BlueSmart
INVESTMENTS

Financial statements

Mutual fund
Bluesmart Premium Equity

31 December 2025

Contents

ANNUAL ACTIVITY REPORT
FOR 2025 OF
Bluesmart Premium Equity Mutual Fund

The annual report of Bluesmart Premium Equity Mutual Fund has been prepared in accordance with the requirements of the Collective Investment Schemes and Other Collective Investment Undertakings Act, Ordinance No. 44 of 20.10.2011 on the requirements for the activities of collective investment schemes, management companies, national investment funds, alternative investment funds and alternative investment fund managers, The Accountancy Act and the Commerce Act.

Bluesmart Premium Equity Mutual Fund (the "Fund") is an open-ended collective investment scheme for investment in government securities, mortgage, municipal and corporate bonds and other liquid financial assets, established and operating in accordance with the Law on the Activities of Collective Investment Schemes and Other Collective Investment Undertakings Act (ACISOCIUA), the Public Offering of Securities Act (POSA) and its implementing regulations, The Markets in Financial Instruments Act (MFIA), the Obligations and Contracts Act (LOC) and the other applicable legislation of the Republic of Bulgaria. The fund is a separate property for investing in securities and other liquid financial assets to achieve its investment objectives.

The Fund is a separate property for the purpose of collective investment in transferable securities and other liquid financial assets under Art. 38, para. 1 ACISOCIUA of funds raised through a public offering of shares, which is carried out on the principle of risk distribution, by a management company. The fund is organized and managed by the management company Bluesmart Investments AD. All actions in connection with the activities of the Fund are carried out on behalf of the Management Company at the expense of the Fund. The management company offers for sale and buys back the units of the Fund every working day in compliance with the requirements of the current legislation.

The management company has a permit for the organization and management of the Fund, issued by the Financial Supervision Commission, by Commission Decision 170-DF of 26.03.2024. 30, para. 1, item 4 of the Financial Supervision Act.

General economic situation in 2025

In 2025, the global economy continued to develop at a moderate pace, with growth remaining below long-term historical levels. According to data from the International Monetary Fund, global GDP is expected to grow by 3.2% in 2025, which is in line with the 2024 estimate. According to IMF data, global inflation is expected to have declined to 4.3% in 2025 (from 5.8% in 2024), gradually approaching the medium-term targets of central banks. As a result, a few central banks have started or continued a process of phasing down key interest rates over the past year. Despite the improvement in macroeconomic indicators, consumer confidence remains limited, impacted by relatively high food and service prices, which continues to put pressure on household purchasing power.

Statement of the development of the Fund's activities and status

The Fund's investment policy in 2026 will be aimed at achieving stable results from the management of the Fund's portfolio.

The factors we expect to determine the behavior of financial markets in 2026 are:

1. Economic growth – speed and sustainability of economic recovery, opportunities and threats to economic sectors, regions and countries

2. Stimulus interventions – monetary policy of central banks, economic measures of EU governments and bodies and other international structures
3. Inflation – consumer and industrial price growth, central bank and government responses, inflation/exchange rate ratios in non-euro countries
4. Consumption – pace and sustainability of the recovery in consumption by economic sectors, regions and countries
5. Geopolitical risks – Ukraine, tensions in diplomatic relations between the United States and Russia, the United States and China, the United States and Iran, Erdogan's political behavior in Turkey, other conflicts

We will monitor the development of these topics, as well as the current events and processes in Bulgaria, the Balkan region, the EU, the USA, China, Russia, Asia and others, and will take timely actions regarding specific positions and the structure of the fund's portfolio in accordance with the investment policy and restrictions in order to achieve an optimal risk/return ratio.

The projected development of the Fund in 2026 is related to:

- Fulfilling the objectives related to the distribution of CIS shares;
- Optimization of market and operational risk management;
- Improving the qualification of employees;
- Generating ideas for new investment products, opportunities for development and attracting new clients;
- Launch of CIS distribution in other EU Member States and third countries through a notification regime;
- Optimization of the costs of the company and the managed Fund;
- Active participation in the processes of development of the market of financial instruments in Bulgaria;
- Improvement of the work process in the departments directly related to the management of investments and the supply of mutual funds, in relation to regulatory requirements;
- Improving the processes related to the acceptance of orders for the sale and redemption of CIS units;
- Compliance of the work and processes in the management company and the Fund with the changes in the applicable legislation;
- Maintaining and providing conditions for the implementation of the activities of the management company and the Fund in a face-to-face and non-attendance environment for employees and clients.

Structure of the Fund's assets

The Fund's asset structure is presented in absolute value and as a percentage of total assets at the end of 2025.

Assets (thousand BGN)	**31.12.2025**	**%**	**31.12.2024**	**%**
Securities	11 346	97,71%	4 979	99,29%
Cash	116	1,00%	32	0,63%
Receivables	149	1,29%	3	0,08%
Total assets	**11 611**	100,00%	**5 014**	**100,00%**

Structure of the Fund's liabilities

The total amount of the Fund's liabilities at the end of 2025 is BGN 21 thousand BGN (2024: BGN 15 thousand), which represent liabilities to the depository bank, to the management company and remuneration due to the auditor.

Liabilities (thousand BGN)	31.12.2025	%	31.12.2024	%
Obligations to the management company	14	0,12%	6	0,13%
Obligations related to the issuance of units	-	0,00%	3	0,06%
Obligations to the depository bank	1	0,01%	1	0,02%
Obligations to the auditor	6	0,05%	5	0,09%
Total liabilities	**21**	**0,18%**	**15**	**0,30%**
Total liabilities and equity	**11 611**	**100,00%**	**5 014**	**100,00%**

The liabilities to the depository bank and to the management company are accrued on a daily basis, in accordance with the Rules for Valuation of the Fund's portfolio, which are approved by the FSC.

Change in exchange rates during the reporting period

The table provides information on changes in the exchange rate of the euro against the other currencies to which the Fund is exposed. The information represents appreciation/(depreciation) against the respective currency as a percentage for the period from 01.01.2025 to 31.12.2025:

U.S. Dollar	-11,60%
Swiss franc	0,94%
British pound	-5,07%
Japanese Yen	-11,51%

Performance

thousands BGN	31.12.2025	31.12.2024
Revenue	16 446	4 492
Costs	15 812	4 392
Net profit	**634**	**100**

Revenue of Bluesmart Premium Equity Fund

Type of income (thousand BGN)	31.12.2025	%	31.12.2024	%
Dividend income	132	0,80%	28	0,6%
Positive differences from changes in the fair value of financial assets	13 869	84,33%	3 655	81,4%
Positive differences from foreign exchange revaluations of financial assets carried at fair value	2 445	14,87%	809	18,0%
Total revenue	**16 446**	**100,00%**	**4 492**	**100,00%**

Expenses of the Bluesmart Premium Equity Fund

Type of expense (thousand BGN)	31.12.2025	%	31.12.2024	%
Negative differences from changes in the fair value of financial assets	12 523	79,20%	3 639	82,9%
Negative differences from foreign exchange revaluations of financial assets carried at fair value	3 132	19,81%	689	15,7%
Remuneration costs of the management company	122	0,77%	44	1,0%
Remuneration costs of the depository bank	20	0,13%	10	0,2%
Other operating costs	15	0,09%	10	0,2%
Total costs	**15 812**	**100,00%**	**4 392**	**100,00%**

Data on the value of the net assets of the Mutual Fund "Bluesmart Premium Equity" and the net value of one unit

The net value of the assets (net assets) of the Fund cannot be less than BGN 500.000. This minimum amount must be reached within two years from the receipt of the authorization from the Financial Supervision Commission for the organization and management of the Fund.

As of 31.12.2025, the total value of the Fund's assets amounted to BGN 11.610.900. (2024: BGN 5.014.156). The liabilities amount to BGN 21.340 (2024: BGN 15.072). The net asset value is BGN 11.589.560. (2024: BGN 4.999.084). The number of shares outstanding at the end of 2025 was 556.367,2516 shares (2024: 250.971,7914 shares). The realized return of the fund for 2025 is 4,99% (2024 – 1,84% as of 04.06.2024).

Repo transactions

The Fund did not carry out repo transactions during the reporting period.

Hedging and derivative transactions

The Fund did not carry out hedging and derivative transactions during the reporting period.

Information on performance fees

The Fund does not charge fees for results achieved.

Information on following an index

The Fund does not reproduce the composition of an index and, accordingly, does not use the increased diversification restrictions set out in Art. 46 of the Collective Investment Schemes and Other Collective Investment Undertakings Act.

