

**SHELLY GROUP SE**  
**SEPARATE FINANCIAL STATEMENTS**  
**31 DECEMBER 2024**



All amounts are in thousand Bulgarian leva unless otherwise stated

	Note	December 31, 2024	December 31, 2023
<b>ASSETS</b>			
<i>Non-current assets</i>			
Right-of-use assets	4.01	160	207
Intangible assets		6	1
Investments in subsidiaries	4.02	14 771	18 004
Investments in associates	4.03	196	203
Loans granted to related companies	6.01	1 073	1 019
Long term trade receivables	4.04	-	1 027
Deferred tax assets	4.05	71	65
<b>Total non-current assets</b>		<b>16 277</b>	<b>20 526</b>
<i>Current assets</i>			
Receivables from related parties	6.02	8 868	10 781
Trade receivables	4.06	1 428	669
Other receivables	4.07	124	19
Receivables from loans granted	4.08	-	550
Cash and cash equivalents	4.09	4 778	2 943
Prepaid expenses	4.10	128	115
<b>Total current assets</b>		<b>15 326</b>	<b>15 077</b>
<b>TOTAL ASSETS</b>		<b>31 603</b>	<b>35 603</b>

Date: January 30, 2025

Prepared by:

/Sylvia Ivanova Tomova/

Executive Director:

/Dimitar Stoyanov Dimitrov/

	Note	December 31, 2024	December 31, 2023
<b>LIABILITIES</b>			
<i>Non-current liabilities</i>			
Bank loans	4.11	-	1 020
Lease liabilities	4.01	113	160
Retirement benefit obligations	4.12	101	48
<b>Total non-current liabilities</b>		<b>214</b>	<b>1 228</b>
<i>Current liabilities</i>			
Bank loans	4.11	-	302
Lease liabilities	4.01	47	47
Liabilities to related parties	4.13	2	-
Trade payables	4.14	226	168
Payables to employees and social security obligations	4.15	65	89
Tax payables	4.16	21	19
Other liabilities	4.17	295	415
<b>Total current liabilities</b>		<b>656</b>	<b>1 040</b>
<b>TOTAL LIABILITIES</b>		<b>870</b>	<b>2 268</b>
<b>EQUITY</b>			
Share capital	4.18	18 106	18 051
Retained earnings	4.19	5 470	8 090
Legal reserves	4.20	1 806	1 800
Premium reserve	4.21	5 403	5 403
Reserves from revaluation of defined benefits plans	4.22	(52)	(9)
<b>TOTAL EQUITY</b>		<b>30 733</b>	<b>33 335</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>31 603</b>	<b>35 603</b>

Date: January 30, 2025

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	Note	2024	2023
Income from Dividends	5.01	4 500	11 000
Other operating Income	5.02	101	36
Administrative expenses	5.03	(3 952)	(2 867)
Impairment of investments in subsidiaries		-	(487)
Other expenses		(6)	(8)
<b>Profit (Loss) from operating activity</b>		<b>643</b>	<b>7 674</b>
Finance income	5.04	396	249
Finance expense	5.05	(228)	(121)
Profit on sale of investment	5.06	1 161	-
<b>Profit (Loss) before tax</b>		<b>1 972</b>	<b>7 802</b>
Income tax benefit/(expense)		2	50
<b>Net profit (loss)</b>		<b>1 974</b>	<b>7 852</b>
<b>Items that will not be subsequently reclassified to profit or loss:</b>			
Other long-term equity instruments		-	442
Deferred tax on other comprehensive income		-	(56)
Actuarial loss from defined benefit plans		(48)	(10)
Deferred tax on actuarial loss		5	1
<b>Total other comprehensive income for the period</b>		<b>(43)</b>	<b>377</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>1 931</b>	<b>8 229</b>
Earnings per share in BGN	5.07	<b>0.11</b>	<b>0.44</b>
Weighted average number of shares		18 081 918	18 004 306

