving of remuneration, commissions, other monetary and non-monetary benefits.

Based on the audit procedures performed and the knowledge and understanding of the Company's operations gained in the course and context of our audit of its financial statements as a whole, the arrangements established and implemented in relation to the storage of client assets comply with the requirements of Art. 3-10 of Regulation № 58 of the FSC and Art. 92-95 of the Markets in Financial Instruments Act with respect to the activities of the investment firm.

Mariy Apostolov
Managing partner

Silvia Dinova
Registered auditor responsible for the audit

Grant Thornton Ltd.
Audit firm with reg. № 032

26 March 2025
Bulgaria, Sofia, 26, Cherni Vrah Blvd.

All amounts are in thousands of Bulgarian leva, unless otherwise stated

	Note	As of 31.12.2024	As of 31.12.2023
Assets			
Non-current assets			
Machinery and equipment	5	22	16
Intangible assets	6	17	27
Deferred tax assets	7	5	5
Non-current assets		**44**	**48**
Current assets			
Financial assets at fair value through profit or loss	8	2,370	1,499
Trade and other finance receivables	9	731	646
Related party receivables	22.2	196	77
Prepayments and other assets	10	50	29
Cash and cash equivalents	11	234	185
Current assets		**3,581**	**2,436**
Total assets		**3,625**	**2,484**
Equity and liabilities			
Equity			
Share capital	12.1	900	900
Reserves	12.2	100	100
Retained earnings		2,216	1,153
Total equity		**3,216**	**2,153**
Liabilities			
Current liabilities			
Trade and other payables	15	198	143
Employee and social security payables	13.2	192	168
Related party payables	22.2	19	20
Total liabilities		**409**	**331**
Total equity and liabilities		**3,625**	**2,484**

Daniel Ganev :
Executive Director
Karoll Capital Management EAD

Milena Simova:
Chief Accountant

Bistra Kotseva:
Procurator

Karoll Capital Management EAD
Date: 18 March 2025

With an audit report from 26 March 2025

Silvia Dinova
Registered auditor responsible for the audit

Mariy Apostolov, Managing partner
Grant Thornton Ltd.
Audit firm, registration № 032

All amounts are in thousands of Bulgarian leva, unless otherwise stated

	Note	For the year ending December 31 2024	For the year ending December 31 2023
Revenue	16	3,343	2,272
Cost of material	17	(24)	(23)
Hired services expenses	18	(380)	(315)
Employee benefits expense	13.1	(1,722)	(1,606)
Depreciation of non-financial assets	5,6	(21)	(15)
Other expenses	19	(73)	(91)
Profit from operating activities		**1,123**	**222**
Net gain from operations with financial assets at fair value through profit or loss	20	66	151
Loss from foreign currency exchange differences, net		(1)	(1)
Financial costs , net		(5)	(6)
Profit before taxes		**1,183**	**366**
Income tax (expense) / income	21	(120)	(43)
Profit for the year		**1,063**	**323**
Total comprehensive income for the year		**1,063**	**323**

Daniel Ganev:
Executive Director
Karoll Capital Management EAD

Milena Simova:
Chief Accountant

Bistra Kotseva:
Procurator

Karoll Capital Management EAD
Date: 18 March 2025

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All amounts are in thousands of Bulgarian leva unless otherwise stated

	Note	For the year ending December 31 2024	For the year ending December 31 2023
Cash flows from operating activities			
Proceeds from customers		1,836	1,269
Proceeds from managed funds		1,511	798
Payments to suppliers		(515)	(420)
Payments to employees and social security institutions		(1,676)	(1,452)
Income tax payments		(132)	(24)
Payments for other taxes		(161)	(71)
Proceeds related to operations with foreign		1	1
Payments related to operations with foreign currency, commissions and other		(9)	(8)
Other operating proceeds		23	22
Other operating payments		(24)	(76)
Net cash flows from operating activities		**854**	**39**
Cash flows from investment activity			
Cash payments for financial assets' acquisition		(1,362)	(587)
Proceeds from sale of financial assets		539	198
Received interest		18	-
Net cash flows from investment activity		**(805)**	**(389)**
Net change of cash and cash equivalents		**49**	**(350)**
Cash and cash equivalents, beginning of year	11	185	535
Cash and cash equivalents, end of year		**234**	**185**

Daniel Ganev :
Executive Director
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Procurator

Karoll Capital Management EAD
Date: 18 March 2025

With an audit report from 26 March 2025

Silvia Dinova
Registered auditor responsible for the audit

Mariy Apostolov, Managing partner
Grant Thornton Ltd.
Audit firm, registration № 032

All amounts are in thousands of Bulgarian leva, unless otherwise stated

	Share capital	Reserves	Retained earnings	Total equity
Balance as of 1 January 2023	**900**	**100**	**830**	**1830**
Profit for the year	-	-	323	323
Total comprehensive income for the year	-	-	323	323
Balance as of 31 December 2023	**900**	**100**	**1,153**	**2,153**
Profit for the year	-	-	1,063	1,063
Total comprehensive loss for the year	-	-	1,063	1,063
Balance as of 31 December 2024	**900**	**100**	**2,216**	**2,216**

Daniel Ganev :
Executive Director
Karoll Capital Management EAD

Milena Simova:
Chief Accountant

Bistra Kotseva:
Procurator

Karoll Capital Management EAD
Date: 18 March 2025

With an audit report from 26 March 2025

Silvia Dinova
Registered auditor responsible for the audit

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Notes to the financial statements

1. General information

Karoll Capital Management EAD is registered in Bulgaria by Decision № 1 dated 2.09.2003 of the Sofia City Court. The Company is entered into the Bulgarian Commercial register under UIC 131134055. As of December 31, 2024, the Company's share capital is BGN 900 000, divided into 10,000 ordinary registered shares with voting rights, with a nominal value of BGN 90.

The Company's registered office is in Sofia 1303, Vazrajdane District, 57 Hristo Botev Blvd. The correspondence address of the Company is Sofia 1164, Lozenets District, 1 Zlatovrah Str.

The Company has Board of Directors consisting of three directors – Daniel Ganev, Konstantin Prodanov, and Stanimir Karolev. The company is represented jointly by the executive director and the procurator Bistra Kotseva.

As at 31.12.2024, the employees of the Company are 24, all of whom have been employed under labour contracts.

