



AS Avaron Asset Management

**ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED ON
31 DECEMBER 2025**

Audited by KPMG

COMPANY FACTS

| | |
|---|---|
| Beginning of the financial year | 01/01/2025 |
| End of the financial year | 31/12/2025 |
| Name of the Company | AS Avaron Asset Management |
| Registration number | 11341336 |
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| E-mail | avaron@avaron.com |
| Web site | www.avaron.com |
| Main activity | Management of investment funds (EMTAK 66301) Portfolio management services (EMTAK 66199) |
| Sworn auditor | KPMG Baltics OÜ (reg. no. 10096082) |
| Documents enclosed with the annual report | Sworn Auditor's Report Proposal for Profit Distribution Division of revenues in accordance with EMTAK classification standard |

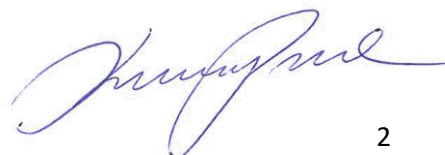


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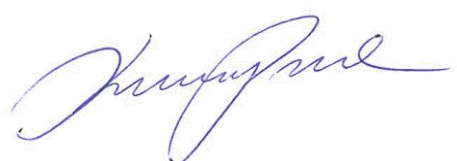
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MANAGEMENT REPORT

AS Avaron Asset Management (hereafter: “Avaron” or “Company”) is an independent asset management company that was established in 2007. **Our core activity involves investing the assets of our mutual funds and institutional investor managed accounts into Emerging Europe listed equities.** We create additional value to our clients by applying active value investing and responsible investing principles while also adhering to the UN Principals of Responsible Investment. As at the end of 2025 Avaron managed 342 million euros of investor assets (2024: 212 million euros). The firm employed 16 investment and finance specialists. Avaron holds a licence from the Estonian Financial Supervision Authority to manage investment portfolios and funds. Avaron is also a registered Investment Advisor with the U.S Securities and Exchange Commission (SEC).

Description of the Business Model

Avaron is mainly focused on offering institutional investors the opportunity to invest part of their emerging markets portfolio into Emerging Europe listed equities. An investor can achieve this by either investing directly into mutual funds managed by Avaron or by giving us a managed account to invest the assets directly. Today Avaron manages four mutual funds (UCITS) domiciled in Estonia which are open to any investor that has a European bank account. **Avaron Emerging Europe Fund**, targeted to institutional investors, is focused on Emerging Europe ex-Russia listed equities. The fund is a UCITS fund, SFDR Article 8 and registered for public sale in Estonia, France, Germany, Austria, Finland, Sweden, Norway, Denmark, Latvia and Lithuania. **Avaron Emerging Europe Smaller Companies Fund** invests in entrepreneurial small and mid-cap companies in Emerging Europe ex-Russia region. **Avaron Active Multi-Asset Fund**, targeted to high-net worth investors in Estonia, is an asset allocation fund that has a global mandate but focuses on investments in listed equities and bonds in Emerging Europe and Europe. **Avaron High Yield Bond Fund** invests into European high yield corporate papers with tilt to Emerging Europe and Scandinavia. **In our institutional investors’ managed accounts we focus on Emerging Europe ex-Russia listed equity investments.** Our managed accounts are all tailor-made.



| | | | | | |
|----|----------------------|----|----------|----|------------|
| EE | Estonia | LV | Latvia | LT | Lithuania |
| SK | Slovakia | SI | Slovenia | HR | Croatia |
| BA | Bosnia & Herzegovina | | | SR | Serbia |
| MK | North-Macedonia | A | Albania | M | Montenegro |
| CZ | Czech Rep. | | | | |

Avaron focuses on Emerging Europe ex-Russia listed equity asset class with an objective to deliver positive risk-adjusted return to our clients over the market cycle. Our investment region encompasses 15 Emerging Europe countries. Our team’s 19 years of experience in the region has given us extensive knowledge about the public companies and countries we are active in. Our eight-person investment team analyses close to 300 listed companies, researches their business models, assesses their corporate governance and evaluates their development plans. For all the companies under our coverage we establish our own target price based on our internal financial model and estimates. As such our investment decisions rely solely on in-house research. We aim to deliver alpha to our investors by constructing a portfolio of companies that maximises the aggregate upside to internally set target prices of individual companies in our investment universe taking into account the quality and ESG profile of a company, liquidity of an instrument and where relevant, also FX outlook. Based on our research we discover around 30-50 most attractive investment opportunities where we make an investment

in.

Avaron funds and our institutional clients pay us an annual management fee based on the value of assets under management and we are also entitled to earn performance fees if we outperform the set benchmark. Both the management and performance fee rates and terms can be found in the respective fund's prospectus and are also available on our webpage. The fees agreed upon with institutional investors are confidential. The Company's financial success mainly depends on the amount of assets under management and return of the assets managed, which underpins the performance fees and long-lasting client relationship.

Investment Philosophy: Value Investing, Stock-Picking and Responsible Investing

Our investment philosophy is based on value investing principles. Over time stock prices tend to over or underreact to market news and thus deviate from fundamental value of a company. In order to take advantage of such occurrences our portfolio construction is fully bottom-up, assessing every investment case on a standalone basis. Our idea generation is proprietary, driven predominantly by upside to internally set fair value targets. We tend to have long term holding periods but our upside oriented investment process also allows us to take advantage of short-term market volatility without losing focus of the underlying fundamental value of the company. We search for well managed companies with leading market positions, identifiable competitive advantage(s) and strong recurring revenue based business models that we understand and are able to model ourselves.

Within our investment process **we put strong emphasis on company quality that is assessed by using an internal Quality Score** focusing on management team and business model quality, and financial strength of the company. Besides conventional financial and non-financial aspects **we have integrated ESG Score (environmental, social, governance) analysis into our investment process** leveraging upon our bottom-up regional expertise with an aim to identify material ESG risks and value creation opportunities. Our investment team has been following vast majority of our current investment universe for over 19 years, which serves as an important strength in assessing the companies' future potential. In order to have an extensive knowledge base of the companies in our universe we have taken **a strategic decision not to outsource ESG analysis to third party providers** but rather to educate our research team and develop the knowhow in-house.

Avaron Goals and Values

Avaron's mission is to be the most suitable partner for institutional investors catering for their needs in investing into Emerging Europe listed equities. Avaron's main objective is to offer our investors positive risk weighted long-term return through value based and responsible investing. To achieve this, we adhere to our investment style and process, respectively value investing and fundamental analysis, which deliver bottom up stock picks to the portfolios. Avaron's investment team has a key role in achieving our objective and this is why the Investment Managers and key employees are also Avaron's shareholders. The Company's Investment Managers have worked at Avaron since its launch in 2007, while the two Senior Analysts joined in 2008 and 2011.