Liquidity

The structure of assets and liabilities of the Mutual Fund must also meet the following requirements:

1. Not less than 70 per cent of the investments in assets under Art. 38, para. 1 of ACISOCIUA must be in assets with a market price;
2. The fund must have minimum liquidity at all times, as follows:
    a. Cash (including deposits in credit institutions under Art. 38, para. 1, item 6 of the ACISOCIUA), securities and units of collective investment schemes under Art. 38, para 1, item 5 of the ACISOCIUA, with a market price, and short-term receivables – in the amount of not less than 100 per cent of the weighted current liabilities;
    b. Cash (including deposits in credit institutions under Art. 38, Para 1, Item 6 of the ACISOCIUA) and securities – not less than 70 per cent of the weighted current liabilities, with the exception of liabilities related to participation in the capital increase of public companies.

In case of violation of the requirements of the preceding paragraphs, the Mutual Fund shall be obliged to immediately take measures to bring the liquidity into compliance with the regulatory requirements, including through the use of a loan, in the cases provided for in the Rules of the Fund and the applicable legislation, and/or by taking other permissible and appropriate measures, taking into account the interests of investors and the liquidity needs of the Fund.

Investment restrictions

1. The Fund may not invest more than 5 per cent of its assets in transferable securities issued by one person, with the exception of item 3;
2. The Fund may not invest more than 20 per cent of its assets in deposits in one person under Art. 38, para. 1, item 6 of the ACISOCIUA;
3. The Fund may invest up to 10 per cent of its assets in transferable securities issued by one person only on condition that the total value of the investments in the persons, in each of which the Fund invests more than 5 per cent of its assets, does not exceed 40 per cent of the

Fund's assets. The restriction referred to in the first sentence shall not apply to deposits with credit institutions subject to prudential supervision;

4. Notwithstanding items 1 and 2, the Fund may not combine investments in transferable securities issued by one person and deposits with that person, where, as a result of such combination, the total value of these investments will exceed 20 per cent of its assets;
5. Persons belonging to one group for the purposes of preparing consolidated financial statements in accordance with recognized accounting standards shall be considered as one person subject to the application of the restrictions under items 1-4;
6. The total value of investments in securities issued by one group may not exceed 20 percent of the value of the Fund's assets;
7. The Mutual Fund may not acquire more than:
    a. ten per cent of the non-voting shares issued by one person;
    b. twenty-five per cent of the shares of a collective investment scheme authorised to operate under Directive 2009/65/EC and/or any other collective investment undertaking that meets the requirements of the Collective Investment Corporation under Art. 4, para. 1 of the ACISOCIUA, regardless of whether it is based in a Member State or not;
8. The management company may invest up to 10 per cent of the Fund's assets in the units of a collective investment scheme, including an exchange-traded fund authorised to operate under Council Directive 2009/65/EC or another collective investment undertaking that meets the requirements of the Investment Act under Art. 4, para. 1 of the ACISOCIUA, with headquarters in Bulgaria, in another Member State or in a third country meeting the requirements of Art. 38, para. 1, item 5 of the ACISOCIUA, subject to the additional conditions and restrictions on the total amount of these investments, specified above. The management company will not invest the Fund's assets in the units of collective investment schemes, including exchange-traded funds, authorised to operate under Council Directive 2009/65/EC or other collective investment undertakings that meet the requirements of Art. 4, para. 1 of the Act, with headquarters in Bulgaria, in another Member State or in a third country meeting the requirements of Art. 38, para. 1, item 5 of the ACISOCIUA, which collect management fees in a total amount of more than 2 per cent per annum. The Management Company shall not invest assets of the Fund in units of other collective investment schemes or other collective investment undertakings managed directly or by delegation by the Management Company or by any other company to which the Management Company is related through common management or control, or through significant direct or indirect participation.
9. Restrictions on transferable securities do not apply when subscription rights arising from securities that are part of the Fund's assets are exercised.

Main risks faced by Bluesmart Premium Equity Fund

The risk profile of a Mutual Fund is the amount and type of risk that the Management Company assumes by investing the assets of the Fund, aiming to achieve the desired return. The risk profile of the Fund differs from the risk factors specific to securities as well as from the risk factors related to the activities of the Mutual Fund.

Investing in units of Bluesmart Premium Equity Fund is associated with taking a moderate to high level of risk.

In the investment process, risk is identified and actively managed. The risk management process includes: identifying, measuring, managing and controlling risks. The following investment risks have been identified: currency risk, liquidity risk, inflation, market risk, concentration risk, operational risk, price risk, regulatory risk and systemic risk.

1. Currency risk – checked as on the last day of the month by a stress test that calculates the effect of changes in the value of currencies (changes in the exchange rate);
2. Liquidity risk - managed by matching investments with opportunities and outflows of funds;
3. Risk of Inflation - by monitoring the performance of the fund in relation to inflation indices and assessing the real return over time;
4. Market risk – measured as simulations of losses resulting from changes in market prices;
5. Concentration risk - the possibility of a loss due to improper diversification of exposures to issuers, groups of related issuers, issuers from the same economic sector or geographical area, or arising from the same activity, which may cause significant losses, as well as the risk associated with large indirect credit exposures;
6. Operational risk - the possibility of realizing losses due to errors or imperfections in the organization's system, insufficiently qualified personnel, adverse external events of a non-financial nature, including legal risk;
7. Price risk – related to investments in stocks or other equity securities – the risk of a decrease in the value of an investment in a security in the event of adverse changes in market price levels.
8. Regulatory risk - The management company and/or the Fund and its investment objectives and policies may be affected by future changes in the applicable legislation or its interpretation and application;
9. Systematic risk - depend on the general fluctuations in the economy and the markets as a whole. The Fund cannot influence systemic risks, but takes them into account. Risks posed by the political and economic conjuncture, the occurrence of situations of an extraordinary nature, such as hostilities, disasters and accidents, may have difficult to foresee consequences and have a material adverse impact on the activities of the Fund, the value of positions in its portfolio or the value of its units.

Information under Article 7 of REGULATION (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088

The Management company distinguishes between sustainable and responsible investment funds falling within the scope of Article 8(1) or Article 9(1), (2) or (3) of Regulation (EU) 2019/2088 from traditional funds and thus declares that the investments underlying this financial product do not comply with the EU criteria for environmentally sustainable economic activities.

Information on accounting for adverse impacts

The Management Company shall not take into account the adverse impacts of investment decisions on sustainability factors within the meaning of Article 4(1)(b) of Regulation (EU) 2019/2088. The reasons for this are as follows:

- At this stage, taking into account the adverse impacts of investment decisions on sustainability factors will lead to limiting the possibility of achieving better returns and diversification for investors in actively managed collective investment schemes, such as the Fund.
- Taking into account the adverse impacts of investment decisions on sustainability factors within the meaning of Art. 4 of Regulation (EU) 2019/2088 will lead to significant expenditure of resources (human, managerial and financial) for the Management Company, without this leading to any expected and measurable increase in revenues in the medium and even long term. The priority of the management of the Management Company is to ensure its financial sustainability, capital adequacy and profit operation. In this sense, taking into account the

adverse impacts of investment decisions on sustainability factors is not compatible with those objectives at this stage.

- At this stage, the Management Company has not identified a tangible demand of investors falling into the target group of clients of the Management Company, for whom taking into account the adverse impacts of investment decisions on sustainability factors is a priority and with priority over good diversification of risk and return on investments.
- At this stage, there are not sufficiently reliable and unified standards for measuring the impacts on sustainability factors arising from the activities of potential issuers in the different target markets in which the Management Company can invest at the expense of the Fund, which is such as to create an incomplete picture of potential investors regarding the compliance of different investments with the individual sustainability factors.

Despite the fact that at the moment it does not take into account the adverse impacts of investment decisions on sustainability factors, the Management Company will conduct an ongoing review of the legal requirements and client preferences and if the reasons for non-consideration of these factors are eliminated, it will analyze and assess whether taking into account the adverse impacts on sustainability factors would contribute to providing better investment solutions for potential investors in the Fund.

Important events and results occurring after the end of the reporting period and before the date of preparation of the report.

According to the Law on the Introduction of the Euro in the Republic of Bulgaria (ZVERB), as of January 1, 2026, the euro becomes an official currency and legal tender in Bulgaria. The official exchange rate is set at BGN 1.95583 per 1 euro.

The introduction of the euro as an official currency in the Republic of Bulgaria constitutes a change in the functional (reporting) currency of the Fund, which will be reflected in the perspective and does not constitute an event after the reporting period, which requires an adjustment in the financial statements for the year ending 31 December 2025.

The Fund does not expect material effects from the currency conversion of opening balances as of 1 January 2026 into euro and from the process of changing the functional (reporting) currency.