The Company is subject to regulation by the Financial Supervision Commission (FSC). Karoll Capital Management EAD is authorised by a resolution 328-UD of the FSC, dated 21st of August 2003, to carry out operations within the meaning of the Public Offering of Securities Act. The license was complemented by a decision 115-UD of the FSC, dated 14th of February 2006. In 2019, the Company renewed its license pursuant to the last amendments of art. 86 of the Collective Investment Schemes and Other Collective Investment Enterprises Activity Act and now holds license № 63-UD/25.09.2019. By Decision № 226- AIFM /29.03.2022 of the FSC, the management company is entered in the register maintained by the same as a person managing alternative investment funds whose assets do not exceed the thresholds established in Article 197, paragraph 1 of the Act on the activities of collective investment schemes and other collective investment undertakings (CISOUCIA). With decision № 690-AIFM of 03.10.2024 the management company was deregistered from the register of the Financial Supervision Commission as a person managing alternative investment funds.

Karoll Capital Management distributes in Bulgaria and Romania units of collective investment schemes, organised and managed by „Schroder Investment Management" (Europe)".

Karoll Capital Management structures securities portfolios according to the investment objectives of its clients in accordance with the concluded contract with the client.

As of the end of 2024, Karoll Capital Management manages four mutual funds:

- Advance Invest was initially licensed as an open-type investment company with a licence to perform activities issued by the FSC under Resolution № 561 – ID, dated 22.12.2003 and subsequent decision № 736 – MF of 03.10.2013 The Fund invests in securities of companies from Bulgaria, Romania and other eastern European companies.

- Advance Eastern Europe Mutual Fund, organized and managed by the Company by the decision № 29-MF dated 31.08.2006 of the FSC. The Fund invests in shares of the leading companies in the Eastern Europe region. On 03.01.2023. Fund Advance Eastern Europe was transformed by separating share classes, creating a new share class - Class B, to which assets affected by restrictions on the functioning of and access to the securities market of Russian issuers, dividend receivables thereon, blocked cash from dividends paid by Russian issuers, as well as free cash required to meet estimated expenses inherent in the new Class B for the duration of its existence were attributed. The existing issue of Units has been converted into Class A Units of the Fund. Units of the new Class B were distributed to investors in a 1:1 ratio to existing unitholders' shares in the Fund prior to the transformation. In 2024, the number is unchanged as the Fund's Class B remains closed for subscriptions and redemption. By minutes of a meeting of the Board of Directors of the Management Company from 05.11.2024, the existence of the Class B of the Fund was extended until 05.12.2025.

- Advance Emerging Europe Opportunities, organised and managed by the Company by virtue of a Decision № 1410-MF of the FSC dated 7.11.2007 and following FSC decisions № 112-MF /

23.02.2015, decisions № 113-MF / 23.02.2015 and decisions №114-MF / 23.02.2015. The fund invests primarily in shares of companies from the following countries: Poland, Czech Republic, Hungary, Slovenia, Estonia, Lithuania, and Austria (with exposure to CEE), but also allows investments in shares of companies from Romania, Serbia, Croatia, Bulgaria, Turkey, Albania, Greece, Cyprus, Bosnia and Herzegovina, Slovakia, Kazakhstan, Montenegro, North Macedonia, Ukraine, Latvia. The Fund may also invest in shares of revenue generating companies in the CEE region that are traded on foreign exchanges.

- Advance Global Trends, organised and managed by a Decision № 353-MF of the FSC dated 08.06.2011. The Fund has global focus. It invests primarily in ETFs (Exchange Traded Funds), exchange traded commodities (ETC) mainly in US and EU, and in collective investment schemes admitted to public offering in the EU.

2. Basis for preparation of financial statements

2.1 Statement of compliance with IFRS, as adopted by the EU

The Company's financial statements have been prepared in accordance with IFRS accounting standards developed and published by the International Accounting Standards Board (IASB) and adopted by the European Union (IFRS accounting standards adopted by the EU). For the purposes of paragraph 1(8) of the Additional Provisions of the Accounting Act applicable in Bulgaria, these include International Accounting Standards (IAS) adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council

Management of the Company is responsible for the preparation and fair presentation of the information in these financial statements.

The financial statements are presented in Bulgarian lev, which is the functional currency of the Company. All amounts are presented in thousands of levs (BGN thousand), including comparative information for 2023, unless otherwise stated.

2.2 Going concern principle

At the date of these financial statements, the Company's management has has analyzed and assessed the Company's ability to continue as a going concern based on the information available for the foreseeable future. After making enquiries, management has a reasonable expectation that the Company has sufficient resources to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the annual financial statements.

3. New or revised standards or interpretations

3.1 New standards, amendments and interpretations to existing standards as at 1 January 2024

The Company has adopted the following new standards, amendments and interpretations to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Company's financial statements for the annual period beginning 1 January 2024:

- Amendments to IAS 1 "Presentation of financial statements: Classification of liabilities as current or non-current", effective from 1 January 2024, adopted by the EU
- Amendments to IAS 1 "Presentation of financial statements: Non-current liabilities with covenants", effective from 1 January 2024, adopted by the EU
- Amendments to IFRS 16 "Leases: Lease Liability in a Sale and Leaseback", effective not earlier than 1 January 2024, adopted by the EU
- Amendments to IAS 7 "Statement of cash flows" and IFRS 7 "Financial instruments: Disclosures: supplier finance arrangements", effective from 1 January 2024, not yet adopted by the EU.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these separate financial statements, certain new standards, amendments and interpretations to existing standards have been issued, but are not effective or adopted by the EU for the financial year beginning on 1 January 2024 and have not been adopted early by the Company. All standards and amendments are expected to be adopted in the Company's accounting policies in the first period beginning after the effective date. Information on those expected to be relevant to the Company's separate financial statements is provided below:

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7), effective from 1 January 2026, not yet adopted by the EU

The amendments in Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) are:

- **Derecognition of a financial liability settled through electronic transfer.** The amendments to the application guidance of IFRS 9 permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.

- **Classification of financial assets**
  - *Contractual terms that are consistent with a basic lending arrangement.* The amendments to the application guidance of IFRS 9 provide guidance on how an entity can assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. To illustrate the changes to the application guidance, the amendments add examples of financial assets that have, or do not have, contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
  - *Assets with non-recourse features.* The amendments enhance the description of the term 'non-recourse'. Under the amendments, a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
  - *Contractually linked instruments.* The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions. The amendments also note that not all transactions with multiple debt instruments meet the criteria of transactions with multiple contractually linked instruments and provide an example. In addition, the amendments clarify that the reference to instruments in the underlying pool can include financial instruments that are not within the scope of the classification requirements.
- **Disclosures**
  - *Investments in equity instruments designated at fair value through other comprehensive income.* The requirements in IFRS 7 are amended for disclosures that an entity provides in respect of these investments. In particular, an entity would be required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates to investments derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period.