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	Note	Share capital	Redeemed shares	Retained earnings	Premium reserve	Legal reserves	Reserve from revaluation of defined benefits plans	Revaluation reserve	Total
<b>Balance on January 1, 2023</b>		<b>18 000</b>	<b>(780)</b>	<b>4 580</b>	<b>5 403</b>	<b>1 800</b>	-	<b>(507)</b>	<b>28 496</b>
<b>Total comprehensive income for the period, incl.:</b>		-	-	<b>7 852</b>	-	-	<b>(9)</b>	<b>386</b>	<b>8 229</b>
<i>Profit for the period</i>		-	-	7 852	-	-	-	-	7 852
<i>Other comprehensive income from equity instruments</i>		-	-	-	-	-	-	386	386
<i>Actuarial loss from defined benefit plans</i>		-	-	-	-	-	(9)	-	(9)
Increase of share capital		51	-	-	-	-	-	-	51
Distribution of dividends		-	-	(4500)	-	-	-	-	(4 500)
Redeemed shares		-	780	280	-	-	-	-	1 060
Other movements		-	-	122	-	-	-	121	(1)
<b>Balance on December 31, 2023</b>	4.17, 4.18, 4.19, 4.20, 4.21	<b>18 051</b>	-	<b>8 090</b>	<b>5 403</b>	<b>1 800</b>	<b>(9)</b>	-	<b>33 335</b>
<b>Balance on January 1, 2024</b>		<b>18 051</b>	-	<b>8 090</b>	<b>5 403</b>	<b>1 800</b>	<b>(9)</b>	-	<b>33 353</b>
<b>Total comprehensive income for the period, incl.:</b>		-	-	<b>1 974</b>	-	-	<b>(43)</b>	-	<b>1 931</b>
<i>Profit (loss) for the period</i>		-	-	1 974	-	-	-	-	1 974
Actuarial loss		-	-	-	-	-	(43)	-	(43)
Capital increase		55	-	-	-	-	-	-	55
Reserve transfers		-	-	(6)	-	6	-	-	-
Dividend distribution		-	-	(4 590)	-	-	-	-	(4 590)
Other changes		-	-	2	-	-	-	-	2
<b>Balance on December 30, 2024</b>	4.18, 4.19, 4.20, 4.21	<b>18 106</b>	-	<b>5 470</b>	<b>5 403</b>	<b>1 806</b>	<b>(52)</b>	-	<b>30 733</b>

Date: January 30, 2025

Prepared by:

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Executive Director:

/Dimitar Stoyanov Dimitrov/

The separate statement of changes in equity shall be read together with the accompanying notes on pages 7-48. The notes are an integral part of these separate financial statements.

All amounts are in thousand Bulgarian leva unless otherwise stated

	<b>2024</b>	<b>2023</b>
<b><u>Cash flows from operating activities</u></b>		
Payment from clients	22	-
Payments to suppliers	(2 130)	(833)
Taxes reimbursed	34	104
Payments to employees and social security institutions	(2 079)	(1 539)
Other payments, net	(11)	(10)
<b><i>Net cash flows used in operating activities</i></b>	<b>(4 164)</b>	<b>(2 278)</b>
<b><u>Cash flows from investing activities</u></b>		
Payment for purchase of assets	(7)	-
Purchase of investments	(2 284)	(4 449)
Dividends received	8 500	7 000
Loans granted	(1 891)	(2 503)
Loans repaid to the company	548	-
Proceeds from the sale of investments	7 119	1 462
<b><i>Net cash flows from/ (used in) investing activities</i></b>	<b>11 985</b>	<b>1 510</b>
<b><u>Cash flows from financing activities</u></b>		
Capital Increase	55	51
Shares repurchase	-	1 064
Dividend paid	(4 590)	(4 500)
Leases	(56)	(45)
Loans Paid	(1 322)	(293)
Cash flows related to interest, commissions, etc.	(17)	(44)
Other payments	(25)	(13)
<b><i>Net cash flows used in financing activities</i></b>	<b>(5 955)</b>	<b>(3 780)</b>
Effect of change in exchange rates	(31)	1
<b><i>Net decrease in cash and cash equivalents</i></b>	<b>1 835</b>	<b>(4 547)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2 943</b>	<b>7 490</b>
<b><i>Cash and cash equivalents at the end of the reporting period</i></b>	<b>4 778</b>	<b>2 943</b>

Date: January 30, 2025

Prepared by:  
/Sylvia Ivanova Tomova/

Executive Director:  
/Dimitar Stoyanov Dimitrov/

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*NOTES TO THE SEPARATE FINANCIAL STATEMENTS**All amounts are in thousand Bulgarian leva unless otherwise stated***1. Legal status and general information**

Shelly Group SE (the Company), Sofia city is entered into the Commercial Register with the Registry Agency under UIC 201047670. The Company's seat and management address is 51, Cherni Vrah Blvd., building 3, floor 2 and 3, Lozenetz Region, 1407 Sofia, Bulgaria.

On December 16, 2024 the process for the change of the legal form of the Company to Societas Europaea was completed.

Shelly Group SE's shares have been traded on the Bulgarian Stock Exchange since December 2016 and on the Frankfurt Stock Exchange since November 22, 2021.