On 28.02.2026, the United States and Israel began hostilities against the Islamic Republic of Iran. As of the date of the report, the management is monitoring the geopolitical situation, including the conflict in the Middle East. At present, there is no event with a direct material impact on the Fund.

No corrective events or other significant non-corrective events occurred between the date of the financial statements and the date of approval for issuance.

Acquired, owned and transferred by the members of the Board of Directors of the Management Company "Bluesmart Investments" AD units of the Fund

In 2025, the following members of the Board of Directors of Bluesmart Investments AD have acquired units of the Fund:

- Petar Andreevski;
- Rupert Strobl;
- Mario Gjorgiev.

Information about the Remuneration Policy pursuant to Art. 73, item 6 of Ordinance No. 44

1. Information under Art. 73, item 6, letter "a" (in thousand BGN)

Total amount of remuneration for financial year 2024	Permanent remuneration	Variable remuneration	Employees
190	190	-	5

2. Information under Art. 73, item 6, letter "b" (thousand BGN)

Total accrued remuneration in 2025:, incl.	190
- of employees in managerial positions	72
- to employees whose activities involve taking risks	13
- of employees who have control functions	60
- to all other employees	45

3. Information under Art. 73, item 6, letter "c"

The remuneration of employees under letter "b" shall be constant and variable. Variable remuneration is the traditional remuneration such as Easter and Christmas supplements, thirteenth and fourteenth wages, as well as other additional remunerations, which are fixed and determined according to criteria in employment contracts and the Labor Code.

The fixed and variable remuneration for the different categories of employees shall be determined as follows:

- For the members of the Board of Directors – by decision of the owners of the capital;
- For all other employees – by the Executive Director.

When determining the permanent remuneration, the principle of competitiveness in the labor market is followed and the needs for attracting well-qualified and adequately paid employees are taken into account.

4. Information under Art. 73, item 6, letter "d"

As a result of the examinations under Art. 108, para. 5 and para. 6 of the ACISOCIUA, Bluesmart Investments AD found that there were no irregularities and the remuneration policy was complied with.

5. Information under Art. 73, item 6, letter "e"

This Policy was adopted by the Board of Directors of the Company on 07.08.2023 and amended by a Decision of the Board of Directors dated 31.10.2024. In 2025, the policy has not changed.

The above amounts have been accrued in the financial year 2025 at the expense of Bluesmart Investments AD, are not at the expense of the collective investment scheme managed by it and are not related to the results of its activities.

As of 16.12.2025, the Company is represented jointly by Ilian Tsenkov and Mario Gjorgiev. In the period 01.01.2025 to 15.12.2025, the Company is represented by Arton Lena and Iliyan Tsenkov.

As of 31.12.2025, managing representatives and members of the Board of Directors of "Bluesmart Investments" AD are:

- Iliyan Tsenkov – Executive Director
- Mario Gjorgjiev – Executive Director
- Rupert Strobl – Chairman of the Board of Directors
- Petar Andreevski – member of the Board of Directors
- Alma Osmančević – member of the Board of Directors
- Andriana Popovska – member of the Board of Directors
- Arton Lena – member of the Board of Directors

All members of the Board of Directors except Ilian Tsenkov were re-elected by decision of the General Meeting of Shareholders on 05.11.2025 for a new 5-year term. The mandate of Iliyan Tsenkov is valid until 18.05.2026.

As of 31.12.2025, the Company is represented jointly by Iliyan Tsenkov and Mario Gjorgiev.

The following information required under Art. 39 of the Accountancy Act is not applicable to the Mutual Fund:

- Future development of the enterprise;
- Information under Art. 247 of the Commerce Act;
- Actions in the field of research, development and ecology;
- Information on the acquisition of own shares;
- Planned economic policy next year;
- Expected investments and employees development;
- The expected income from investments and development of the company;
- Upcoming transactions essential to the company's operations;
- Branches of the enterprise;
- The Fund does not meet the requirements of Art. 41 of the Accountancy Act and is not obliged to provide a non-financial statement.

Information on pending judicial, administrative or arbitration proceedings concerning debts or receivables

Management has no information about the existence of such claims or liabilities.

31.03.2026

Executive Director: ____________________
Iliyan Tsenkov

Executive Director: ____________________
Mario Gjorgiev

Forvis Mazars OOD
3 Moskovska Str.,
1000 Sofia, Bulgaria

forv/s mazars

INDEPENDENT AUDITOR'S REPORT

To the owners of shares in
Bluesmart Premium Equity Mutual Fund

Opinion

We have audited the financial statements of **Bluesmart Premium Equity Mutual Fund** (the "Fund") containing the statement of financial position as at 31 December 2025 and the statement of comprehensive income, the statement of changes in equity and reserves belonging to the holders of the Fund's equity and the statement of cash flows for the year then ended, as well as the notes to the financial statements, including significant information on accounting policies and other explanatory information.

In our opinion, the attached financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2025 and its financial results of operations and cash flows for the year ending on that date, in accordance with IFRS Accounting Standards adopted by the European Union (EU).

Basis for expressing an opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under these standards are further described in the section of our report "Auditor's Responsibilities for the Audit of Financial Statements". We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (the IESBA Code) together with the ethical requirements applicable to our audit of the financial statements in Bulgaria and we have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information other than the financial statements and the auditor's report thereon

Management is responsible for the other information. The other information consists of an activity report prepared by the management in accordance with Chapter Seven of the Accountancy Act but does not include the financial statements and our auditor's report on them. Our opinion on the financial statements does not cover other information and we do not express any form of assurance opinion about it unless expressly stated in our report and to the extent stated.

In connection with our audit of the financial statements, it is our responsibility to read the other information and thereby assess whether that other information is materially inconsistent with the financial statements or with our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, on the basis of the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact.

We have nothing to report in this regard.

Additional matters to be reported under the Accountancy Act

In addition to our responsibilities and reporting in accordance with ISAs, with regard to the annual activity report, we have also performed the procedures added to those required under ISAs, according to the "Guidelines on New and Extended Audit Reports and Communication by the Auditor" of the professional organization of registered auditors in Bulgaria, the Institute of Certified Public Accountants (ICPA)". These procedures refer to testing the existence, form and content of this other information in order to assist us in forming an opinion about whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act, applicable in Bulgaria.

Opinion in connection with Art. 37, para. 6 of the Accountancy Act

Based on the procedures performed, our opinion is that:

a) The information included in the activity report referring to the financial year for which the financial statements have been prepared is consistent with those financial statements.
б) The activity report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act.

Management responsibilities for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the IFRS Accounting Standards as adopted by the EU and for such internal control system as management determines is necessary to ensure the preparation of financial statements that are free of material misstatements, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of the 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 Fund'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 Fund'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 Fund 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 management, among other issues, the planned scope and timing of the audit and the significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Forvis Mazars OOD
Audit Company No169

Athanasios Petropoulos
Procurator

Bogdanka Sokolova
Registered auditor responsible for the audit

31 March 2026
1000 Sofia
3, Moskovska Str.

Statement of financial position

Assets	Notes	2025	2024
		BGN '000	BGN '000
Current assets			
Financial assets carried at fair value through profit and loss	5,1	11 346	4 979
Current receivables	5,2	149	3
Cash and cash equivalents	5,3	116	32
Total current assets		**11 611**	**5 014**
Equity			
Capital and reserves belonging to the Fund's equity holders	5,4		
Fixed capital		10 882	4 909
Premium reserve		(26)	(10)
Retained earnings/(uncovered loss)		100	-
Current score		634	100
Total equity		**11 590**	**4 999**
Liabilities			
Current liabilities			
Trade and other liabilities	5,5	21	15
Current liabilities		21	15
Total equity and liabilities		**11 611**	**5 014**

The financial statements were drawn up on 16.03.2026, approved for issuance by the Board of Directors and signed on 31.03.2026.

For Bluesmart Investments AD:

Prepared by: __________
Veles Account EOOD,
Daniel Kolev, Managing Director

Executive Director: __________
(Iliyan Tsenkov)

Executive Director: __________
(Mario Gjorgiev)

According to the independent auditor's report dated 31 March 2026:

Athanasios Petropoulos
Procurator
Forvis Mazars OOD, reg. № 169

Bogdanka Sokolova
Registered auditor responsible for the audit,
Forvis Mazars OOD, reg. № 169

Note: Unofficial translation in English of the annual activity report, financial statements and independent auditor's report for the year ended 31 December 2025 prepared and signed in Bulgarian

Statement of the comprehensive income
(presented in a single report)

	Notes	2025	2024
		BGN '000	BGN '000
Dividend income	5,6	132	28
Net gain/(loss) from changes in the fair value of the financial assets, reported through profit or loss	5,7	659	136
Profit/(Loss), net		791	164
Remuneration costs of the management company	6.1	(122)	(44)
Remuneration costs of the custody bank	5,8	(20)	(10)
Other operating expenses	5,9	(15)	(10)
Total operating expenses		(157)	(64)
Profit/(Loss) for the year		634	100

The financial statements were drawn up on 16.03.2026, approved for issuance by the Board of Directors and signed on 31.03.2026.