    Contractual terms that could change the timing or amount of contractual cash flows. The amendments require the disclosure of contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial asset measured at amortised cost or fair value through other comprehensive income and each class of financial liability measured at amortised cost.

IFRS 18 Presentation and Disclosure in Financial Statements effective from 1 January 2027, not yet adopted by the EU

IFRS 18 aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from 1 January 2027. Companies are permitted to apply IFRS 18 before that date. IFRS 18 replaces IAS 1 Presentation of Financial Statements. Requirements in IAS 1 that are unchanged have been transferred to IFRS 18 and other Standards. IFRS 18 will affect all companies in all industries. Although IFRS 18 will not affect how companies measure financial performance, it will affect how companies present and disclose financial performance. IFRS 18 aims to improve financial reporting by:

- requiring additional defined subtotals in the statement of profit or loss. Adding defined subtotals to the statement of profit or loss makes companies' financial performance easier to compare and provides a consistent starting point for investors' analysis.
- requiring disclosures about management-defined performance measures. Requiring companies to disclose information about management-defined performance measures increases discipline over their use and transparency about their calculation.

The following new standards, amendments and interpretations to existing standards, which have also been issued, but are not yet effective, are not expected to have a material impact on the Company's separate financial statements:

- Amendments to IAS 21 "The effects of changes in foreign exchange rates: Lack of exchangeability", effective from 1 January 2025, adopted by the EU
- Annual Improvements Volume 11, effective from 1 January 2026, not yet adopted by the EU
- IFRS 19 Subsidiaries without Public Accountability: Disclosures, effective from 1 January 2027, not yet adopted by the EU

4. Material accounting policy information

4.1 Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarized below

The financial statements are presented in Bulgarian leva (BGN), which is also the functional currency of the Company. All amounts are presented in thousand Bulgarian leva (BGN'000) (including comparative information for 2023), except for earnings per share or unless otherwise stated.

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used for the preparation of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

4.2 Presentation of financial statements

The financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements". The Company has elected to present the statement of profit or loss and other comprehensive income as a single statement.

Two comparative periods are presented for the statement of financial position when the Company:

a) applies an accounting policy retrospectively,
b) makes a retrospective restatement of items in its financial statements,
c) reclassifies items in the financial statements

and this has a material impact on the statement of financial position at the beginning of the preceding period.

In 2024, none of the above conditions is met and therefore the financial statements of the Company are presented with a comparable period.

4.3 Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate as published by the Bulgarian National Bank). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in profit or loss.

Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

4.4 Revenue

The main revenue generated by the Company relates to the management of collective investment schemes, the management of individual portfolios and the distribution of units of funds managed by Schroder Investment Management (Europe).

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations.
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

4.4.1 Revenue recognised over time

Rendering of services

The activities of the Company are restricted by law. The Company's principal income is derived from the distribution of units of collective investment schemes organised and managed by the management company Schroder Investment Management (Europe), from the management of mutual funds, the related fees and transaction income on the issue/redemption of units and the related income for marketing services, as well as from the management of individual portfolios under contract with the client.

Revenue from services is recognised when control over the benefits of the services rendered is transferred to the user of the services. Revenue is recognised over time based on the performance of individual performance obligations.

In recognising revenue from the "mutual fund management", "individual portfolio management" and "distribution of Schroders fund units" service provided, the Company applies the forward measurement method.

The annual fund management fee is as follows:

Mutual Fund Name	% of the average annual value of the Fund's assets
MF Advance Invest	2,50 %
MF Advance Eastern Europe class A	1,50 %
MF Advance Eastern Europe class B	-
MF Advance Emerging Europe Opportunities	1,50 %
MF Advance Global Trends	1,80 %

4.4.2 Revenue recognised at a point of time

Sale of units from the Company-managed funds and shares of funds managed by Schroder Investment Management (Europe)

Revenue represents the remuneration of the Company for the intermediation between the funds and the investors. Revenue is recognized when the Company has transferred the control over the shares to the buyer. It is considered that the control is transferred to the buyer when the investor has accepted to subscribe shares of the relevant fund.

4.4.3 Interest income

Interest income is reported on an ongoing basis in accordance with the contractual terms.

4.5 Operating expenses

Operating expenses are recognized in profit or loss on the use of the services or on the date of their occurrence.

4.6 Intangible assets

Intangible assets include mainly software products required for the activities of the Company and its managed mutual funds. Intangible assets are stated at cost, including all import duties, non-refundable taxes and direct costs associated with preparing the asset for exploitation.

After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment losses. Impairment losses are recognized in the statement of profit or loss and other comprehensive income for the respective period.

Subsequent expenditure on an intangible asset after its purchase or its completion is expensed as incurred unless it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured reliably and attributed to the asset. If these two conditions are met, the subsequent expenditure is added to the carrying amount of the intangible asset.

Residual values and useful lives are reviewed by the management at each reporting date.

Amortization is calculated using the straight-line method over the estimated useful life of individual assets as follows:

- Software 2 years
- Licenses and other 2 years

Amortisation has been included in the statement of profit or loss and other comprehensive income within 'Depreciation and amortisation of non-financial assets.

The recognition threshold adopted by the Company for the intangible assets amounts to BGN 700.

4.7 Machinery and equipment

Machinery and equipment are initially measured at cost, which comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

After initial recognition, fixed assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Impairment losses are recognised in statement of profit or loss and other comprehensive income for the respective period.

Subsequent expenditure relating to an item of property, plant and equipment is added to the carrying amount of the asset when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance. All other subsequent expenditure is recognised as incurred.

Residual value estimates and estimates of useful life of property, plant and equipment are updated by the Management as of each reporting date.

Amortisation of property, plant and equipment is calculated using the straight-line method over the estimated useful life of individual asset types, as follows:

- Vehicles 4 years
- Computers and servers 2 years
- Other 4 years

The recognition threshold adopted by the Company for property, plant and equipment amounts to BGN 700.

4.8 Impairment testing of intangible assets and machinery and equipment

In calculating the amount of impairment, the Company defines the smallest identifiable group of assets for which separate cash flows (cash-generating unit) can be determined. As a result, some assets are tested for impairment on an individual basis and others on a cash-generating unit basis.