Avaron's second key objective is to offer its employees opportunities for personal growth. We have invested and continue to invest considerable resources into our employees. Today our investment team consisting of 10 investment specialists (3 Investment Managers, 2 Senior Analysts, 5 Analysts) is one of the largest teams dedicated to Emerging Europe region stock analysis. We have invested a lot also into support team (Operations & Back-Office) and compliance function over the past seven years, including building up back-up functions inside the teams. The Company has also dedicated significant resources to IT systems to further enhance operational efficiency and improve risk management processes.

Avaron has a strong corporate culture with passion for investing, diligence and flexibility. Passion for investing is a key characteristic we look for during our employee selection process as we consider it to be essential for self-development and long-lasting job satisfaction. It also serves as an important driver in our search for attractive investment ideas. Diligence is key to delivering strong investment returns, a measure of quality of our work. In small sized organizations self-motivation and efficiency together with

perseverance are important in successfully working towards our goals. Alongside that flexibility, both towards clients and employees, is essential in building mutually beneficial professional relationships.

Sustainability at Avaron

Sustainable business practices are integral to Avaron's corporate identity. As a specialist asset management firm, our most meaningful contribution lies in the investment decisions we make on behalf of our clients. We are convinced that environmental, social and governance (ESG) considerations, alongside active stewardship, are essential to generating strong risk-adjusted returns over the long term.

Avaron has been a signatory of the Principles for Responsible Investment since 2011. ESG factors are woven into every stage of our fundamental research and investment decision-making. Where we identify shortcomings, we engage directly with portfolio companies to encourage meaningful improvement. During 2025, we launched 11 engagements with portfolio companies, focusing on topics such as climate-related disclosure and targets, and anti-competition allegations. We exercised our voting rights at 85% shareholder meetings across our portfolios. We found no cause to vote against management on any proposal, though we abstained on 2% of proposals where the company was unable to provide timely information on agenda items.

We also **maintain our signatory status with CDP**, one of the world's largest investor-led initiatives focused on improving corporate disclosure and risk management related to climate change, water security and deforestation. Participation in CDP aligns with our belief that transparency on environmental matters is a prerequisite for sound long-term investment.

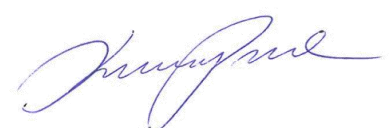
In 2023, the Avaron Emerging Europe Fund became the first Eastern European equity fund to be awarded the LuxFLAG ESG Label – a prestigious designation granted by Europe's leading sustainability labelling agency. The label serves as an independent quality mark, giving investors assurance that responsible investment principles are fully embedded in our process and that the fund upholds high standards of reporting transparency. In March 2025 we successfully completed LuxFLAG's annual review, extending the validity of the label through March 31, 2028.

Over fifteen years, integrating ESG analysis into our bottom-up stock selection process has consistently supported our goal of delivering superior risk-adjusted outcomes for investors. For a fuller picture of our approach and activities, our policies and disclosure on the topic are all available for download on the [Responsible Investment](#) section of our website.

Corporate responsibility – giving back to the society

We gave the 2025 Christmas donation to the [Estonian Debate Society](#) which helps ensure that young people leave the education system with strong critical thinking and argumentation skills. We believe these skills are essential in today's world if we want to maintain and develop a strong, well-functioning society. The Estonian Debate Society trains both teachers, middle school and high school students and develops debate-based learning materials. It also provides young people with opportunities to engage in high-level competitive debating and contributes to improving the quality of public discourse by equipping people with tools to critically analyze and evaluate information. The Estonian Debate Society was founded in 1994 as a program of the Open Estonia Foundation initiated by George Soros. In 1998, the organization became an independent non-profit association. Each year, nearly 800 young people from across Estonia participate in the Estonian Debate Society's tournaments, and in 2025 a total of 1,300 students were trained.

We support youth and education. Every year we select with our team a non-profit organization to support during Christmas time. In earlier years we have supported [Carolyn Illenzeer Foundation](#) which supports the education of children of Estonian Defense Force families where a father or mother has died in service or was seriously injured, [Junior Achievement Estonia](#) which injects entrepreneurship and economic thinking into young people, the foundation [Kiusamisvaba Kool Antibullying Program](#) which educates and gives teachers materials and tools to create a bullying free school environment for kids in Estonia, [Back to School Project](#) to finance online investment lectures, [Youth to School](#) programme which brings young enthusiastic people outside of education system to schools for two years to teach and [Youth to Olympics](#)



which finances promising young athletes on their way to the Olympics, the education project of the [Estonian Cancer Society](#) within the framework of which young oncologists and haematologists can improve their education and skills abroad and [NGO School for New Teachers](#) (Alustavat Õpetajat Toetav Kool) which smoothens integration of first year teachers into schools to prepare them for a life-long career as teachers. We also encourage our staff to take an active role in the community by participating in these and other positive change initiatives.

Remuneration

The remuneration principles of Management Board members, investment managers and risk-takers are set in the Company's [Remuneration Policy](#). All Avaron employees receive a fixed salary. Employee bonuses depend on the fulfilment of Avaron's long-term goals, the Company's sustainability and employees' personal contribution, and are not linked to the return of portfolios managed by the Company. After awarding a bonus to the Management Board members or employees the Company has a three-year period during which it has the right to reduce the bonus, stop the payments of the announced bonus or even require partial or full repayment according to the rules set out in the Remuneration Policy. All bonuses are paid out during four years with annual payment of 60%-20%-10%-10% each year.

Ownership, Company and Management Structure

Avaron is fully owned by its employees and the Company has no institutional or outside investors.

54.94% of Avaron belongs to OÜ Princo, which is owned and its final beneficiaries are Kristel Kivinurm-Priisalm (CEO), Peter Priisalm (co-CIO) and 27.47% belongs to Valdur Jaht (co-CIO) and his wife Maris Jaht. 17.59% of the Company is owned by the senior research team - Rain Leesi (Investment Manager & Head of Research and Trading, CFA, 6.85%), Piotr Jurga (Senior Analyst, CFA, 5.86%) and Reino Pent (Senior Analyst, 4.88%).

The Company's Supervisory Board consists of Peter Priisalm (Chairman), Maris Jaht and Rain Leesi. Mrs. Jaht, the wife of Valdur Jaht, is not on daily basis active at Avaron. The Management Board consists of Kristel Kivinurm-Priisalm and Valdur Jaht. The Company and its Estonia domiciled funds are audited by KPMG. Internal audit of the Company and its Estonia domiciled funds is carried out by PwC. Compliance and risk control functions are internalised and are being carried out by an independent employee, the Company's Chief Compliance Officer.