For Bluesmart Investments AD:

Prepared by: ____________
Veles Account EOOD,
Daniel Kolev, Managing Director

Executive Director: ____________
(Iliyan Tsenkov)

Executive Director: ____________
(Mario Gjorgiev)

According to the independent auditor's report dated 31 March 2026:

Athanasios Petropoulos
Procurator
Forvis Mazars OOD, reg. № 169

Bogdanka Sokolova
Registered auditor responsible for the audit,
Forvis Mazars OOD, reg. № 169

Statement of changes in capital and reserves belonging to the Fund's equity holders

	Fixed capital	Premium reserve	Retained	Fixed capital
	BGN '000	BGN '000	BGN '000	BGN '000
Balance as of 26 March 2024	-	-	-	-
Units issued	4 909	(10)	-	4 899
Redeemed shares	-	-	-	-
Transactions with holders of the Fund's equity	4 909	(10)	-	4 899
Profit (Loss) for the year			100	100
Total comprehensive income	-	-	100	100
Balance as at 31 December 2024	4 909	(10)	100	4 999
Balance as of 01 January 2025	4 909	(10)	100	4 999
Units issued	6 037	(13)	-	6 024
Redeemed shares	(64)	(3)	-	(67)
Transactions with holders of the Fund's equity	5 973	(16)	-	5 957
Profit (Loss) for the year			634	634
Total comprehensive income	-	-	634	634
Balance as at 31 December 2025	10 882	(26)	734	11 590

The financial statements were drawn up on 16.03.2026, approved for issuance by the Board of Directors and signed on 31.03.2026.

For Bluesmart Investments AD:

Prepared by: ____________________
Veles Account EOOD,
Daniel Kolev, Managing Director

Executive Director: ____________________
(Iliyan Tsenkov)

Executive Director: ____________________
(Mario Gjorgiev)

According to the independent auditor's report dated 31 March 2026:

____
Athanasios Petropoulos
Procurator
Forvis Mazars OOD, reg. № 169

____
Bogdanka Sokolova
Registered auditor responsible for the audit,
Forvis Mazars OOD, reg. № 169

Note: Unofficial translation in English of the annual activity report, financial statements and independent auditor's report for the year ended 31 December 2025 prepared and signed in Bulgarian

Statement of cash flows

	Notes	2025	2024
		BGN '000	BGN '000
Cash flow from operating activities			
Payments for the purchase of non-derivative financial assets		(5 861)	(4 828)
Dividends received		129	25
Payments for operating expenses		(147)	(49)
Other financial costs, incl. currency differences		6	(18)
Cash flow from operating activities		(5 873)	(4 870)
Cash flow from financial activities			
Payments for subscribed units		6 024	4 902
Payments for redeemed units		(67)	-
Cash flow from financial activities		5 957	4 902
Net change in cash and cash equivalents		84	32
Cash and cash equivalents at the beginning of the year		32	-
Cash and cash equivalents at the end of the year	5,3	116	32

The financial statements were drawn up on 16.03.2026, approved for issuance by the Board of Directors and signed on 31.03.2026.

For Bluesmart Investments AD:

Prepared by: ____________________
Veles Account EOOD,
Daniel Kolev, Managing Director

Executive Director: ____________________
(Iliyan Tsenkov)

Executive Director: ____________________
(Mario Gjorgiev)

According to the independent auditor's report dated 31 March 2026:

____
Athanasios Petropoulos
Procurator
Forvis Mazars OOD, reg. № 169

____
Bogdanka Sokolova
Registered auditor responsible for the audit,
Forvis Mazars OOD, reg. № 169

Notes to the financial statements

1. General information

Bluesmart Premium Equity Mutual Fund (the Fund) is a mutual fund within the meaning of Art. 5, para. 2 of the Law on the Activities of Collective Investment Schemes and Other Collective Investment Undertakings (ACISOCIUA) and no term for its existence is provided for.

The fund is organized and managed by the management company (MC) "Bluesmart Investments" AD, with headquarters and management address: Sofia, bul. Bulgaria 81C, entrance C, ap. 15, address for correspondence: Sofia, bul. Bulgaria 81C, entrance C, ap. 15, tel. +359 886 017146, email address: contact@bluemartfunds.com , website: https://bluesmartfunds.com/bg/ .

A mutual fund is not a legal entity. The Fund is a property set apart for the purpose of raising funds through a public offering of units, which is carried out on the principle of risk distribution, by the management company and collective investment of the funds in securities or other liquid financial assets under Art. 38, para. 1 of the ACISOCIUA. When carrying out actions for the management of the Mutual Fund, the management company shall indicate that it acts on behalf and at the expense of the Mutual Fund.

The fund is an actively managed collective investment scheme without following an index. There is no pre-defined benchmark against which the Fund's performance can be compared and no specific objective is pursued in relation to any industrial, geographical or other market sector.

The activities of the Management Company related to the organization and management of the Fund include:

- Investment Management;
- administration of units, including legal and accounting services in relation to asset management, requests for information from investors, valuation of assets and calculation of unit prices, control of compliance with legal requirements, risk management, keeping of the unitholders' book, in cases where the management of a collective investment scheme originating in another Member State is carried out, distribution of dividends and other payments, issuance, sale and redemption of shares, execution of contracts, record-keeping;
- Marketing Services.

All assets acquired by the Fund are owned by the persons who invested in it. The profits and losses of the Fund are borne by the investors, in proportion to their share in its property. Installments for the purchase of units of the Fund can only be in cash.

The issued units give the right to the relevant part of the property of the Fund, including in case of liquidation, the right of redemption, as well as other rights provided for in the ACISOCIUA and the Rules of the Fund.

2. 2. Basis for the preparation of the financial statements

The financial statements are prepared on a historical price basis, with the exception of financial instruments that are carried at revaluation or fair value at the end of each reporting period, as explained in the accounting policies below.

The financial statements are presented in Bulgarian leva and all indicators are rounded to the nearest thousand Bulgarian leva (thousand BGN), unless otherwise indicated.

Statement of Compliance

The Fund's financial statements have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union (the "EU IFRS Accounting Standards"). The reporting framework "IFRS accounting standards adopted by the EU" is essentially the defined national accounting basis IASs adopted by the EU, regulated by the Accountancy Act and defined in item 8 of its Additional Provisions.

This report is the second for the Fund to apply the International Financial Reporting Standards adopted by the European Union.

The Fund was entered in the Bulstat Register at the Registry Agency on 26.03.2024. The comparative information covers the period from 26.03.2024 to 31.12.2024.

Management responsibilities

The actions of the management and employees are aimed at strengthening the principles of good corporate governance, increasing the confidence of shareholders, investors and persons interested in the management and operation of the Fund.

Management confirms that for the reporting period it has consistently applied adequate accounting policies in the preparation of the Annual Financial Statements and has made reasonable and prudent judgments, assumptions and estimates.

Management also confirms that it has adhered to the accounting standards in force, with the Annual Financial Statements prepared on a going concern basis.

Принцип на действащото предприятие

The financial statements for the year ended 31 December 2025 have been prepared on the assumption that the Fund is a going concern, which implies the continuation of its current business and the realisation of assets and the settlement of liabilities in the normal course of its business. The future financial results of the Fund depend on the wider economic environment in which it operates. Factors that affect the Fund's performance in particular include zero or negative economic growth, investor confidence, financial asset prices.

Management concluded that there were no material uncertainties that could give rise to significant doubts as to the Fund's ability to continue to operate as a going concern and, accordingly, that it was appropriate to prepare the financial statements on the basis of the going concern assumption after taking into account the financial projections.

The management has no plans or intentions that provide for a significant limitation of the scope of the activity and/or transformation in the foreseeable future for a period of at least one year of the fund.

3. Amended standards

3.1. New standards, amendments and interpretations of existing standards at 1 January 2025.

During the current year, the Fund has applied the following amendments to IFRS accounting standards issued by the International Accounting Standards Board (IASB) and adopted by the EU, which shall enter into force for the reporting period beginning on or after 1 January 2025. Their adoption did not have a material effect on the disclosures or on the amounts in the financial statements.