All cash-generating assets and units are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of an asset's fair value less costs to sell and its value in use. To determine the value in use, the Company's management calculates the expected future cash flows for each cash-generating unit and determines the appropriate discount factor in order to calculate the present value of these cash flows. The data used in the impairment testing are based on the latest approved budget of the Company, adjusted, if necessary, in order to eliminate the effect of future reorganizations and significant improvements in assets. The discount factors are determined for each individual cash-generating unit and reflect their respective risk profile, assessed by the Company's management.

Impairment losses on a cash-generating unit are stated in the reduction of the carrying amount of the assets of that unit. For all of the Company's assets, management subsequently assesses whether there is any indication that an impairment loss recognized in prior years may no longer exist or be reduced. An impairment loss recognized in a prior period is reversed if the recoverable amount of the cash-generating unit exceeds its carrying amount.

4.9 Leases

4.9.1 The Company as a lessee

The Company considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, which conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- the Company has the right to direct the use of the identified asset throughout the period of use.

The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

After initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.
When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

4.10 Financial instruments

4.10.1 Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

4.10.2 Classification and initial measurement of financial assets

Financial assets are initially measured at fair value, adjusted for transaction costs, except for financial assets at fair value through profit or loss and trade receivables that do not contain a significant financial component. The initial measurement of financial assets at fair value through profit or loss is not adjusted with transaction costs that are reported as current expenses. The initial measurement of trade receivables that do not contain a significant financial component represents the transaction price in accordance with IFRS 15.

Depending on the method of subsequent measurement, financial assets are classified into the following categories:

- Debt instruments at amortised cost;
- Financial assets at fair value through profit or loss (FVTPL);

The classification is determined by both:

- the entity's business model for managing the financial asset;
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within " Net gain from operations with financial assets at fair value through profit or loss "

4.10.3 Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions and are not designated as FVTPL:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- the contractual terms of the financial assets give rise to cash flows that are solely payments on specific dates of principal and interest on the principal amount outstanding.

This category includes non-derivative financial assets like loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Trade receivables

Trade receivables are amounts due from customers for goods or services sold in the ordinary course of business. Typically, they are due to be settled within a short timeframe and are therefore classified as current. Trade receivables are initially recognised at amortized cost unless they contain significant financial components. The Company holds trade receivables for the purpose of collecting the contractual cash flows and therefore measures them at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model than "hold to collect" or "hold to collect and sell", and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Investments in shares of collective investment schemes are necessarily reported at fair value through profit or loss.

Within this category, the Company also reports investments in shares of Advance Equity Holding AD and Karroll Motivation Pull AD. Further information is available in note 8 and 4.16.4

4.10.4 Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the "expected credit loss" (ECL) model.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost, more specifically trade receivables, contract assets recognised and cash at the bank are measured under IFRS 15.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1) and

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2)
- Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the Company's financial assets fall into this category, neither Stage 2.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

4.10.5 Classification and measurement of financial liabilities

The Company's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Financial liabilities are measured at amortised cost using the effective interest method.

4.11 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilized against future taxable income. For management's assessment of the probability of future taxable income to utilize against deferred tax assets, see note 4.16.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

At the reporting date the Company has deferred tax assets arisen on compensated leaves.

4.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, current bank accounts, deposits without maturity and short-term deposit, that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value.

4.13 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued.

Other reserves include legal reserves under the Commerce Act.

Retained earnings include all current and prior period retained profits and uncovered losses.

At the reporting date no dividends are distributed to the sole owner.

All transactions with owners of the Company are recorded separately within equity.

4.14 Post-employment benefits and short-term employee benefits

The Company has not developed or implemented any post-employment or other long-term employee compensation or post-employment benefit plans, either in the form of stock or equity-based compensation.

The Company has adopted and implemented a Remuneration Policy pursuant to Collective Investment Schemes and Other Undertakings for Collective Investments Act.

At the end of the reporting period the Company has short-term liabilities for compensable leave, which arose on the basis of unused paid annual leave.

4.15 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. The present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, granted product warranties, legal disputes or onerous contracts. Restructuring provisions are recognized only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognized for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised. Contingent liabilities are to be measured subsequently at the higher value between the above-described comparable provision and the amount initially recognized less accumulated depreciation.

4.16 Significant management judgement in applying accounting policies

Significant management judgments in applying accounting policies of the Company that have the most significant impact on the financial statements are described below. The main sources of uncertainty in the use of accounting estimates are described below.

4.16.1 Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

4.16.2 Expected credit losses

The company uses an individual model for valuation of ECL for financial assets measured at amortized cost. Provisioning percentages are based on historical past-due data for individual counterparties, adjusted with supportable and reasonable expectations for future events.

4.16.3 Measuring fair value

Significant judgments of the Company's management regarding fair value measurement include an assessment of the activity of the market in which the Company's financial assets are traded, as well as the appropriateness of data inputs other than market-observable inputs for assets for which there are no observable quotations from active markets (level 1 according to the fair value hierarchy of IFRS 13).

4.16.4 Accounting for an investment in Karoll Motivation Pull AD at fair value through profit and loss

The Company is a shareholder of Karroll Motivation Pull AD, newly established in 2024 as a result of a reorganisation through a change of legal form of Karroll Team Fund KDA, of which Karroll Capital Management EAD established in 2024 as an unlimited and limited partner. "Karol Team Fund" KDA and subsequently the newly established as a result of its transformation through a change of legal form, "Karol Motivation Pull" AD, were established for the purpose of incentivising and bonifying in a future period employees of the shareholder companies by distributing an interest in the same to be monetised through liquidation at the end of the term for which the respective company was established. The facts and circumstances surrounding Karroll Capital Management EAD's investment in Karroll Motivation Pull AD suggest that Karroll Capital Management EAD exercises significant influence over Karroll Motivation Pull AD, but the Company has taken advantage of the relief in IAS 28 to measure certain investments in associates (venture capital funds, trusts and similar entities) at fair value through profit or loss.

4.17 Uncertainty of accounting estimates

In preparing the financial statements, management makes a number of assumptions, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Actual results may differ from management's assumptions, estimates and assumptions and, in rare cases, may be consistent with estimates.

Information about the significant assumptions, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses is presented below.

4.17.1 Measurement of expected credit losses

Credit losses represent the difference between all contractual cash flows due to the Company and all cash flows that the Company expects to receive. Expected credit losses are probabilistic weighted estimates of credit losses that require the Company's judgment. Expected credit losses are discounted at the original effective interest rate.

4.17.2 Useful live of depreciable assets

Management reviews the useful lives of depreciable assets at the end of each reporting period.