The Company functions as a partnership, which is being managed by the three founding partners: Kristel Kivinurm-Priisalm, Valdur Jaht and Peter Priisalm. Kristel Kivinurm-Priisalm is the Managing Partner of the Company and acts as CEO. She is responsible for general management, investor relations management and operations management. Valdur Jaht and Peter Priisalm are Partners and act as the Company's Investment Managers, who are responsible for the investments made by the funds and managed accounts as well as the smooth running of the investment team's work.

Below are Avaron's three founding partners: Valdur, Kristel and Peter, partners since 2007.



Over the years we have built strong middle management as well. Rain Leesi (at Avaron since 2007) acts as the Investment Manager and the Company's Head of Research and Trading and is responsible for the development, training and operations of the research team and trading function. Maarja Härsing-Värk (at Avaron since 2007) acts as Head of Back-Office & Operations and is responsible for day to day operations as well as development of the back-office and operations function. Ingrid Kõrgema (at Avaron since 2020) is the Company's Chief Compliance Officer and Head of Compliance, Legal & Risk. She is responsible for compliance and risk management function of Avaron-run funds and portfolios as well as Avaron group companies.

Avaron has established three committees to guide its business activities and risk management. *Investment Committee* is the main body to manage and oversee Avaron's investment funds' and managed accounts' investment decision-making and portfolios' risk management. *Risk Management Committee* performs an oversight function of the risk management, determines the Company's risk appetite and tolerance as well as ensures that risk assessments are performed regularly. *Responsible Investment Committee* steers the implementation of the Responsible Investment Policy framework within the Company.

Risk Management

Risk Management Committee sets the groundwork for risk management strategy and implementation at the Company. Risk management in Avaron occurs simultaneously on two levels that cover the Company's main day-to-day business risks. One being the management of the operational risks and the other being the risk management of Avaron's investment funds' and managed accounts' portfolios. In both of these functions our goal is to first determine the material risks and then manage these by applying appropriate risk management methods.

The most significant operational risks are related to Avaron's personnel. Due to this we have divided everyday operations into core and non-core activities. Core activities are carried out by Avaron employees while the non-core activities that would create significant personnel related risks or require substantial investments have been, when possible, outsourced to respective professionals. Avaron has outsourced the fund administration, transfer agent and custody functions of investment funds and portfolios to blue chip banking group Swedbank, and IT services to a blue chip IT and telecom group. Our core and non-core operational risks are mainly managed through rigorous staff selection and training together with detailed procedural guidelines and policies as well as IT systems. The Company's employees must report all personal interests and financial transactions, including all securities transactions. For trading and investment risk management and operations risk management we have built in-house trade order management system TOM.

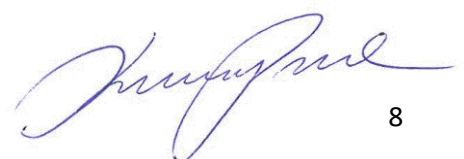
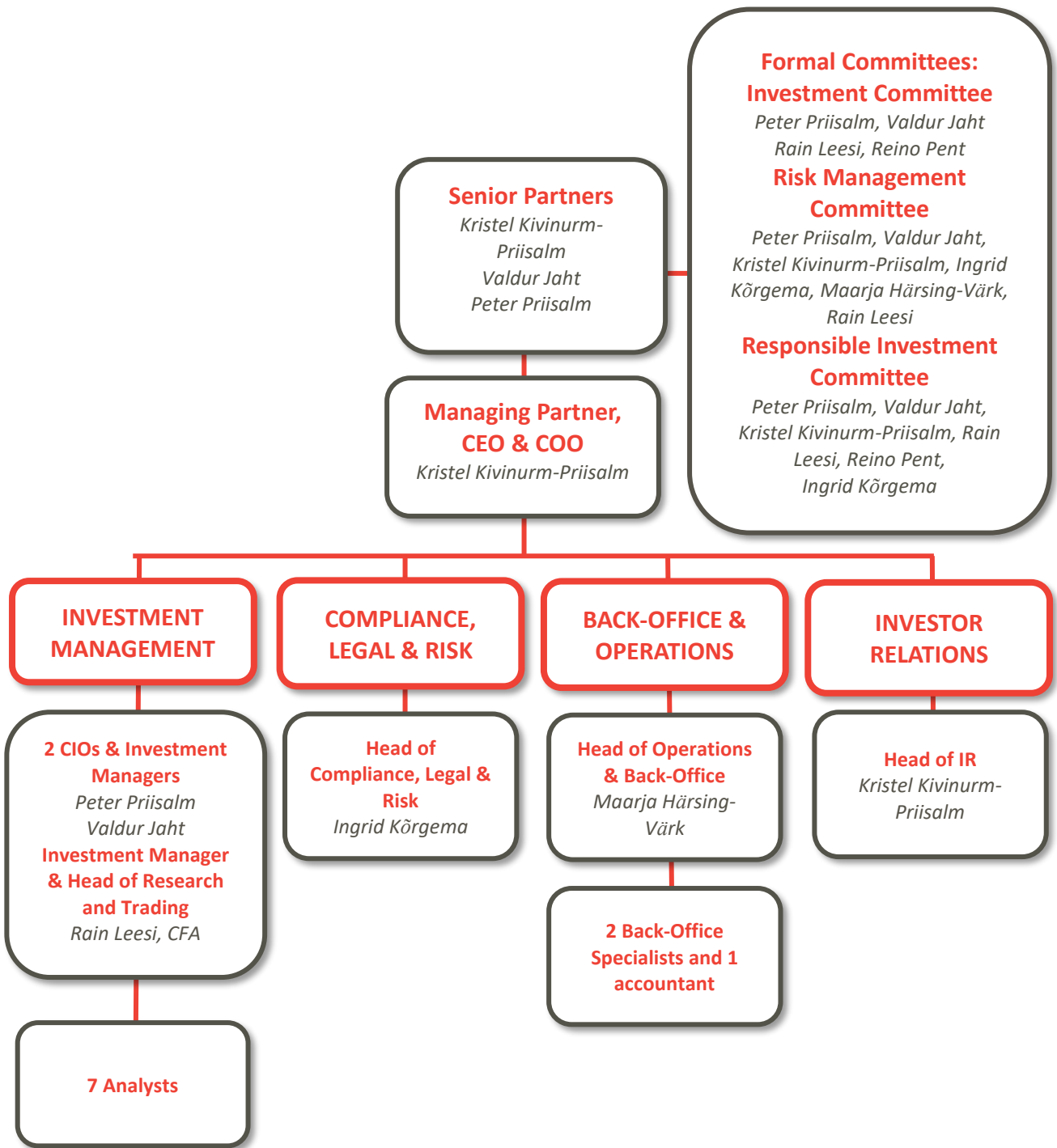


Figure 1. Structure of the Company



Main Developments in 2025

Starting from 2025, all Avaron investment funds are UCITS funds. As of January, the Avaron High Yield Bond Fund, which previously operated as a non-public fund, has been operating as a UCITS fund, and in August the Avaron Active Multi-Asset Fund (previously called Avaron Flexible Strategies Fund) was also converted into a UCITS fund.