- Amendments to IAS 21 Effects of Changes in Exchange Rates: Lack of Convertibility (issued on 15 August 2023), effective 1 January 2025, adopted by the EU on 12 November 2024, published in the OJ on 13 November 2024.

3.2. Standards, amendments and clarifications that have not yet entered into force and are not applicable from an earlier date by the Fund

At the date of approval of these financial statements, the Fund has not applied the following amended IFRS accounting standards that have been issued and adopted by the EU but have not yet entered into force in the EU:

- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures: Amendments to the classification and measurement of financial instruments (issued on 30 May 2024), effective 1 January 2026, adopted by the EU on 27 May 2025, published in the OJ on 28 May 2025.
- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures: Contracts related to nature-dependent electricity (issued on 30 May 2024), effective as of 1 January 2026, adopted by the EU on 30 June 2025, published in the OJ on 1 July 2025.
- Annual Improvements, Volume 11 – Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 (issued on 18 July 2024), effective 1 January 2026, adopted by the EU on 9 July 2025, published in the OJ on 10 July 2025.

The management of the Fund does not expect the implementation of these amendments to have an impact on the financial statements of the entity in future periods.

3.3. New and amended IFRS accounting standards issued by the IASB but not yet adopted by the EU

The following new and amended IFRS accounting standards have not yet been approved for use in the EU and therefore cannot be applied by the Company:

- IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 August 2024), effective 1 January 2027.
- IFRS 19 Subsidiaries Not Publicly Reported: Disclosures (issued on 9 May 2024), effective 1 January 2027.
- Amendments to IAS 21 Effects of Changes in Exchange Rates: Switchover to Overinflationary Performance Currency (issued on 13 November 2025), effective 1 January 2027.
- Amendments to IFRS 10 and IAS 28 - Sale or Investment of Assets between an Investor and its Associate or Joint Venture (issued on 11 September 2014) effective on or after a date to be determined by the IASB.
- IFRS 14 Deferred Regulated Price Accounts (issued on 30 January 2014), effective 1 January 2016.

3.4. Changes in accounting policy

The Fund's accounting policies are consistent with those applied in the previous reporting period.

4. Summary of material accounting policies

4.1 Reporting currency

The financial statements are presented in Bulgarian leva, which is the functional currency and the currency of presentation of the Fund. Foreign currency transactions are initially recorded in the functional currency at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies shall be translated into the functional currency as of the date of the report at the final exchange rate of the Bulgarian National Bank for the last business day of the respective month. All exchange differences are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured at a historical foreign currency acquisition price are converted to the functional currency at the exchange rate at the date of the initial transaction (acquisition).

4.2 Cash and cash equivalents

Cash and short-term deposits on the balance sheet include cash in bank accounts and short-term deposits with an initial maturity of three months or less.

Cash in bank accounts is not subject to interest.

For the purposes of the cash flow statement, cash and cash equivalents include cash and cash equivalents as defined above.

4.3 Segment reporting

The fund's units are not registered for trading on a regulated market. The Fund operates in only one economic sector due to legal constraints and the purpose for which it was established.

4.4 Financial assets

Initial recognition

Bluesmart Premium Equity Fund classifies financial assets in one of the following categories at initial recognition:

1. Measured at amortised cost, and
2. Measured at fair value through profit or loss.

The classification is determined on the basis of the business model for the management of the given class of financial assets and the contractual characteristics of cash flows. Investments held by the Fund for the purpose of profiting from short-term sales or buybacks are classified as financial assets held for trading. Investments in debt instruments that the Company holds under a business model for the purpose of collecting agreed cash flows are classified as financial assets carried at amortised cost.

Financial assets carried at amortised cost

The following financial assets of the Fund may fall into this category, depending on the chosen business model and the characteristics of the cash flows from them: receivables, receivables on granted deposits, investments held to maturity.

Other receivables

These amounts usually arise from receivables in connection with the ordinary operating activities of the Fund – receivables on transactions with financial instruments, receivables on accrued dividends. Interest may be charged on the basis of market interest rates when the repayment period exceeds six months. Ordinary collateral is not received.

Financial assets carried at fair value through profit or loss

This category of financial assets includes assets held for trading. A financial asset is classified in this category if it is acquired for the purpose of selling at short notice or if its contractual characteristics do not meet the condition that they give rise to payments of principal and interest only. These financial assets can be debt or equity instruments.
The initial measurement of purchased financial assets is their fair value upon acquisition. The date of recognition and the date of derecognition of assets is the date of conclusion of the transaction (trading date).

Subsequent measurement of financial assets

Financial assets carried at amortised cost

Receivables

The Fund applies the simplified IFRS 9 approach to measuring expected credit losses, where an impairment for expected lifetime losses is charged for all claims.

To measure expected credit losses, receivables are grouped based on shared credit risk characteristics and days of arrears.

The Fund recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or their reversal).

Financial assets carried at fair value through profit or loss

After initial recognition, the asset is measured at fair value taking into account changes in fair value in profit or loss.

Derecognition of financial assets

A financial asset is derecognised from the Fund when the contractual rights to the cash flows of that asset mature or when the Fund has transferred those rights through a transaction in which all material risks and rewards arising from ownership of the asset are transferred to the purchaser. Any interest in a financial asset that the Fund retains or creates is accounted for separately as a separate asset or liability.

In cases where the Fund has retained all or most of the risks and rewards associated with the assets, the latter shall not be derecognised from the statement of financial position.

In transactions where the Fund neither retains nor transfers the risks and rewards associated with a financial asset, the latter is derecognised from the statement of financial position if and only if the Fund has lost control of it. The rights and liabilities that the Fund retains in these cases are reported separately as an asset or liability. In transactions where the Fund retains control of the asset, its reporting in the statement of financial position continues, but to the extent determined by the extent to which the Fund has retained its participation in the asset and bears the risk of a change in its value.

4.5 Financial liabilities

Sunsequent measurement of financial liabilities

Liabilities carried at amortised cost

All liabilities are accounted for at amortised cost using the effective interest rate method.

Items classified as commercial and other liabilities are usually not re-evaluated because the liabilities are known to have a high degree of certainty and the settlement is short-term.

Write-off of financial liabilities

The Fund writes off a financial liability when the contractual obligations thereon are extinguished, expired or cancelled.

The difference between the carrying amount of the derecognised financial liability and the performance paid is recognised in profit or loss.

4.6 Offsetting a financial asset and a financial liability

Financial assets and financial liabilities are offset and the statement of financial position presents the net amount where:

- has a legally enforceable right to compensate the amounts recognised; and

- intends either to settle on a net basis or to realise an asset and at the same time settle a liability.

The offsetting of a recognised financial asset and a recognised financial liability and the presentation of net worth are different from the derecognition of a financial asset or financial liability.

The right to compensation is the legal right of a contractual debtor to settle or otherwise eliminate all or part of the amount owed to a creditor by deducting from that amount an amount owed by the creditor.

4.7 Revenues

The main financial income of the Fund is from revaluation of securities and from realized profits from securities transactions, from interest from bank deposits and interest-bearing securities, from dividends received.

Dividend income

Dividend income is recognised when the right to receive it is established. This applies even if they are paid out of the pre-acquisition profits, unless the dividend clearly represents the recovery of part of the cost of the investment. In this case, a dividend is recognised in other comprehensive income if it relates to an investment measured at fair value in comprehensive income.

Interest income

Interest income is accounted for using the effective interest rate method, which is the rate that accurately discounts the expected future cash payments over the expected life of the financial instrument or over a shorter period, where appropriate, to the carrying amount of the financial asset. Interest income is included in financial income in the income statement.

Interest income on financial assets of Philips carried at fair value through profit or loss is included in the net profit / (loss) of their fair value. Interest income on financial assets carried at amortised cost and financial assets carried at fair value in other comprehensive income calculated using the effective interest method are recognised in the income statement.

Interest income is calculated by applying the effective interest rate on the gross carrying amount of financial assets, excluding financial assets that are subsequently impaired. They are subject to an effective interest rate on the net carrying amount of the financial asset (after deduction of loss compensation).

4.8 Expenses

Expenses related to the Fund's operations are recognised in profit or loss in the Statement of Comprehensive Income, following the accrual principle. The annual operating expenses of the Fund may not exceed 5.0% of the annual average net asset value of the Fund. Expenses related to the activities of the Fund, which are indirectly borne by all its unit holders, including asset management fee and remuneration of the custody bank, are charged daily, in accordance with the rules of the Fund and the contract concluded with the custody bank.

The management company does not charge fees for results achieved from the Fund's assets.