As of 31 December 2024, the management has determined the useful life of the assets, which is the expected useful life of the assets of the Company.

4.17.3 Provisions

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, such as legal disputes. Restructuring provisions are recognized only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognized for future operating losses.

All amounts are in thousands of Bulgarian leva, unless otherwise stated

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Probable inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

4.17.4 Fair value measurement

Management uses techniques to measure the fair value of financial instruments (in the absence of quoted prices in an active market) and non-financial assets. When applying valuation techniques, market data and assumptions that market participants would adopt when evaluating an instrument are used to the maximum extent possible. In the absence of relevant market data, management uses its best assessment of the assumptions that market participants would make. These estimates may differ from the actual prices that would have been determined in a fair market transaction between informed and willing parties at the end of the reporting period (see Note 27).

5 Machinery and equipment

Equipment includes computer and server systems, copiers and printers. The carrying amount of this group can be analysed as follows:

	Computer and server systems '000 BGN	Printers and copiers '000 BGN	Vehicles '000 BGN	Paintings '000 BGN	Total '000 BGN
Gross Carrying amount					
Balance as of 1 January 2024	53	8	378	10	449
Newly acquired assets	14	-	-	-	14
Balance as of 31 December 2024	67	8	378	10	463
Depreciation					
Balance as of 1 January 2024	(7)	(8)	(378)	-	(433)
Depreciation	(8)	-	-	-	(8)
Balance as of 31 December 2024	(55)	(8)	(378)	-	(441)
Carrying amount 31 December 2024	**12**	**-**	**-**	**10**	**22**

All amounts are in thousands of Bulgarian leva, unless otherwise stated

	Computer and server systems '000 BGN	Printers and copiers '000 BGN	Vehicles '000 BGN	Paintings '000 BGN	Total '000 BGN
Gross Carrying amount					
Balance as of 1 January 2023	49	8	378	10	445
Newly acquired assets	4	-	-	-	4
Balance as of 31 December 2023	53	8	378	10	449
Depreciation					
Balance as of 1 January 2023	(34)	(8)	(378)	-	(420)
Depreciation	(13)	-	-	-	(13)
Balance as of 31 December 2023	(47)	(8)	(378)	-	(433)
Carrying amount 31 December 2023	**6**	**-**	**-**	**10**	**16**

6 Intangible assets

Equipment includes computer and server systems, copiers and printers. The carrying amount of this group can be analysed as follows:

	Software '000 BGN	Acquisition costs '000 BGN	Total '000 BGN
Gross Carrying amount			
Balance as of 1 January 2024	93	4	97
Newly acquired assets	3		3
Balance as of 31 December 2024	96	4	100
Amortisation			
Balance as of 1 January 2024	(70)	-	(70)
Amortisation	(13)	-	(13)
Balance as of 31 December 2024.	(83)	-	(83)
Carrying amount 31 December 2024	**13**	**4**	**17**

	Software '000 BGN	Acquisition costs '000 BGN	Total '000 BGN
Gross Carrying amount			
Balance as of 1 January 2023	73	24	97
Newly acquired assets	20	(20)	-
Balance as of 31 December 2023	93	4	97
Amortisation			
Balance as of 1 January 2023	(68)	-	(68)
Amortisation	(2)	-	(2)
Balance as of 31 December 2023	(70)	-	(70)
Carrying amount 31 December 2023	**23**	**4**	**27**

All amounts are in thousands of Bulgarian leva, unless otherwise stated

7 Deferred tax assets

Deferred taxes arise from temporary differences and unused tax losses and can be presented as follows:

Deferred tax assets	**1 January 2024**	**Recognised in profit or loss**	**31 December 2024**
	'000 BGN.	**'000 BGN.**	**'000 BGN.**
Pensions and other employee obligations	5	-	5
Net deferred tax assets	**5**	**-**	**5**

Deferred tax assets	**1 January 2023**	**Recognised in profit or loss**	**31 December 2023**
	'000 BGN.	**'000 BGN.**	**'000 BGN.**
Pensions and other employee obligations	1	4	5
Net deferred tax assets	**5**	**-**	**5**

8 Financial assets measured at fair value through profit or loss

During the reporting periods presented, the financial assets of the company can be summarised as follows:

	Note	**As of 31.12.2024**	**As of 31.12.2023**
Shares	8.1	84	164
Unites of collective investment schemes	8.2	2,286	1,137
Bonds	-	-	198
TOTAL		**2,370**	**1,499**

8.1 Shares

	ISIN	**Issue currency**	**As of 31.12.2024**	**As of 31.12.2023**
Advance Equity Holding AD	BG1100033064	BGN	9	164
Karoll Motivation Pull AD	BGNB0008283	BGN	75	-

Equity instruments held are carried at fair value through profit or loss, using current market prices from the last trading session on the BSE Sofia to determine the fair value of Advance Equity Holding AD.

The investment in shares of Karoll Motivation Pull AD is carried at the net asset value of the Company, which as at 31 December 2024 represents only shares in the Advance mutual funds and cash.

The shares are not pledged as collateral for liabilities of the Company.

8.2 Units of collective investment schemes

	ISIN	**Issue currency**	**As of 31.12.2024**	**As of 31.12.2023**
MF Advance Emerging Europe Opportunities	BG9000023077	EUR	2,151	823
MF Advance Global Trends	BG9000002113	EUR	135	116
SISF EURO Liquidity EUR A Acc	LU0136043394	EUR	-	198
TOTAL			**2,286**	**1,137**

All amounts are in thousands of Bulgarian leva, unless otherwise stated

The holdings of collective investment schemes are reported at fair value through profit or loss, and the last announced redemption price for 2024 years of the respective collective investment scheme is used to determine their fair value.

9 Trade and other financial receivables

	As of 31.12.2024	As of 31.12.2023
Current financial receivables		
Schroder Investment Management (Europe)	238	183
Receivables from trust management contracts	493	463
TOTAL	**731**	**646**

All receivables are short-term. The net carrying amount of trade and other receivables is considered a reasonable estimate of their fair value.All receivables have been fully paid at the date of the prepartion of the financial statements.

All trade and other financial receivables of the Company have been reviewed for indications of impairment, for which a simplified approach has been applied to determine the expected credit losses for the period. All trade receivables have been collected prior to the preparation of the financial statements and no impairment has been accrued based on the expected credit loss.

10 Prepayments and other assets

	As of 31.12.2024	As of 31.12.2023
Prepaid expenses	32	7
Other receivables	18	22
TOTAL	**50**	**29**

Prepaid expenses are related to annual platform subscriptions, annual membership fees and contributions for additional voluntary health insurance for employees. Other receivables include mainly advance payments.