In 2025 we continued to build and fine-tune the Company's business processes and operations with the aim to service our clients better and to further mitigate potential business risks. We continued to support the personal growth of our employees by continuous in-house trainings, involvement of employees into new processes and tasks, and lectures carried out by guest speakers. We also continued to carry out learning sessions whereby employees of different departments introduced job-specific knowledge to other departments with the aim for all to better understand full company activities. For investment team members we continued to support and finance CFA training, a core training to become an outstanding analyst. At present among our analysts we have 2 CFAs at Avaron, one analyst has passed level II and one analyst level I.

Company Financial Results

Avaron fee income totalled 2.1 million euros (2024: 1.7 million euros) and net fee income 1.7 million euros (2024: 1.3 million euros). The Company's net profit in 2025 was 0.9 million euros (2024: 0.7 million euros). The Company's total assets amount to 5.0 million euros (2024: 4.4 million euros). In 2025 no dividends were distributed. The financial results during the 3 year period can be found in table 1.

Table 1. Avaron's financials

| EUR '000 | 2023 | 2024 | 2025 |
|----------------|-------|-------|-------|
| Fee income | 1,776 | 1,666 | 2,083 |
| Net fee income | 1,555 | 1,337 | 1,749 |
| Expenses | 823 | 694 | 1,078 |
| Net profit | 863 | 703 | 951 |
| Owners Equity | 4,665 | 4,051 | 5,002 |

March 27th, 2026



Kristel Kivinurm-Priisalm
Member of the Management Board

A handwritten signature in blue ink, appearing to read 'Kristel Kivinurm-Priisalm'.

MANAGEMENT BOARD DECLARATION


The Management Board is declaring its responsibility for the preparation of the annual accounts of AS Avaron Asset Management for the financial year ended on 31 December 2025.

The annual accounts are prepared according to the Accounting Principles Generally Accepted in Estonia, and present a true and fair view of the financial position, economic performance and cash flows of AS Avaron Asset Management.

Preparation of the annual accounts according to the Accounting Principles Generally Accepted in Estonia assumes the Management Board to make estimates on the assets and liabilities of AS Avaron Asset Management as of the reporting date, and on income and expenses for the reporting period. These estimates are based on up-to-date information about the state of AS Avaron Asset Management and consider the plans and risks as of the annual accounts' preparation date. The ultimate outcome of the business transactions recorded may differ from those estimates.

The annual accounts reflect those significant circumstances that have an effect on the valuation of assets and liabilities until the preparation date of the annual accounts, 27 March 2026.

The Management Board considers AS Avaron Asset Management to carry its activities as a going concern.

| Name | Position | Signature | Date |
|---------------------------|--------------------------------|--|---------------|
| Kristel Kivinurm-Priisalm | Member of the Management Board |  | 27 March 2026 |
| Valdur Jaht | Member of the Management Board |  | 27 March 2026 |

FINANCIAL STATEMENTS**BALANCE SHEET**

| EUR '000 | Note | 31/12/2025 | 31/12/2024 |
|---|-------|--------------|--------------|
| ASSETS | | | |
| Cash and cash equivalents | 2 | 455 | 619 |
| Receivables and prepayments | | | |
| Trade receivables | | 398 | 304 |
| Tax prepayments and receivables | | 3 | 19 |
| Other receivables and prepayments | 5 | 91 | 73 |
| Total receivables and prepayments | | 492 | 396 |
| Financial investments | | | |
| Term deposits | 3 | 1,688 | 1,017 |
| Bonds | 3 | 863 | 752 |
| Units of own investment funds | 3; 14 | 1,758 | 1,583 |
| Total financial investments | | 4,309 | 3,352 |
| Tangible assets | 4 | 11 | 8 |
| TOTAL ASSETS | | 5,267 | 4,375 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Payables and prepayments | | | |
| Payable to employees | 7 | 64 | 51 |
| Tax payables | 6 | 35 | 78 |
| Other liabilities | 8 | 166 | 195 |
| Total payables and prepayments | | 265 | 324 |
| Shareholders' equity | | | |
| Share capital in nominal value | 11 | 272 | 272 |
| Statutory legal reserve | | 27 | 27 |
| Retained earnings | 10 | 3,752 | 3,049 |
| Profit for the financial year | 10 | 951 | 703 |
| TOTAL SHAREHOLDERS' EQUITY | | 5,002 | 4,051 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 5,267 | 4,375 |



INCOME STATEMENT

| EUR '000 | Note | 2025 | 2024 |
|---|-------------|--------------|--------------|
| Fee income | 12 | 2,083 | 1,666 |
| Fee expense | 12 | 334 | 329 |
| Net fee income | | 1,749 | 1,337 |
| Financial income and expenses | | | |
| Interest income | | 99 | 102 |
| Interest expense | | - | -14 |
| Change in value of financial investments | | 181 | 215 |
| Net financial income | | 280 | 303 |
| Operating expenses | | | |
| Wages and salaries | 13 | 610 | 269 |
| Social tax and unemployment insurance contribution expenses | 13 | 196 | 162 |
| Miscellaneous operating expenses | | 267 | 256 |
| incl. advertising expense | | 3 | 1 |
| Total operating expenses | | 1,073 | 687 |
| Depreciation and impairment of tangible assets | 4 | 5 | 7 |
| Profit before income tax | | 951 | 946 |
| Income tax | | - | -243 |
| Profit for the financial year | | 951 | 703 |



STATEMENT OF CASH FLOW

| EUR '000 | Note | 2025 | 2024 |
|---|------|-------------|---------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Profit for the financial year | | 951 | 703 |
| Adjustments: | | | |
| Depreciation and impairment of tangible assets | 4 | 5 | 7 |
| Interest income/-expense | | -99 | -88 |
| Change in value of financial investments | | -181 | -215 |
| Income tax | | 0 | 243 |
| Change in receivables and prepayments made | | -95 | 469 |
| Change in liabilities and prepayments collected | | -11 | 180 |
| Total cash flow from operating activities | | 570 | 1,299 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Acquisition of financial instruments | | -3,975 | -700 |
| Sale of financial instruments | | 3,199 | 599 |
| Acquisition of tangible assets | 4 | -9 | -6 |
| Interest received | | 99 | 102 |
| Total cash flow from investing activities | | -686 | -5 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Dividends paid | | 0 | -1,316 |
| Income tax paid | | -48 | -196 |
| Total cash flow from financing activities | | -48 | -1,512 |
| Total cash flow | | -164 | -218 |
| Cash and cash equivalents at beginning of period | | 619 | 837 |
| Cash and cash equivalents at end of period | 2 | 455 | 619 |