4.9 Income taxes

According to Art. 174 of the Corporate Income Tax Act, Collective investment schemes that are admitted for public offering in the Republic of Bulgaria under the Collective Investment Schemes and Other Collective Investment Undertakings Act are not subject to corporate tax.

4.10 Capital and reserves belonging to the Fund's equity holders

The determination of the net asset value of the Fund is carried out according to the Rules for Portfolio Valuation and Determination of Net Asset Value, approved by the Financial Supervision Commission. The methodology for determining the net asset value of the Fund is based on the:

- the provisions of the accounting legislation;
- the provisions of the Acts on the Protection of Persons with Disabilities Act and the normative acts on its implementation;
- The Fund's Rules and Prospectus.

Net asset value per unit is the basis for determining the issue value and redemption price of the Fund's units for each business day.

Retained earnings/Accumulated loss includes the current financial result and accumulated gains and uncovered losses from previous years.

Bluesmart Premium Equity Fund determines as of 31.12.2024:

a) The amount and share of the equity capital to be invested in securities - in accordance with the requirements of the Collective Investment Schemes and Other Collective Investment Undertakings Act

б) The calculation of the value of the units is carried out as follows:

- The net asset value of one unit is equal to the net asset value of the Fund divided by the number of shares of the company;
- The net asset value of the Fund is equal to the sum of the assets at book value of the Balance Sheet less the amount of liabilities from the Balance Sheet;
- Number of units of the Fund used as a denominator in calculating the income per unit. The Register of Units is maintained by the Central Depository AD;

The net asset value per unit, the issue value and the redemption price of the units of Bluesmart Premium Equity are calculated by the management company Bluesmart Investments AD under the control of the Custody bank.

The publication of the issue value and the redemption price are the responsibility of the management company.

The costs associated with the investment in units of the Fund are costs that are borne directly by the specific investor/unit holder in the sale/issuance and redemption of units ("Transaction costs") and are included in the issue value and redemption price. The fees charged for the issuance and redemption of units of the fund are according to its prospectus.

The fees for issuance and redemption of units are an obligation of the Fund to the Management Company and are reported as an estimate payable at the beginning of the next month.

4.11 Significant management judgments in the application of accounting policy

Management's significant judgments in applying the Fund's accounting policies that have the most material impact on the financial statements are described below:

- The issue value and redemption price of the Fund's units shall be based on the net asset value of the Fund at the date of their designation. The management company evaluates the Fund's portfolio, determines the net asset value of the Fund, the net asset value per unit and calculates the issue value and the redemption price under the control of the Custody Bank in accordance with the regulatory requirements;

- The management company invests the assets of the Fund in financial instruments in ratios determined in accordance with the Law on the Activities of Collective Investment Schemes and Other Collective Investment Undertakings;
- The subsequent valuation of the Fund's assets is carried out in accordance with the Rules of the Fund and Ordinance No. 44 of 20.10.2011 on the requirements for the activities of collective investment schemes, management companies, national investment funds, alternative investment funds and alternative investment fund managers;
- According to the contracts concluded with the Management Company and the custody bank, the fees they collect are charged daily;
- The management of the Fund's activities is carried out by the Management Company. Also, the activities of the Fund are legally limited. These are the reasons why the Fund does not own tangible and intangible assets, investment properties, as well as does not have the right to conclude lease contracts, which is why no accounting policy has been adopted regarding the reporting of this type of assets;
- The Fund does not have its own staff, therefore no accounting policy has been adopted regarding the reporting of pension and other liabilities to staff, as well as remuneration of staff on a share basis.

4.12 Uncertainty of accounting estimates

4.12.1 Fair value of financial instruments

The management uses techniques for assessing the fair value of financial instruments in the absence of quoted prices on an active market in accordance with the Fund's Rules and Ordinance No. 44 of 20.10.2011 on the requirements for the activities of collective investment schemes, management companies, national investment funds, alternative investment funds and alternative investment fund managers.

When applying valuation techniques, management makes maximum use of market data and assumptions that market participants would adopt when valuing a financial instrument. 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. Additional information on fair value measurement is disclosed in note 9.

5. Notes

5.1 Financial assets carried at fair value through profit and loss

As of 31.12.2024, the Fund's investments are only in shares traded on regulated markets. During the current period, the Fund has not invested in instruments other than shares.

	2025	2024
	BGN '000	BGN '000
Investments in shares of foreign issuers	11 346	4 979
	11 346	4 979

The structure of the investment portfolio in shares is as follows:

Investments in stocks	31.12.2025		31.12.2024	
	Fair value BGN '000	% of the assets	Fair value BGN '000	% of the assets
Stocks traded on regulated markets in the United States	7 829	67,43%	3 647	72,73%
Shares traded on regulated markets in Europe	2 881	24,81%	1 052	20,98%
Stocks traded on a regulated market in Japan	636	5,47%	280	5,58%
	11 346	**97,71%**	**4 979**	**99,29%**

At the end of both presented periods, a market price was used for valuation for all positions and in compliance with the Rules for valuation of the portfolio and for determining the net asset value of the Fund.

5.2 Current receivables

	2025 BGN '000	2024 BGN '000
Share receivables related to an issue SPLIT	143	-
Receivables from accrued dividends	6	3
	149	**3**

Age structure of receivables

As of December 31, the age analysis of the receivables that have not been depreciated is presented in the table below:

	Total BGN '000	Neither overdue nor depreciated BGN '000
2025	149	149
2024	3	3

5.3 Cash and cash equivalents

	2025 BGN '000	2024 BGN '000
Current account with Custody Bank in EUR	106	24
Current account with Custody Bank in US dollars	10	8
	116	**32**

As of 31.12.2025, the Fund has no bank deposits. The fund has no blocked money and cash equivalents.

As of 31.12.2025, the fair value of cash is 116 thousand BGN (2024: 32 thousand BGN).

5.4 Capital and reserves belonging to the Fund's equity holders

Bluesmart Premium Equity issues one class of units. Information on the additional conditions of the investment in the units of the Fund is contained in the Prospectus of the Fund, available on the website https://bluesmartfunds.com/bg.

5.4.1 Units into circulation

During the year, the number of units outstanding is as follows:

	31.12.2025 Units	31.12.2024 Units
At the beginning of the period	**250 971,7914**	**-**
Units issued	308 674,4602	250 971,7914
Redeemed units	(3 279,0000)	-
Units at the end of the period	**556 367,2516**	**250 971,7914**

The nominal value of 1 unit of the Fund is EUR 10.

5.4.2 Investor structure

	2025 Units	%	2024 Units	%
Shares acquired by Individual investors	22 102,8490	3,97%	11 375,1101	4,53%
Shares acquired by legal entities	351 992,4026	63,27%	239 496,6813	95,43%
Units distributed through a paying agent in Austria through Clearstream Banking Luxembourg	182 272,0000	32,76%	100,0000	0,04%
Total	**556 367,2516**	**100,00%**	**250 971,7914**	**100,00%**

5.4.3 Net asset value per unit

The net asset value per unit as at 31.12.2025 was EUR 10,6506 (31.12.2024: EUR 10,1844) and has been calculated for the purposes of this reporting and compliance with the principles of IFRS accounting standards adopted by the EU.

The net value of Bluesmart Premium Equity Mutual Fund and the net asset value per unit shall be determined every business day, no later than 13:00, in accordance with the Rules for Portfolio Valuation and Determination of Net Asset Value, the current legislation and the Prospectus for Public Offering of the Fund's units, under the control of the depository bank.

According to the rules for valuation of the Fund's assets, the last calculated, confirmed by the depository bank and declared net asset value per unit, issue value and redemption price is as of 29.12.2025 and is as follows:

	29.12.2025	31.12.2024
	EUR	EUR
Net asset value per unit	10,6924	10,1844
Net Asset Value	5 948 896,79	2 555 991,07

The last calculated, confirmed by the depositary bank and declared net asset value per unit, issue value and redemption price for 2024 is as of 31.12.2024.

5.5 Trade and other liabilities

	2025	2024
	BGN '000	BGN '000
Liabilities to the management company	14	6
Liabilities on the amount received for subscription of units	-	3
Liabilities to a custody bank	1	1
Liabilities to an auditor	6	5
	21	**15**

In January, 2026, the Fund has fully repaid the liabilities to the management company and the fees to the depository bank. The liability to the auditor is expected to be paid upon completion of the audit.

The Fund's liabilities as of 31.12.2024 were fully repaid at the beginning of 2025.