11 Cash and cash equivalents

	As of 31.12.2024	As of 31.12.2023
Cash on hand and in banks in BGN	200	24
Cash in banks in foreign currency	34	161
TOTAL	**234**	**185**

The company has no blocked money and cash equivalents.

The Company has estimated the expected credit losses on cash and cash equivalents. The estimated value is less than 0.1% of the gross value of cash deposited with financial institutions, therefore it is determined as insignificant and is not accrued in the financial statements of the Company.

12 Equity

12.1 Share capital

The registered capital of the Company consists of 10,000 fully paid ordinary registered shares with a nominal value of BGN 90 per share. All shares are entitled to receive dividends and liquidation shares and provide one vote by the general meeting of shareholders of the Company.

All amounts are in thousands of Bulgarian leva, unless otherwise stated

	As of 31.12.2024	As of 31.12.2023
Number of issued and fully paid shares:		
In the beginning of the year	10,000 pcs.	10,000 pcs.
Nominal value	BGN 90/share	BGN 90/share
Total number of shares issued and fully paid	**10,000 pcs.**	**10,000 pcs.**
Share capital as of December 31	**900**	**900**

The sole owner of the capital as of December 31 of both previous reporting periods is Stanimir Karolev.

12.2 Reserves

The reserves of the Company amounted to BGN 100 thousand represent legal reserves formed pursuant to Art. 246 of the Commerce Act.

13 Employee compensation

13.1 Employee benefits expenses

Employee benefits expense include:

	As of 31.12.2024	As of 31.12.2023
Salaries	(1,545)	(1,240)
Social and health security costs	(173)	(141)
Provisions of compensated leaves	(4)	2
TOTAL	**(1,722)**	**(1,379)**

Employee benefits expenses include the monthly salaries and benefits of employees under employment contracts. The Company has no staff of pre-retirement age and has not accrued any provision for staff retirement benefit costs. At the end of the reporting period, expenses for remuneration and social insurance for paid leaves have been accrued.

13.2 Employee and social security obligations

Employee obligations as at the reporting periods comprise of:

	As of 31.12.2024	As of 31.12.2023
Social security contributions	23	19
Payroll liabilities	113	97
Obligations for unused compensated leaves	56	52
TOTAL	**192**	**168**

14 Liabilities under lease contracts

Lease payments that are not recognized as a liability

The Company has chosen not to recognize a liability under leases if they are short-term (leases with an expected term of 12 months or less) or if they lease low-value assets. Payments made under these leases are recognized as an expense on a straight-line basis. In addition, some variable lease payments cannot be recognized as a lease liability and are recognized as an expense when incurred.

The company is a lessee under a lease agreement for an office building with Karoll Finance EOOD. Lease payments recognized as an expense for the period amount to BGN 117 thousand. This amount includes the minimum lease payments.

The contract contains clauses that allow early termination after one month's notice from either party, without significant penalties.

All amounts are in thousands of Bulgarian leva, unless otherwise stated 20

15 Trade and other payables

	As of 31.12.2024	As of 31.12.2023
Current:		
Trade payables	48	17
Other financial liabilities	7	4
Financial liabilities	**55**	**21**
Tax payables	111	98
Other non-financial liabilities	32	24
Non-financial liabilities	**143**	**122**
Current trade and other payables	**198**	**143**

The net carrying amount of current trade and other payables is considered a reasonable estimate of their fair value.

16 Revenues from sales of services

	For the year ending 31.12.2024	For the year ending 31.12.2023
Revenue from distribution of Schroders' Funds	886	772
Revenue from trust management	845	694
Management fee for MF Advance Emerging Europe Opportunities	949	363
Management fee for MF Advance Invest	405	299
Management fee for MF Advance Global Trends	61	52
Management fee for MF Advance Eastern Europe	51	42
Revenues from marketing services of managed mutual funds	86	39
Revenue arising on the issue and repurchase of units of the managed mutual funds	60	11
TOTAL	**3,343**	**2,272**

The company presents revenues from the transfer of services over time in the following main product lines and geographical regions:

2024	**Luxembourg**	**Bulgaria**	**Total**
Revenues from distribution of funds	886	-	**886**
Revenues from asset management	-	2,457	**2,457**
Recognized at a point in time	58	60	**118**
Recognized over time	828	2,397	**3,225**

2023	**Luxembourg**	**Bulgaria**	**Total**
Revenues from distribution of funds	772	-	**772**
Revenues from asset management	-	1,500	**1,500**
Recognized at a point in time	32	11	**43**
Recognized over time	740	1,489	**2,229**

All amounts are in thousands of Bulgarian leva, unless otherwise stated

17 Cost of materials

Material costs include:

	For the year ending 31.12.2024	For the year ending 31.12.2023
Electricity	(14)	(14)
Heat	(6)	(6)
Supplies	(4)	(3)
TOTAL	**(24)**	**(23)**

18 Hired services expenses

Hired services expenses are as follows:

	For the year ending 31.12.2024	For the year ending 31.12.2023
Rent	(117)	(117)
Annual fees and subscriptions	(100)	(94)
Distribution costs	(58)	(40)
Advertising	(50)	(34)
Training and participation in conferences	(19)	(11)
Audit	(5)	(5)
Custody fees	(8)	(5)
Expenditure related to cars	(1)	(1)
Mobile services	(3)	(3)
Consulting services	(13)	-
Others	(6)	(5)
TOTAL	**(380)**	**(315)**

19 Other expenses

Other operating expenses comprise of:

	For the year ending 31.12.2024	For the year ending 31.12.2023
Non-deductible tax credit	(39)	(20)
Expenditure on administrative sanctions	(10)	(51)
Provision of administrative sanctions	(12)	(10)
Business trips	(19)	(6)
Expenditure for representation purposes	(1)	(3)
Tax on expenses and other	(2)	(1)
Reversal of expense for provision for administrative sanctions	10	-
TOTAL	**(73)**	**(91)**

The company is registered under the VAT Act on the grounds of Art. 96 para 1 of the law. During the reporting period the Company makes exempt and taxable supplies within the meaning of the VAT Act. In the present financial statement in other expenses for the activity is included the unrecognized partial tax credit from the purchases in 2024 in the amount of BGN 39 thousand.