STATEMENT OF CHANGES IN EQUITY

| EUR '000 | Share capital | Share premium | Treasury shares | Statutory reserve capital | Retained earnings | Profit for the financial year | Total equity |
|----------------------------------|------------------|------------------|--------------------|---------------------------------|----------------------|--|-----------------|
| 31/12/2023 | 272 | - | - | 27 | 2,722 | 863 | 4,665 |
| Distribution of profit | - | - | - | - | 863 | -863 | - |
| Distributed dividends | - | - | - | - | -1,316 | - | -1,316 |
| Profit for the financial year | - | - | - | - | - | 703 | 703 |
| 31/12/2024 | 272 | - | - | 27 | 3,049 | 703 | 4,051 |
| Distribution of profit | - | - | - | - | 703 | -703 | - |
| Profit for the financial year | - | - | - | - | - | 951 | 951 |
| 31/12/2025 | 272 | - | - | 27 | 3,752 | 951 | 5,002 |

Additional information on the share capital has been provided in Note 11.



NOTES TO THE ANNUAL ACCOUNTS

NOTE 1. ACCOUNTING POLICIES

The annual accounts of AS Avaron Asset Management for the financial year 2025 have been prepared according to the Investment Funds Act as supplemented by the Regulations by the Minister of Finance, and the Accounting Principles Generally Accepted in Estonia. The requirements of the Accounting Principles Generally Accepted in Estonia comply with the internationally acknowledged accounting and reporting principles, and are stipulated in the Estonian Accounting Act, which is supplemented by the guidelines issued by the Estonian Accounting Standards Board. In accordance with Section 12-13 and 26-27 of Guideline No 2 of the Estonian Accounting Standards Board, the Company has adopted specially modified scheme of Income Statement and Balance Sheet that are better suited for presenting the operations of the Company as a fund management company. The Regulation of the Minister of Finance No 12 dated 5 February 2017 "Fund management company's Financial Supervisory Authority reports bases for preparations and presentation, and the requirements for reporting the fund management company's own funds" was adopted for the financial year 2020.

The annual accounts have been prepared in thousands of EUR unless indicated differently. The annual accounts have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that have been accounted for at fair value.

The principal accounting policies adopted are presented below.

Foreign currency transactions

Foreign currency transactions are recorded at the rates of exchange quoted by the European Central Bank (hereafter: "ECB") at the transaction date. Foreign currency monetary items and those non-monetary items that are carried at fair value are retranslated into EUR at the official foreign currency exchange rates prevailing on the reporting date. Non-monetary items, which are not carried at fair value (i.e. prepayments and tangible assets), are not retranslated; instead, foreign currency exchange rates prevailing on the transaction date are used. Gains and losses from foreign currency transactions are recorded in the income statement on net basis.

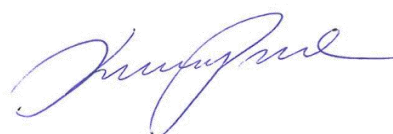
Financial assets and financial liabilities

Cash, contractual rights to receive cash or other financial assets (i.e. trade receivables) from third parties, equity instruments of other entities and contractual rights to exchange financial assets with third parties under the conditions that are potentially favourable to the Company, are considered to be financial assets. Contractual obligations to deliver cash or other financial assets to third parties and contractual obligations to exchange financial assets with third parties under the conditions that are potentially unfavourable to the Company are considered to be financial liabilities.

Financial assets and liabilities are initially measured at cost, which is the fair value of consideration given or received to acquire the financial asset or liability. Initial cost of all financial assets and liabilities include direct transaction costs.

A regular purchase or sale of financial assets is recognised on value date. If the reporting date is between trade date and value date of a transaction, the change in value between the trade date and the reporting date shall be recognised as the accounting period's profit or loss. Depending on their category, financial assets and liabilities are subsequently measured at fair value, cost or amortized cost.

Financial instruments carried at fair value are re-valued on each reporting date. Change in fair value of financial assets and liabilities that are acquired for trading, as well as derivatives are recognised in the



income statement for the period. Changes in the value of other financial assets accounted for at fair value are recognised directly in equity as a revaluation reserve.

The amortized cost of a financial instrument is the amount at which it is measured at initial recognition, discounted using the effective interest method less principal repayments and any reduction for impairment or uncollectibility.

Financial assets are derecognised when the Company loses the right to the cash flows arising from the financial asset or transfers the cash flows derived from the financial asset and most risks and rewards of ownership of the financial asset to a third party. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expired.

Trade receivables

Current and non-current trade receivables are recorded at amortized cost, i.e. at their net present value, from which doubtful accounts are deducted.

Trade receivables, which partly or fully are not expected to be collected, are expensed and reported in the income statement as "Miscellaneous operating expenses". Receivables, collection of which is not feasible or economically justified, are considered to be non-collectible and written-off from the balance sheet.

Tangible assets

Assets held for use in the supply of services or for administrative purposes, with useful life of over one year and with a minimum value EUR 640 are considered to be tangible assets. Tangible assets are recorded at cost, which comprises purchase price and other directly attributable expenditures.

Depreciation is calculated on the straight-line method. Depreciation rates are assigned separately to each tangible asset or its separately identifiable component depending on its estimated useful life as follows:

- IT equipment – 30% per annum,
- Office equipment – 30% per annum,
- Furniture – 25% per annum,
- Other equipment – 25% per annum.

Improvements to tangible assets are capitalised if they comply with the definition of a tangible asset and the criteria for recognizing an asset on the balance sheet, including the participation of these costs in generating future economic benefits. Maintenance and repairs are expensed when incurred.

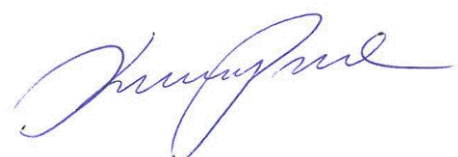
Impairment of assets

At each reporting date, it is reviewed whether there is any indication that assets are impaired. If the management board of the Company detects any indication that the value of an asset may have declined below its carrying amount, impairment test is carried out.

Financial assets

Impairment of individually significant financial assets is assessed separately for each asset. Impairment of financial assets that are not individually significant and for which there are no objective evidence of impairment, are assessed in aggregate.