5.6 Dividend income

	2025	2024
	BGN '000	BGN '000
Income from contributions	132	28
	132	**28**

5.7 Net gain/(loss) on revaluation of financial assets carried at fair value through profit and loss

	2025	2024
	BGN '000	BGN '000
Positive differences from changes in the fair value of financial assets	13 869	3 655
Negative differences from changes in the fair value of financial assets	(12 523)	(3 639)
Positive differences from currency revaluations of financial assets carried at fair value	2 445	809
Negative differences from currency revaluations of financial assets carried at fair value	(3 132)	(689)
	659	**136**

5.8 Remuneration costs of custody bank

Г The annual remuneration for the depository bank, where the assets of the Fund are kept, is:

	2025	2024
	BGN '000	BGN '000
The annual remuneration for the custody bank	(20)	(10)
% of the average annual net asset value	0,25%	0,39%

The custody bank's remuneration includes fees for safekeeping the Fund's financial instruments, fees for calculations of the Fund's net asset value and fees for other services provided during the reporting period.

5.9 Other operating expenses

	2025	2024
	BGN '000	BGN '000
Commissions on transactions with financial instruments	(6)	(4)
Independent financial audit	(6)	(5)
Supervisory fees	(1)	-
Other	(2)	(1)
	(15)	**(10)**

Other operating expenses amounted to 0,18% of the average annual net asset value.

6 Related parties

The Fund's affiliates include the Management Company, the owners of the Management Company and other key management personnel.

The key management staff of the Management Company includes the members of the Board of Directors.

Unless explicitly mentioned, transactions with related parties are not carried out under special conditions.

6.1 Transactions with key management personnel and shareholders of the Management Company

In 2025, the shareholders and/or members of the Board of Directors of the management company subscribed a total of 16 891,9821 shares in Bluesmart Premium Equity Fund. As of 31.12.2025, the total number of shares held by the shareholders and/or members of the Board of Directors of the management company amounted to 167 393,7852 shares.

6.2 Transactions with the Management Company

	2025	2024
	BGN	BGN
Annual remuneration of the Management Company	122 454	43 950
Fees for issuing units	3 900	307
	126 354	44 258

The management company receives annual remuneration as a percentage of the average annual value of the Fund's assets. In 2025, the management fee is 1,5% of the Fund's net asset value. Average annual net asset value of the Fund for 2025 is EUR 4 185 758,05 (BGN 8 186 631,17.).

For the issuance and redemption of units, the Fund charges a fee representing income for the Management Company, which is initially received by the Fund and subsequently paid to the Management Company, without being reflected in the comprehensive income of the Fund. The fee is reported as a change in the premium reserve of the Fund. No fee is charged for the redemption of units.

7 Risks related to financial instruments

Management objectives and policy regarding risk management

The risk in the Fund's portfolio management activity is related to the possibility that the actual proceeds from an investment do not correspond to the expected ones, as well as the obligation that the Fund has to the unitholders to buy back the financial instruments when they require it.

The specifics of the management of portfolios of mutual funds lead to the need for the implementation of adequate systems for the timely identification and management of different types of risk, with particular importance being the procedures for risk management, mechanisms for maintaining them within acceptable limits, optimal liquidity and portfolio diversification.

The risk management in the Fund is carried out by the Management Company and is structured according to the levels of competence as follows:

- Board of Directors – determines the risk rules, as well as adopts their amendments and supplements; monitors the submitted risk management reports;
- The member of the Board of Directors of the company in charge of risk management – responsible for the organization, management and supervision of risk management functions; monitors, analyses and determines the risk tolerance limits that the Fund will assume, as well as the methods for their management;
- Risk Management Unit – implements risk management policies and procedures at operational level, ensuring compliance with risk exposure limits;
- Heads of other units of the company - inform the Risk Management Unit about identified potential risks;

Risk management activities are carried out on a daily basis, in compliance with all regulatory requirements and internal risk management rules. Appropriate measures are applied in the risk assessment, analysing their values on a daily basis and monitoring the limits and limits in force.

Risk management includes full and timely recognition of the risks to which the fund's assets are or may be exposed during its activities and analysis of the reasons for their occurrence.

The company recognizes investment risk as a risk of the greatest importance for the value of the fund's property. Within the framework of the risk identification procedure, in accordance with the investment policy and the planned investment structure of the fund, specified in the Fund's prospectus, the company shall identify the following investment risks:

- Risk of changes in market prices of securities;
- Exchange rate risk;
- Risk of interest rate changes;
- Credit risk;

- Liquidity risk;

7.1 Risk of changes in market prices of securities

Market risk is defined as the risk of falling prices or increased volatility in the prices of securities part of the Fund's portfolio, which would directly affect the decrease in the value of the share price, net assets and realized returns.

As of 31.12.2025, investments in shares of the Fund are 97,71% of all assets of the Fund. A decrease in the market prices of the financial instruments held by the Fund leads to the reporting of revaluation losses and a corresponding decrease in the net asset value.

The management company measures the risk of the portfolio monthly through the historical volatility of the price of the units, measured by standard deviation. Volatility, i.e. the standard deviation, is calculated on the basis of historical data on the return of the Fund from the last 5 years or on the basis of historical data from a shorter period, i.e. since the establishment of the Fund.

As of 31.12.2025, the standard deviation of the price of 1 unit of Bluesmart Premium Equity Fund is 13,42%.

In order to reduce the market risk due to changes in the prices of financial instruments, the Management Company strives to diversify the investments in the portfolio as much as possible in relation to a particular issuer, economic sector or country. Detailed information about the instruments in which the Management Company can invest the assets of the Fund is included in the Prospectus and the Rules of the Fund.

In order to avoid the risk of concentration, the Management Company strives to comply with the set restrictions on investment of the Fund's assets.

7.2 Exchange rate risk

Currency risk is a form of risk that occurs when the price of one currency changes relative to another. The Fund holds securities denominated in different currencies in its portfolio, and any changes in these currencies relative to the currency of the Fund may lead to an increase or decrease in the value of the units. The management company considers the euro to be a low-risk currency, but other currencies have a potentially higher risk of increased volatility.

Procedures for measuring exposure to risk of changes in exchange rates - to assess exposure to foreign exchange risk, the impact of the appreciation of the euro against other currencies is assessed. The company defines as hard currencies: the US dollar (USD), the Swiss franc (CHF), the British pound (GBP) and the Japanese yen (JPY). The company considers hard currencies as carriers of a lower risk of change compared to the euro. The risk of appreciation of the euro against hard currencies is considered as such, as long as it is in accordance with the investment policy of the fund's assets, and except in exceptional situations, the company does not intend to transfer, mitigate or avoid this risk.

The majority of the Fund's transactions are carried out in US dollars, yen, British pound and Swiss franc.

Final exchange rates as of 31.12.2025 against the lev:

Euro	EUR	1.95583
US dollar	USD	1.66355
Japanese yen	JPY	0.0106596
British pound	GBP	2.24498
Swiss franc	CHF	2.10463

As of the date of adoption of the report, Bulgaria continues to have a fixed exchange rate to the euro. As of 01.01.2026, the official currency in the Republic of Bulgaria is the euro.

As of 31.12.2025, currency risk is also a major risk for the Fund, as 80,03% of its assets are in currencies other than euro. The largest exposure of the fund is to the US dollar – 67,56% of its assets. There is a risk of a simultaneous depreciation of several or all of the currencies in which the Fund has invested against the euro.

The financial assets that are denominated in foreign currency and have been restated in Bulgarian leva as of the date of the report are as follows:

	2025	2024
	BGN '000	BGN '000
Market value		
Financial assets denominated in euro	2 319	835
Financial assets denominated in US dollars	7 845	3 658
Financial assets denominated in Japanese yen	779	280
Financial assets denominated in British pound	155	45
Financial assets denominated in Swiss franc	513	196
	11 611	**5 014**

7.3 Risk of interest rate changes

Interest rate risk is the likelihood of losses resulting from changes in interest rates. This is the risk to which the fund's funds invested in deposits are exposed, the price of which changes inversely in proportion to the movement of interest rates.

The interest rate risk to which Bluesmart Premium Equity is exposed is largely limited due to the relatively low percentage of funds invested in deposits and held in an account – as of 31.12.2025 1,00% of total assets.

During the reporting period, the Fund did not report interest income and, given the current interest rates, interest income is not expected to be realized in 2026.

The Fund does not use credit financing for its activities, therefore the Fund's liabilities are not exposed to interest rate risk.

7.4 Credit risk

Credit risk is the likelihood that the issuer of a particular security will not be able, in whole or in part, to meet its obligations when they become due. The default of the securities issuers would have a negative impact on liquidity and would reduce the value of net assets and the share price, i.e. the realized profitability of the fund.