All amounts are in thousands of Bulgarian leva unless otherwise stated

20 Net gain from operations with financial assets at fair value through profit or loss

	For the year ending 31.12.2024	For the year ending 31.12.2023
Gain on subsequent measurement of financial assets at fair value through profit or loss, net	49	150
Interest income on financial instruments	17	1
TOTAL	**66**	**151**

21 Income tax

The expected tax expense based on the effective tax rate of 10% and the actually recognized tax expense in profit or loss can be equated as follows:

	For the year ending 31.12.2024	For the year ending 31.12.2023
Profit before tax	1,183	366
Tax rate	10%	10%
Expected income tax expense	**(118)**	**(36)**
Tax effect of:		
Expenses not recognized for tax purposes	(5)	(13)
Revenue not recognized for tax purposes	3	3
Current tax expense	**(120)**	**(47)**
Deferred tax income:		
Temporary tax differences	-	4
Income tax expense	**(120)**	**(43)**

22 Related parties

The Company's related parties include managed mutual funds, Karoll Group companies, the owner and key management personnel. Unless explicitly stated, related party transactions are not conducted under special conditions and no guarantees have been provided or received. Amounts due to and from related parties are settled only to through wire transfers.

22.1 Related party transactions

Accrued income:	For the year ending 31.12.2024	For the year ending 31.12.2023
Revenues from management of mutual funds:		
Management fee for MF Advance Emerging Europe Opportunities	949	363
Management fee for MF Advance Invest Mutual Fund	405	299
Management fee for MF Advance Global Trends	61	52
Management fee for MF Advance Eastern Europe	51	42
Revenue from issuing and repurchase of fund shares	60	11
Revenues from marketing services of managed mutual funds	86	39
TOTAL	**1,612**	**806**

All amounts are in thousands of Bulgarian leva unless otherwise stated

Purchases of services from other related parties under common control	**For the year ending 31.12.2024**	**For the year ending 31.12.2023**
Rent to Karoll Finance EOOD and other complementary expenses	(137)	(138)
Service costs to Karoll AD	(2)	(2)
TOTAL	**(139)**	**(140)**

Remuneration of key management personnel:	**For the year ending 31.12.2024**	**For the year ending 31.12.2023**
Salaries	(505)	(472)
Social security	(26)	(23)
TOTAL	**(531)**	**(495)**

22.2 Related party balances at year-end

	As of 31.12.2024	**As of 31.12.2023**
Current receivables from:		
Mutual funds:		
- MF Advance Emerging Europe Opportunities	146	37
- MF Advance Invest	39	31
- MF Advance Global Trends	6	5
- MF Advance Eastern Europe	4	4
Total receivables from mutual funds:	**195**	**77**

	As of 31.12.2024	**As of 31.12.2023**
Current liabilities to:		
Other related parties:		
- Karoll Finance EOOD	19	20

The Company's receivables from the mutual funds it manages are short-term and are calculated and settled in accordance with the terms set forth in the approved Operating Rules for each fund.

23 Contingent assets and liabilities

The Company has administrative penalties imposed by the FSC - a pecuniary penalty for specific trades undertaken in 2022 and 2023 in the management of the portfolio of a fiduciary who has expressly confirmed all actions taken on his portfolio. The firm has appealed against the penalty orders and has also applied to the Court of Justice of the European Union for a preliminary ruling to interpret the applicable provisions. At the date of the report, no judgments had entered into force in the cases.

The Company is also appealing against an administrative penalty imposed by the FSC - a pecuniary sanction for failure to notify the contract concluded in 2022 for the presentation to potential investors of the managed Advance Invest Fund. The company appealed the penalty order, as no final decision had been made at the date of the report.

All amounts are in thousands of Bulgarian leva unless otherwise stated

24 Other disclosures

Cash of clients of Karoll Capital Management EAD and held securities invested in the funds of Schroder Investment Management (Europe).

Asset	Currency	Market value as of 31.12.2024	Market value as of 31.12.2023
Cash	EUR	2,121	1,051
Cash	BGN	432	433
Cash	USD	115	115
Mutual Funds Schroders	EUR	128,684	106,565
Mutual Funds Schroders	USD	11,363	10,751
TOTAL		**142,895**	**118,915**

25 Categories financial assets and financial liabilities

The carrying amounts of financial assets and liabilities of the Company can be presented in the following categories:

Financial assets	**Note**	**As of 31.12.2024**	**As of 31.12.2023**
Financial assets at fair value through profit or loss			
Shares	8.1	84	164
Units of collective investment schemes	8.2	2,286	1,137
Bonds		-	198
		2,370	**1,499**
Financial assets at amortized cost:			
Trade and other finance receivables	9	731	646
Related party receivables	22.2	195	77
Cash and cash equivalents	11	234	185
		1,160	**908**

Financial liabilities	**Note**	**As of 31.12.2024**	**As of 31.12.2023**
Financial liabilities at amortised cost:			
Trade and other payables	15	198	21
Related party payables	22.2	19	20
		217	**41**

See note 4.10 for information on the accounting policy for each category of financial instruments. A description of the Company's risk management policy and objectives regarding financial instruments is presented in the following note.

26 Risks associated with financial instruments

The specific activity of Karoll Capital Management EAD as a management company determines some risks inherent in the activity of the company's managing collective investment schemes. The management of mutual fund portfolios highlights the need to implement adequate systems for timely identification and management of various types of risk, and of particular importance are risk management procedures, mechanisms for keeping them within acceptable limits, optimal liquidity and portfolio diversification.

The most significant financial risks to which the Company is exposed are market risk, credit risk and liquidity risk.

Risk management is carried out on the principle of centralization and is structured according to the levels of competence as follows:

- Board of Directors - determines the acceptable levels of risk within the Company's strategy, as well as adopts and approves adequate rules and procedures for risk management.
- Executive director - oversees compliance with adopted limits, and arranges for the proper implementation of risk management policies and procedures adopted by the Board.

Risk Management Department - measures, monitors, manages, and controls the risks in the process of portfolio management for the Company.

Risk management objectives and policies

The Company is exposed to various risks in relation to its financial instruments. For more information about the financial assets and liabilities by category, please see note 25

Considering its main activity and the use of financial instruments, the Company is exposed to the following risks:

Market risk

Market risk is a systemic (overall) risk affecting the value of all assets. It arises from the characteristics of the macroeconomic environment and the state of the capital market. It is external to the issuing company and generally cannot be diversified. Market risk consists of foreign exchange, interest rate and other price risks. The main methods to contain systemic risk and its individual components are collecting and processing information about the macroeconomic environment and on this basis – forecasting and ensuring compliance of the investment policy with the expected dynamics of this environment. All investments in securities may pose a risk of capital loss.