If there is any objective evidence that a financial asset is impaired, financial assets carried at amortized cost are written down to their net present value of the estimated future cash inflows (discounted with the effective interest rate of the financial asset determined at recognition). Impairment of a financial asset is recognized as expense in the income statement for the financial year.



If the value of financial assets carried at amortized cost increases in subsequent periods, the previously recognized impairment loss is reversed up to the amount which is lower from both the following:

- net present value of expected future cash inflows from the financial asset,
- carrying amount measured at amortized cost as if no impairment loss had been recognized.

The amount of the reversal of impairment losses are recognized in the income statement for the financial year on the same expense account as a reverse entry.

Tangible assets

The recoverable amount of a tangible asset recognized at cost is estimated to conduct the impairment test. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a cash-generating unit to which the asset belongs, is determined.

The recoverable amount is the higher of the asset's net selling price and asset's value in use. In assessing the value in use, the estimated future cash flows from continuous use and subsequent disposal are discounted to their present value using a discount rate that reflects expected return on similar investments.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The impairment loss is recognized in the income statement as "Change in value of tangible assets" when incurred.

The Company assesses at each reporting date whether there are any indications that the recoverable amount of an impaired asset has increased by performing an impairment test. If it appears as a result of the impairment test, that the recoverable amount has increased and the previously recognized impairment loss is no longer justified, the carrying amount is increased. The reversal should not result in a carrying amount exceeding the amortized cost if no impairment had been recognized.

The amount of the reversal of impairment loss is recognized in the income statement as "Change in value of tangible assets" for the financial year on the same expense account as a reverse entry.

Liabilities and obligations

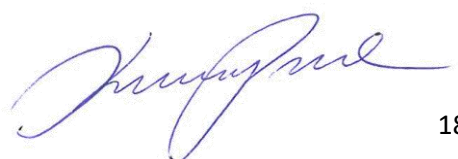
All known liabilities that can be reliably measured and the realisation of which is probable are recognised in the balance sheet as liabilities. All financial liabilities are measured at amortised cost in the balance sheet, except for derivatives with a negative fair value that are measured at fair value.

Other liabilities the realisation of which is dependent on the fulfilment of certain conditions are disclosed in the notes to the annual accounts as contingent liabilities.

Holiday pay has been expensed in the period when the obligation was due, i.e. when an employee becomes entitled to demand paid holiday. Bonuses to employees have been expensed in the period for which the bonuses are payable. The creation of a provision for holiday pay and bonuses together with the applicable social tax and unemployment insurance tax or the relevant change in the provision is recognized as an expense in the income statement and as a liability on the balance sheet.

Reserves

The statutory legal reserve is recorded according to the requirements of the Commercial Code and comprises distributions made out of the net profit. The annual contribution must amount to at least 1/20 of the net profit for the financial year until the statutory legal reserve equals at least 1/10 of the share capital amount.



Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, i.e. representing the amounts receivable for the services provided. Fee income is recognised in the period when the service was provided, provided that the collection of the relevant receivables is probable, and income and expenses incurred in respect of the transaction can be measured reliably. The revenues have been received for services provided in the Republic of Estonia.

Interest income is recognised on accrual basis.

Fee income includes fund management fees, subscription and redemption fees, fees from managing discretionary securities portfolios, investment advisory fees and fees for providing services in to third-party funds under outsourcing agreements.

Fee expense includes expenses directly related to earning fee income, i.e. rebates of fund management and other service fees, fees payable for the services of credit institutions and registrars, and other fee expense directly related to providing the Company's main services.

Leases

Assets held under operating lease are not reported on the balance sheet. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease, irrespectively from disbursements.

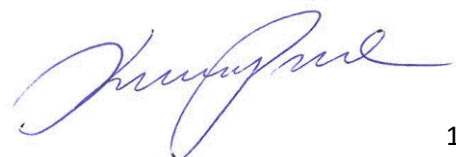
Cash and cash flows

Cash in the cash flow statement includes cash at hand, demand deposits and other deposits with credit institutions (with remaining term up to 3 months).

Cash flows from operating activities are reported using the indirect method. Cash flows from investing and financing activities are reported based on gross receipts and disbursements made during the financial year.

Equity instruments

Equity instruments are recognised after the entity has issued these instruments and the other party has a contractual obligation to pay for them. Equity instruments are recorded at the fair value of proceeds received or receivable less issuance costs. If the fair value of proceeds receivable differs from the nominal value of issued equity instruments, the positive difference will be recorded in the item "Share premium" and the negative difference as a reduction of "Share premium" in case it has a positive balance, otherwise in the item "Retained earnings".



NOTE 2. CASH AND CASH EQUIVALENTS**Original currency, '000**

| | 31/12/2025 | Exchange rate of the ECB's used | Value in EUR | % of Cash, converted |
|-----------------------|-------------------|--|---------------------|-----------------------------|
| Current account EUR | 27 | 1 | 27 | 6% |
| Current account PLN | 20 | 4.221 | 5 | 1% |
| Current account USD | 13 | 1.175 | 11 | 2% |
| Overnight deposit EUR | 412 | 1 | 412 | 91% |
| Total | | | 455 | 100% |

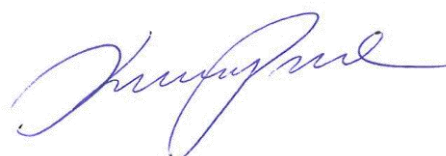
| | 31/12/2024 | Exchange rate of the ECB's used | Value in EUR | % of Cash, converted |
|-----------------------|-------------------|--|---------------------|-----------------------------|
| Current account EUR | 195 | 1 | 195 | 32% |
| Current account PLN | 20 | 4.275 | 5 | 1% |
| Overnight deposit USD | 46 | 1.0389 | 44 | 7% |
| Overnight deposit EUR | 375 | 1 | 375 | 61% |
| Total | | | 619 | 100% |

NOTE 3. FINANCIAL ASSETS**Financial assets at fair value****EUR '000**

| | Units of own investment funds | Bonds | Cash and cash equivalents | Total |
|--|--------------------------------------|--------------|----------------------------------|--------------|
| 31/12/2023 | 1,310 | 709 | 1,500 | 3,519 |
| Purchase of investments | 500 | 200 | 3,627 | 4,328 |
| Sale or redemption of investments | -399 | -200 | -4,111 | -4,710 |
| Gain/loss from sales or revaluation of investments | 172 | 43 | 0 | 215 |
| 31/12/2024 | 1,583 | 752 | 1,017 | 3,352 |
| Purchase of investments | 20 | 300 | 0 | 320 |
| Sale or redemption of investments | 0 | -215 | -2,985 | -3,200 |
| Gain/loss from sales or revaluation of investments | 155 | 26 | 3,656 | 3,837 |
| 31/12/2025 | 1,758 | 863 | 1,688 | 4,309 |

Fund units are recorded in the net value.