The management company continuously re-evaluates and classifies each financial instrument in the Fund's portfolio according to the degree of credit risk. All significant exposures are analysed on a monthly basis. The indicators that are monitored are: long-term credit rating for debt in foreign currency of the issuer of the financial instrument according to the credit rating agencies Standard & Poor's, Fitch Investor Services or Moody's; long-term credit rating for debt in local currency of the issuer of the financial instrument according to the credit rating agencies Standard & Poor's, Fitch Investor Services or Moody's; occurrence of difficult and unforeseen events; a significant deterioration in the financial situation of the issuer of the financial instrument.

The Fund's exposure to credit risk is limited to the amount of the carrying amount of the financial assets recognised at the reporting date, as set out below:

	2025 BGN '000	2024 BGN '000
Financial asset groups (carrying amounts)		
Financial instruments reported under the Fair value in profit and loss	11 346	4 979
Cash and cash equivalents	116	32
Other current receivables	149	3
	11 611	**5 014**

The management of the Management Company considers that all the above-mentioned financial assets that have not been depreciated during the reporting periods presented are financial assets with a high credit assessment.

The fund has no collateral held as collateral for its financial assets.

7.5 Liquidity risk analysis

The management company and the Fund follow the liquidity obligations arising from Ordinance No. 44 of 20.10.2011 on the requirements for the activities of collective investment schemes, management companies, national investment funds, alternative investment funds and persons managing alternative investment funds of the Financial Supervision Commission and the requirements of the Collective Investment Schemes and Other Collective Investment Undertakings Act. for the minimum liquidity available to the Fund at all times.

A decrease in liquidity is possible when a large number and/or large number of orders for redemption of units are submitted, and this risk decreases with an increase in the number of unit holders.

When investing the fund's assets and in order to ensure the fulfillment of the statutory conditions and deadlines for redemption of units in the fund, the company takes into account the liquidity of the financial instruments and their ultimate impact on the total amount of liquidity of the fund's portfolio. The company continuously measures and monitors the liquidity of the fund by periodically assessing whether the fund's portfolio consists of sufficient liquid assets to meet the legally prescribed conditions and deadlines for the redemption of units in the fund. In addition, as part of the measures and techniques to measure exposure to liquidity risk, a stress test is carried out to assess that risk in exceptional circumstances.

During the reporting period, the Fund maintained liquidity in excess of short-term liabilities and in an amount providing a high level of liquidity. Since the beginning of the Fund's activities, there has been no shortage of liquidity or difficulties in covering its liabilities.

During the reporting period, the Fund did not use external sources to provide liquidity and fulfilled its current obligations on time.

As of December 31, 2025, the current liabilities of the Fund amount to BGN 21 thousand. All liabilities of the Fund are non-interest-bearing.

As of 31.12.2024, the Fund does not own derivative instruments and no transactions with such instruments were concluded during the year.

No hedging transactions were concluded during the period and there was no open hedging position.

During the period, no repurchase contracts were concluded, and no such contracts were terminated; financial instruments have not been purchased or sold under repurchase transactions; no repurchase contracts in force at the end of the period.

8 Capital Management Policy and Procedures

The objectives of the Management Company in terms of capital management are:

- Achieving profitability commensurate with the assumption of minimal risk for investors;
- Maintaining high liquidity in order to timely repay liabilities to investors that would arise when claiming repurchase units;
- Adequate ratio of cash invested in securities to cash instruments.

The management of the Fund's capital, its use for generating income is carried out by the investment consultant of the Management Company in accordance with the regulatory framework, the Prospectus and the Rules of the Fund, under the supervision of the Regulatory Compliance Unit and the Risk Analysis and Management Department.

9 Determination of fair value

The fair value of financial assets and liabilities traded on active markets (such as publicly traded derivatives and marketable securities) is based on market quotes as of the last trading date for the year. A financial asset is considered to be traded in an active market if market quotes are available from exchanges, dealers, brokers, etc. These prices are presented as real and regularly executed market transactions.

The fair value of financial assets that are not traded in an active market is determined using valuation techniques. The fund uses various valuation methods and assumptions based on market conditions existing at the end of the year.

IFRS 7 requires the Fund to classify measurement at fair value by using a hierarchy of fair value measurements that reflects the significance of the inputs used in determining the measurements. The fair value accounting hierarchy has the following three levels:

- Market quotes from active markets (level 1).
- Inputs other than market quotes used at Level 1 that are observed for given assets directly or indirectly (Level 2).
- Input data not based on observed market data (level 3).

The following table provides an analysis of the fair value reporting hierarchy of the Fund's financial assets by type as at 31 December 2025:

	Level 1	Level 2	Level 3	Total
Financial asset groups, Carried at fair value in profits and losses	**BGN '000**	**BGN '000**	**BGN '000**	**BGN '000**
Investments in stocks	11 346	-	-	11 346
	11 346	**-**	**-**	**11 346**

The following table provides an analysis of the fair value reporting hierarchy of the Fund's financial assets by type as at 31 December 2024:

	Level 1	Level 2	Level 3	Total
Financial asset groups, Carried at fair value in profits and losses	**BGN '000**	**BGN '000**	**BGN '000**	**BGN '000**
Investments in stocks	4 979	-	-	4 979
	4 979	**-**	**-**	**4 979**

When assessing the fair value of financial instruments, the methods laid down in the Rules for Portfolio Valuation and Determination of the Net Asset Value of Bluesmart Premium Equity Fund, adopted by a decision of the Board of Directors of Bluesmart Investments AD dated 23.07.2024, shall be used.

For transferable securities traded on active markets of the Member States of the European Union and the Organization for Economic Co-operation and Development, in accordance with the investment policy specified in the Fund's Prospectus, fair value shall be determined:

- at a closing price or other similar indicator publicly disclosed on the day of valuation by trading venues;
- at a closing price or other similar indicator publicly disclosed on the valuation day by trading venues from which the largest volume of transferable securities was traded on that day, in cases where they are admitted to trading on more than one trading venue;
- at the closing price or other similar indicator publicly disclosed by trading venues for the last business day, if the trading venue is closed on the day on which the valuation is carried out.
- The fair value of transferable securities admitted to or traded on trading venues, in the event that they are not traded on the valuation day, shall be determined at the closing price or other similar item publicly disclosed by trading venues for the nearest day of the 30-day period preceding the valuation day.
- The fair value of transferable securities admitted to or traded on trading venues, in cases where trading is not conducted on trading venues on business days for the country, shall be the closing price for the day of the last trading session preceding the day on which the valuation is made. In the event that no transactions are executed on the day of the last trading session preceding the day on which the valuation is made, the fair value of these instruments shall be determined at the closing price or other similar item publicly disclosed by trading venues for the nearest day of the 30-day period preceding the day on which the valuation is made.

If it is not possible to apply the valuation methods listed above, as well as for shares that are not traded on regulated markets or other trading venues, fair value shall be determined by the consistent application of the following methods:

- Primary valuation model: a reference to the current market value of another financial instrument that is issued by the same issuer and admitted to trading on a different market;
- Secondary valuation model: selection of 5 competing companies, i.e. commercial companies operating in the same industry or sub-sector, achieve revenues from business operations that are closest to the revenues of the company whose financial instruments are subject to valuation. These methods are applied in the sequence in which they are described above, provided that the method mentioned in the first place cannot be used.

The management company also uses a Tertiary Valuation Model if the valuation models above cannot be applied.

10 Events after the end of the reporting period

According to the Law on the Introduction of the Euro in the Republic of Bulgaria (ZVERB), as of January 1, 2026, the euro becomes an official currency and legal tender in Bulgaria. The official exchange rate is set at BGN 1,95583 per 1 euro.

The introduction of the euro as an official currency in the Republic of Bulgaria constitutes a change in the functional (reporting) currency of the Fund, which will be reflected in the perspective and does not constitute an event after the reporting period, which requires an adjustment in the financial statements for the year ending 31 December 2025.

The Fund does not expect material effects from the currency conversion of opening balances as of 1 January 2026 into euro and from the process of changing the functional (reporting) currency.

On 28.02.2026, the United States and Israel began hostilities against the Islamic Republic of Iran. As of the date of approval of the financial statements, the management of the management company is monitoring the geopolitical situation, including the conflict in the Middle East. At present, there is no event with a direct material impact on the Fund.

No adujsting events or other significant non-adujstimg events occurred between the date of the financial statements and the date of their approval for issuance.

11 Approval of the financial statements

The financial statements were drawn up on 16.03.2026, approved for issuance by the Board of Directors and signed on 31.03.2026.

For Bluesmart Investments AD:

Prepared by: ____________________
Veles Account EOOD,
Daniel Kolev, Managing Director

Executive Director: ____________________
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Executive Director: ____________________
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