The main activity of Shelly Group SE is acquisition, management, evaluation and sale of interests in Bulgarian and foreign companies; acquisition, management and sale of bonds; acquisition, evaluation and sale of patents, assignment of licenses for the use of patents to entities in which the Company participates; financing of companies in which the Company participates. The Company is managed by a Board of Directors (BD) and is represented by Svetlin Todorov, Dimitar Dimitrov and Wolfgang Kirsch.

By Decision of the General meeting of shareholders dated 18.12.2023 a change in the Board of Directors' composition was voted. As of 01.01.2024 Mr. Christoph Vilanek replaced Mr. Gregor Bieler, who has left the role of board member due to increase in his professional engagements. This change is reflected in the Commercial register with the Registry Agency on 08.01.2024.

**2. Basis for preparation and accounting principles****2.1. Basis for preparation**

The Company keeps its current accounting and prepares its financial statements in accordance with the requirements of the Bulgarian commercial and accounting legislation.

These separate financial statements have been prepared in accordance with the requirements of the International Accounting Standards (IAS), published by the International Accounting Standards Board (IASB) and adopted by the European Union (EU). As of June 30, 2024, IASs consist of: International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC), approved by the IASB, and the International Accounting Standards and Interpretations of the Standing Interpretations Committee (SIC), approved by the International Accounting Standards Committee (IASC), effective from January 1, 2024, and adopted by the EU.

**2.2. Initial application of new and amended IFRSs****2.2.1. Standards effective for the current reporting period**

The Company's management has complied with all standards and interpretations that are applicable to its activity and have been officially adopted by the EU as of the date of preparation of these separate financial statements.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

All amounts are in thousand Bulgarian leva unless otherwise stated

The management has reviewed the changes in the existing accounting standards effective from January 1, 2024 and believes that they do not require changes in terms of the accounting policy applied in the current year.

At the date of preparation of these separate financial statements, the following new standards, issued by IASB and adopted by the EU are effective:

- **Amendments to IFRS 16 Leases** - Lease Liability in a Sale and Leaseback issued by IASB on December 22, 2023 (effective for annual periods beginning on or after January 1, 2024);
- **Amendments to IAS 1 Presentation of Financial Statements:** Disclosure of Accounting policies adopted by the EU on March 2, 2023 (effective for annual periods beginning on or after January 1, 2024);
- **Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements** (effective for annual periods beginning on or after January 1, 2024);

#### 2.2.2. New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at the date of publication of these separate financial statements (the effective dates stated below is for IFRS as issued by IASB):

- **Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates** - Lack of Exchangeability (IASB effective date: January 1, 2025);
- **IFRS 14 Regulatory Deferral Accounts** (effective for annual periods beginning on or after January 1, 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard;
- **Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred by IASB indefinitely but earlier application permitted). Endorsement process postponed indefinitely until the research project on the equity method has been concluded.
- **Annual improvements** – effective date Jan 1, 2006, it is still not accepted by the EU;
- **Amendments in the classification and assessment of financial instruments (Amendments in IFRS 9 and IFRS 7)** – effective date Jan 1, 2026, it is still not accepted by the EU;
- **IFRS 18 Presentation and Disclosure of Financial Statements**, effective date Jan 1, 2027, it is still not accepted by EU;

- **IFRS 19 Subsidiaries without Public Accountability: Disclosures** – effective date Jan 1, 2027, it is still not accepted by the EU.

The Company anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the separate financial statements of the Company in the period of initial application.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated.

According to the Company's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to IAS 39 Financial Instruments - Recognition and Measurement would not significantly impact the financial statements, if applied as at the reporting date.

### **2.3. Accounting principles**

The separate financial statement of the Company have been prepared on the going concern principle, as it is expected that the Company shall continue its operating activity in near future.

During the reporting period the military conflict between Russia and Ukraine continued, but since the Company did not have transactions and accounts with customers from these two countries, management believes that this event is not expected to directly or indirectly affect the Company's results and financial position in the future.

The military conflict in the Middle East that broke out at the beginning of October 2023 is also not expected to affect the Company's results and financial situation in the future.

Management has no plans or intentions to sell the business or cease operations, which could materially change the carrying amount or classification of assets and liabilities reported in the separate financial statements.

The assessment of assets and liabilities and the measurement of income and expenses is made in compliance with the historical cost principle. This principle is modified in specific cases by the revaluation of certain assets and/or liabilities to their fair value as of December 31 of the reporting year and December 31 of the previous year, as indicated in the relevant notes below.