In 2025, purchase and sale transactions with bonds have been made at the market price.



NOTE 4. TANGIBLE ASSETS

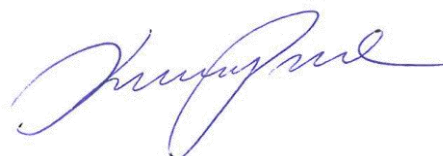
| EUR '000 | IT and office equipment | Furniture and other equipment | Total |
|--|----------------------------|-------------------------------------|------------|
| Acquisition cost | | | |
| 31/12/2024 | 45 | 71 | 116 |
| Addition | 9 | 0 | 9 |
| Write off | - 6 | 0 | - 6 |
| 31/12/2025 | 48 | 71 | 119 |
| Accumulated depreciation | | | |
| 31/12/2024 | 38 | 70 | 108 |
| Depreciation charge and impairment for the year | 5 | 0 | 5 |
| Accumulated depreciation of written off tangible | - 6 | 0 | - 6 |
| 31/12/2025 | 37 | 70 | 107 |
| Net book value | | | |
| 31/12/2024 | 7 | 1 | 8 |
| 31/12/2025 | 10 | 1 | 11 |

NOTE 5. ACCRUED INCOME AND PREPAID EXPENSES

| EUR '000 | 31/12/2025 | 31/12/2024 |
|----------------------------|------------|------------|
| Other prepaid expenses | 34 | 27 |
| Other receivables | 56 | 45 |
| Receivables from employees | 1 | 1 |
| Total | 91 | 73 |

NOTE 6. TAX PAYABLES

| EUR '000 | 31/12/2025 | 31/12/2024 |
|---------------------------------|------------|------------|
| Corporate income tax | - | 47 |
| Social tax | 18 | 15 |
| Personal income tax withheld | 9 | 9 |
| Unemployment insurance payables | 1 | 1 |
| Pension payables | 1 | 1 |
| Value added tax | 6 | 5 |
| Total | 35 | 78 |



NOTE 7. PAYABLE TO EMPLOYEES

| EUR '000 | 31/12/2025 | 31/12/2024 |
|--------------------------------|-------------------|-------------------|
| Accrued salaries and wages | 15 | 2 |
| Provisions for bonuses | 26 | 31 |
| Vacation reserve | 20 | 17 |
| Other liabilities to employees | 2 | 1 |
| Total | 64 | 51 |

26 thousand euros from "Provisions for bonuses" are classified as short-term liability with maturity 31 December 2026.

NOTE 8. OTHER LIABILITIES

| EUR '000 | 31/12/2025 | 31/12/2024 |
|--------------------------|-------------------|-------------------|
| Trade payables | 52 | 49 |
| Other payables | 0 | 12 |
| Accrued expenses payable | 114 | 134 |
| Total | 166 | 195 |

NOTE 9. OPERATION LEASE

The Company is renting an office space on the conditions of an operating lease. Future expenses from operating leases are as follows:

| EUR '000 | 31/12/2025 | 31/12/2024 |
|---|-------------------|-------------------|
| Less than 1 year | 13 | 13 |
| Total payments from non-cancellable operating leases | 13 | 13 |

Operating lease expense amounted to EUR 29 thousand (2024: EUR 29 thousand).

NOTE 10. CONTINGENT INCOME TAX ON DIVIDENDS AND OTHER DISTRIBUTIONS OF NET PROFIT

According to the effective Estonian Income Tax Act the accrued profit of a resident legal entity is not subject to corporate income tax, instead the tax is due on dividends and other distribution of profits as well as other payments made out of the equity of the legal entity that exceed the monetary and non-monetary contributions to the entity's share capital. Based on the effective law, resident legal entities are liable to pay income tax on all profit distributions paid out as dividends or in another form with a tax rate of 20/80 on the actual dividends paid. From 2019 onwards, a lower tax rate of up to 14/86 for companies making regular profit distributions will become available according to the effective Estonian Income Tax Act.

The contingent tax liability that may occur if all distributable retained earnings should be paid out or if the share capital would be reduced is not reported in the balance sheet. The income tax due on dividend distribution is expensed in the income statement when dividends are declared or when other payments



reducing the share capital are made. The Company has not executed any bonus issues of shares that would affect the size of income tax in case the Company decided to reduce share capital.

The Company's distributable retained earnings amounted to EUR 4,704 thousand as of 31 December 2025 (as of 31 December 2024: EUR 3,752 thousand). Consequently, the maximum possible tax liability which would become payable if retained earnings in gross were fully distributed is EUR 1,035 thousand (2024: EUR 826 thousand).

NOTE 11. SHARE CAPITAL

The Company's share capital amounted to EUR 271,447.20 as of 31 December 2025 (as of 31 December 2024: EUR 271,447.20), comprising of 3,501 ordinary shares and 747 preferred shares with nominal value of EUR 63.90 per share.

The Company has an option to repurchase the preferred shares from the shareholder, exercisable at any time at the discretion of the Company. The shareholder may request that the Company exercises the repurchase option of the preferred shares to ensure commitments. The preferred shares can be pledged and grant a dividend in the amount of at least 0.5% of the nominal value of the share.

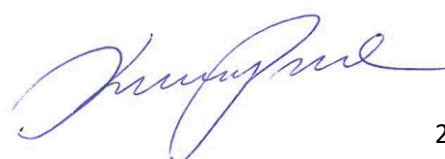
The shareholders of the Company are as follows:

| | Number of shares | Share type | Equity stake | Voting power |
|------------------------------|---------------------|-----------------|-----------------|-----------------|
| OÜ Princo (reg no 11019327) | 2,334 | Common share | 54.94% | + |
| OÜ Venatio (reg no 11153037) | 1,167 | Common share | 27.47% | + |
| Rain Leesi | 291 | Preferred share | 6.85% | - |
| Piotr Jurga | 249 | Preferred share | 5.86% | - |
| Reino Pent | 207 | Preferred share | 4.88% | - |
| Total | 4,248 | | 100.00% | |

Additional information on paid up capital instruments in the statement of own funds can be found in Note 15.