The market risk is concentrated in the financial assets carried at fair value through profit or loss, as presented in note 25.

Currency risk

The Company is exposed to currency risk when conducting transactions with financial instruments denominated in foreign currency. When making transactions in foreign currency, income and expenses arise from foreign exchange transactions, which are reported in the statement of comprehensive income. Such exposures are the monetary assets and liabilities of the Company denominated in currencies other than BGN and EUR. During the presented reporting periods the Company was not directly exposed to currency risk, as it did not have monetary assets denominated in currencies other than BGN and EUR. To the extent that a large part of the Company's investments in financial assets measured at fair value are exposed to currency risk due to their own investments denominated in currencies other than EUR and BGN, the Company is indirectly exposed to currency risk.

Interest rate risk

The activity of the Company is subject to risk of fluctuations in interest rates to an insignificant extent. The value of interest-bearing assets with a fixed interest rate changes as a result of changes in market interest rates. On the other hand, for assets with floating interest rates, the Company is exposed to interest rate risk as a result of a change in the interest rate index to which the respective financial instrument is linked.

As of 31 December 2024, the Company is not exposed to the risk of changes in market interest rates.

Another price risk

The Company defines price risk as the risk of a decline in the price of a financial asset or portfolio of financial assets due to factors other than those arising from interest rate or currency risk. This investment is constantly monitored. The shares carry the right to vote at general meetings of the issuers' shareholders.

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	ISIN	Currency	As of 31.12.2024	As of 31.12.2023
Advance Equity Holding AD	BG1100033064	BGN	9	164
Karoll Motivation Pull AD	BGBNB0008283	BGN	75	
MF Advance Emerging Europe Opportunities	BG9000023077	EUR	2,151	823
MF Advance Global Trends	BG9000002113	EUR	135	116
SISF EURO Liquidity EUR A Acc	LU0136043394	EUR	-	198
TBI Bank EAD Sofia	BG2100042238	EUR	-	198

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example receivables from customers, placing deposits, investment in securities, etc.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	As of 31.12.2024	As of 31.12.2023
Marketable equities	84	164
Units of collective investment schemes	2,286	1,137
Bonds	-	198
Trade and other finance receivables	731	646
Related party receivables	195	77
Cash and cash equivalents	234	185
Carrying amount	**2,830**	**2,407**

As of the date of the financial statements, none of the trade and other financial receivables or other assets of the Company have expired.

Liquidity risk

Pursuant to the provisions of Ordinance 44, the Management company must maintain at any time minimum liquidity, including cash on hand, deposits in bank, which is not in bankruptcy proceedings, government securities and mortgage and municipal bonds, which have a market price, in an amount not less than the amount of its current liabilities with a maturity of three months.

The Company has determined the cash flows from management fees for the managed mutual funds as payable within 1 month. Available cash resources and trade receivables do not exceed the current needs of cash outflow.

Pursuant to the provisions of contracts for management of individual portfolios (wealth management), contracts for distribution of funds of Schroders and contracts for provision of financial advice on financial instruments, all cash flows are due within one month.

27 Fair value measurement of financial instruments

For the financial instruments measured at fair value in the statement of financial position, IFRS 7 requires disclosure of techniques for determining the fair value. The standard introduces the fair value hierarchy, as determined by the degree of observability of the data used to estimate the fair value. Data is defined as observable if it reflects market data obtained from independent sources, while the data that reflects market assumptions of the company are defined as unobservable. Both types of data set the following three levels of the fair value hierarchy:

Level 1 – Estimation of fair value based directly on price quotations in active markets for identical assets or liabilities.
Level 2 – Estimation of fair value based on observable data other than those in level 1 but based directly or indirectly on it and relevant to the asset or liability.

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Level 3 – Estimation of fair value through valuation techniques, including data for the asset or liability that are not based on observable market data (unobservable data).

The following table provides information on financial instruments at fair value in the levels 1 to 3:

As of 31.12.2024	**Level 2**	**Level 3**	**TOTAL:**
Financial assets reported at fair value value in profit or loss:			
- Shares	9	75	84
- Units of collective investment schemes	2,286	-	2,286
TOTAL	**2,295**	**75**	**2,370**

As of 31.12.2023	**Level 2**	**Level 3**	**TOTAL**
Financial assets reported at fair value value in profit or loss:			
- Shares	164	-	164
- Units of collective investment schemes	1,137	-	1,137
- Bonds	-	198	198
TOTAL	**1,301**	**198**	**1,499**

The shares of Advance Equity Holding and the shares of collective investment schemes are classified in level 2 of the fair value hierarchy, as a directly observable market quotation from an inactive market is used for their valuation. Shares of Karroll Motivation Pull AD are classified in Level 3 as NAV per share has been used.

28 Capital management policies and procedures

The objectives of the Company in connection with capital management are:

- to ensure the ability of the Company to continue to exist as a going concern and
- to ensure adequate profitability for the shareholder.

The company monitors the capital in accordance with the requirements set out in CISOUCIA and Ordinance № 44 on the requirements for the activity of collective investment schemes, management companies, national investment funds, alternative investment funds and persons managing alternative investment funds. The Management Company shall at all times maintain minimum liquid funds, including cash on hand, in perpetual and time deposits with a bank that is not in bankruptcy proceedings, government securities and mortgage and municipal bonds that have a market price of not less than the amount of its current liabilities maturing within 3 months. At least 90 percent of the Company's cash must be in perpetual and time deposits in a bank.

The observed data for the period show high values of the ratios and compliance with regulatory requirements. According to the requirements of Art. 90, para. 1 of the CISOUCIA, the Company must maintain at all times equity equal to or over EUR 125,000.

Ratios	**Statutory minimum (%)**	**As of 31.12.2024**	**As of 31.12.2023**
Equity to minimum capital required	100	875.92%	739.54%
Minimum liquidity to current liabilities	100	119.38%	137.09%

As of 31 December 2024, and 31 December 2023, the Company has complied with the externally imposed capital requirements to which it is subject. The Company has not changed the objectives, policies and processes for capital management, as well as the method of determining the capital during the presented reporting periods.

29 Post reporting date events

No adjusting events or significant non- adjusting events have occurred between the date of the financial statement and the date of its approval.

30 Approval of financial statements

The financial statements were approved on 24 March 2025 by the Board of Directors and signed on behalf of Karoll Capital Management EAD by:

Daniel Ganev: ____________
/Executive Director/

Milena Simova : ____________
/Chief Accountant /

Bistra Kotseva: ____________
/Procurator /