### **2.4. Subsidiaries. Consolidation.**

A subsidiary is an entity controlled by a parent company. The investor controls the investee when it is exposed to or has rights to the variable returns from its interest in the investee and has the ability to influence those returns through its power in the investee. As of December 31, 2024, the Company owns four subsidiaries registered in the country, Four subsidiaries abroad and one associated company in the country. In these separate financial statements, investments in subsidiaries are presented at acquisition cost and these statements do not constitute a consolidated financial statement within the meaning of IFRS 10 *Consolidated Financial Statements*.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

*All amounts are in thousand Bulgarian leva unless otherwise stated*

In order to gain a full understanding of the financial position, results of the activity and changes in the financial position of the Shelly Group ED's Group as a whole, readers of these separate financial statements should read them together with the Company's consolidated financial statements for the year ended December 31, 2024, which shall be prepared and published within the deadline requirements of the Bulgarian legislation.

**2.5. Functional and presentation currency**

A functional currency is the currency of the primary economic environment in which a company operates and in which cash is primarily generated and spent. It reflects the main transactions, events and conditions significant for the Company.

The Company keeps its current accounting and prepares its financial statements in the national currency of the Republic of Bulgaria - the Bulgarian lev, adopted by the Company as the functional currency and as the currency of presentation of the financial statements.

These separate financial statements have been prepared in thousands of BGN, unless otherwise stated. Earnings per share are presented in BGN.

**2.6. Foreign currency**

Foreign currency transactions are initially reported at the exchange rate of the Bulgarian National Bank (BNB) on the date of the transaction. Exchange rate differences arising from the settlement of foreign currency monetary items or from the reporting of these monetary items at rates other than the ones at which they were originally recognised are reported in the statement of comprehensive income for the relevant period.

Monetary items in foreign currency as of December 31, 2024 and December 31, 2023 are reported in these financial statements at the closing exchange rate of the BNB, respectively, as of December 31, 2024 - BGN 1.8826 for USD 1 and BGN 1.95583 for EUR 1 and as of December 31, 2023 - BGN 1.76998 for USD 1; BGN 1.73998 for NOK 10 and BGN 1.95583 for EUR 1.

**2.7. Significant judgements in applying the Company's accounting policy. Key estimates and assumptions with high uncertainty.**

When applying the accounting policy, the Company's management makes certain estimates that have a significant effect on these separate financial statements. These estimates may differ from actual results.

Given their nature, these estimates are subject to ongoing review and updating and summarize historical experience and other factors, including expectations of future events that management believes are reasonable under current circumstances.

Estimates and assumptions that carry a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are set out below.

**2.7.1 Impairment of investments in subsidiaries and associates**

Management analyses and assesses if any indications for impairment of its investments in subsidiaries exist. The main indicators of impairment are as follows: a significant reduction in the volume or discontinuation of

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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the activity of the invested company; accounting for losses over a longer period of time, as well as reporting negative net assets or assets below registered share capital.

Management performs tests and makes judgments for impairment of investments based on its plans and intentions regarding the future economic benefits expected to be received by the subsidiaries, incl. commercial and production experience, securing positions in foreign markets, expected future sales, etc.

For this purpose, several forecasts are performed, taking into account various assumptions about risks, uncertainty and probabilities for future realization of cash flows and income from these investments. Each option is carefully analysed by the management and the results are weighted when calculating the recoverable amount of the respective investment.

### **2.7.2 Employee retirement benefits**

The employee retirement benefit obligation is determined by actuarial valuation. The valuation requires assumptions to be made about the discount rate, future wage growth, staff turnover and mortality rates. Due to the long-term nature of employee retirement benefits, these assumptions are subject to significant uncertainty. The Company has prepared an actuarial valuation of the retirement obligations and has reflected them in the separate financial statements as of 2023 and as of 2024 (Note 4.12).

### **2.7.3 Useful life of property, plant and equipment and intangible assets**

Accounting for property, plant and equipment and intangible assets involves the use of estimates of their expected useful lives and carrying amounts, which are based on judgments by the Company's management.

### **2.7.4 Impairment of receivables**

Management estimates the amount and timing of expected future cash flows related to receivables based on experience versus current circumstances. Due to the inherent uncertainty of this estimate, actual results may differ from those anticipated. The Company's management reviews prior year estimates and compares them with actual results from previous years.

The Company applies a simplified approach in accounting for trade and other receivables and recognizes an impairment loss as expected credit losses over their lifetime. They represent the expected shortfall in contractual cash flows, given the possibility of default at any point in the lifetime of the financial instrument. The Company uses its accumulated experience, external indicators and long-term information to calculate expected credit losses.