NOTE 12. FEE INCOME

| EUR '000 | 2025 | 2024 |
|--|--------------|--------------|
| Fee income | | |
| Investment funds management fee | 2,047 | 1,643 |
| Portfolio management services and investment advisory services | 36 | 23 |
| Total fee income | 2,083 | 1,666 |
| Fee expense | | |
| Other distribution and related fees | 334 | 329 |
| Total fee expense | 334 | 329 |



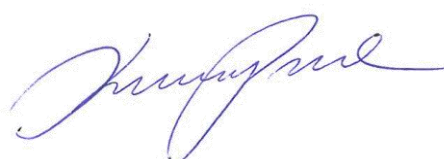
NOTE 13. WAGES AND SALARIES

The remuneration principles of all Avaron employees including investment managers and risk-takers are set in the Company's Remuneration Policy. The remuneration of Avaron employees consists of fixed and variable remuneration. The total remuneration is based on local labour market conditions, and is designed so as to achieve a reasonable balance between the fixed and variable components of the salary.

Avaron employees receive a fixed salary, which reflects relevant professional experience and organisational responsibility as set out in the employee's job description. Variable remuneration depends on the performance of the employee, the business unit concerned and Avaron's overall results. The assessment of the performance is set in a three-year framework, to ensure, that the assessment process is based on longer-term performance taking into account the business cycle of the Company and its business risks. After awarding a bonus to the employees the Company has a three-year period during which it has the right to reduce the bonus, stop the payments of the announced bonus or even require partial or full repayment. The full Remuneration Policy of AS Avaron Asset Management can be downloaded here www.avaron.com/documents.

The Company employed, on average, 16 specialists in 2025 (2024: 15 specialists). Members of the Management Board did not receive extra remuneration for participating in the work of the managing bodies. Independent members of the Supervisory Board did not receive any payment with applicable social tax in the financial year 2025. Total remuneration amounted to:

| EUR '000 | 2025 | 2024 |
|---|------------|------------|
| Wages and salaries | 610 | 269 |
| Social tax and unemployment insurance contributions | 196 | 162 |
| Total | 806 | 431 |
| incl. bonus program cost with applicable taxes | 93 | 94 |



NOTE 14. TRANSACTIONS WITH RELATED PARTIES

Parties are considered related if one party is controlled by another, or one party has significant influence over another, including the parent company and other group companies, managed investment funds, shareholders, the members of the Supervisory Board and the Management Board, their families and the companies in which they hold majority interest or have significant influence.

As of the end of the report period, OÜ Princo owns 54.94% of the Company's common shares. Additional information can be found in Note 11 regarding the issuance of preferred shares and list of shareholders.

The transactions with related parties were as follows:

| EUR '000 | 2025 | 2024 |
|--|--------------|--------------|
| Beneficiaries, executive and non-executive management and the related legal entities | | |
| Shares, bonds, units bought | 20 | 500 |
| Shares, bonds, units sold | 0 | 399 |
| Management fees, performance fees, subscription and redemption fees of Avaron Estonia domiciled investment funds | 1,463 | 1,055 |
| Distribution fees and related fees for the management of funds and discretionary portfolios | 16 | 32 |
| Other payments to members of management and control bodies, incl. social taxes | 90 | 88 |
| Total | 1,589 | 2,074 |

Avaron is entitled to earn performance fees if we outperform the set benchmark. Performance fee rates and terms can be found in the respective fund's prospectus and are also available on our webpage.

Information on payments to members of management and control bodies can be found in Note 13. Other payments to members of management and control bodies are included in Note 13 under wages and salaries expense.



The balances outstanding with related parties were as follows:

| EUR '000 | Note | 31/12/2025 | 31/12/2024 |
|---|----------|--------------|--------------|
| Parent company | | | |
| Supplier payables and customer prepayments | | 3 | 17 |
| Beneficiaries, executive and non-executive management and the related legal entities | | | |
| Units of Avaron Flexible Strategies Fund | 3 | 171 | 159 |
| Shares of Avaron Emerging Europe Smaller Companies Fund | 3 | 230 | 170 |
| Units of Avaron High Yield Bond Fund | 3 | 1,357 | 1,254 |
| Receivables from Avaron Estonia domiciled investment funds | | 281 | 228 |
| Supplier payables and customer prepayments | | 1 | 1 |
| TOTAL | | 2,043 | 1,829 |

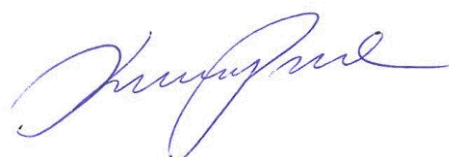
As of 31 December 2025 there are no loan receivables.



NOTE 15. STATEMENT OF OWN FUNDS

EUR '000

| | Note | 31/12/2025 | 31/12/2024 |
|--|------|------------|------------|
| Own funds section | | | |
| Own funds | | 3,976 | 3,300 |
| Tier 1 capital | | 3,976 | 3,300 |
| Common equity Tier 1 capital | | 76 | 3,300 |
| Capital instruments eligible as CET 1 capital | | 224 | 224 |
| Paid up capital instruments | 11 | 224 | 224 |
| Retained earnings | | 3,752 | 3,049 |
| Other reserves | | 27 | 27 |
| Minimum net own funds section | | | |
| Own funds | | 3,976 | 3,300 |
| Minimum net own funds | | 172 | 206 |
| Minimum own funds according to minimum amount of share capital | | 172 | 125 |
| Minimum own funds according to fixed overheads | | 172 | 206 |
| Excess of own funds (+) | | 3,804 | 3,094 |



SIGNATURES OF MANAGEMENT BOARD

To the Annual Report for the financial year ended on 31 December 2025

On 27 March 2026, the Management Board prepared the management report and the annual accounts of AS Avaron Asset Management together with the Management Board's proposal for profit distribution and the sworn auditor's report for the financial year ended 31 December 2025, and has presented them to the sole shareholder for approval.

By signing the annual report, all members of the Management Board validate the fair presentation of the annual report.

| Name | Position | Signature | Date |
|---------------------------|--------------------------------|--|---------------|
| Kristel Kivinurm-Priisalm | Member of the Management Board |  | 27 March 2026 |
| Valdur Jaht | Member of the Management Board |  | 27 March 2026 |

INDEPENDENT CERTIFIED AUDITOR'S REPORT

PROPOSAL FOR DISTRIBUTION OF PROFIT

The Management Board of AS Avaron Asset Management proposes to distribute the net profit for the financial year ended on 31 December 2025 of EUR 951 thousand as follows:

To allocate to:

retained earnings

EUR 951 thousand

27 March 2026



Kristel Kivinurm-Priisalm
Member of the Management Board

DIVISION OF REVENUES IN ACCORDANCE WITH EMTAK CLASSIFICATION STANDARD

The revenues (fee income) of AS Avaron Asset Management were divided in accordance with EMTAK classification standard as follows:

| EUR '000 | 2025 | 2024 |
|--|--------------|--------------|
| 66301 Management of investment funds | 2,047 | 1,643 |
| 66199 Portfolio management services and investment advisory services | 36 | 23 |
| Total | 2,083 | 1,666 |