### **2.7.5 Lease**

*Determining the term of the lease for contracts with renewal and termination options - Company as lessee*

The Company defines the term of the lease as the irrevocable term of the lease, together with any periods covered by an option to extend it if it is reasonably certain that the option will be exercised, or any periods covered by an option to the termination of the lease if it is reasonably certain that the option will not be

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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exercised (Note 4.01).

**2.8. Comparative data**

According to Bulgarian accounting legislation, the financial year ends on December 31 and companies should submit annual financial statements as of this date, including comparative data as of the same date for the previous year. If necessary, the data presented for the prior reporting period is adjusted to obtain a better comparability with the data for the current period.

**3. Definition and assessment of the financial statements' items****3.01. Investments in subsidiaries and associates**

Long-term investments, such as shares and interests in subsidiaries and associates, are presented in the separate statement of financial position at acquisition cost (cost), which represents the fair value of the consideration that was paid, including the direct costs of acquiring the investment less accumulated impairment.

The Company's investments in subsidiaries and associates are subject to an annual impairment review and their results are compared with the approved development plans. When impairment indications are established, the impairment is recognised in the statement of comprehensive income. When buying and selling investments in subsidiaries and associates, the 'transaction date' is applied. Investments are written off when the rights arising from them are transferred to other parties when legally possible and thus control over the economic benefits of the relevant specific type of investment is lost. The profit/(loss) from their sale is presented under 'finance income' or 'finance expense', respectively, in the separate statement of comprehensive income.

**3.02. Other long-term capital investments**

The other long-term capital investments are non-derivative financial assets, such as shares and shares of other companies (minority participation), held with a long-term perspective.

*Initial measurement*

Capital investments are initially recognised at acquisition cost, which represents the fair value of the consideration that was paid, including the direct costs of acquiring the investment (financial asset). All capital investments' purchases and sales are recognised on the 'date of the transaction'.

*Subsequent measurement*

The Company's capital investments are subsequently measured at fair value. The effects of the subsequent measurement to fair value are presented in the separate statement of comprehensive income (in other items of comprehensive income) and, respectively, in a reserve related to financial assets at fair value through other comprehensive income. These effects are transferred to retained earnings upon disposal (sale) of the respective investment.

**3.03. Financial instruments**

A financial instrument is any contract that simultaneously gives rise to both a financial asset in one entity and a financial liability or equity instrument in another entity. Financial assets and liabilities are recognised in the separate statement of financial position when the Company becomes a party to the contractual terms of the relevant financial instrument that gave rise to this asset or liability.

**a) Financial assets*****Initial recognition and measurement***

Upon initial recognition, financial assets are classified as financial assets that are subsequently measured at amortized cost, at fair value in other comprehensive income (OCI) and as financial assets at fair value in profit or loss.

Financial assets are classified upon their initial acquisition according to the characteristics of the contractual cash flows of the financial asset and the Company's business management model. The Company initially measures the financial asset at fair value plus transaction costs, in the case of financial assets that are not measured at fair value through profit or loss. Trade receivables that do not have a significant financing component, and for which the Company has applied a practically expedient measure, are stated at the transaction price determined according to IFRS 15. The Company reclassifies financial assets only when its business model changes.

In order to be classified and measured at amortized cost or at fair value in OCI, the financial asset should generate cash flows that represent "solely payments of principal and interest" (SPPI) on the outstanding principal amount. This measurement is called the "SPPI test" and is performed at the relevant instrument level. The Company's business model for managing financial assets refers to how the Company manages its financial assets to generate cash flows. The business model determines whether cash flows will arise from the collection of contractual cash flows, the sale of financial assets, or both.

Purchases or sales of financial assets, the terms of which require the delivery of the assets within a certain period of time, usually established by a regulatory provision or current practice in the relevant market (regular purchases), are recognized on the date of trading (transaction), i.e. on the date on which the Company has committed to buy or sell the asset.

***Subsequent measurement***

For the purposes of subsequent measurement, financial assets are classified into four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value in other comprehensive income with "recycling" of cumulative profit or loss (debt instruments);
- Financial assets designated as financial assets at fair value in other comprehensive income with no "recycling" of cumulative profit or loss at their derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

***Financial assets at amortized cost (debt instruments)***

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model aimed at obtaining the contractual cash flows, and
- The terms of the contract for the financial asset give rise to cash flows on specific dates that represent solely payments of principal and interest on the outstanding principal amount. Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include trade and other receivables, loans (to related parties and third parties), term deposits and cash at bank accounts.

***Financial assets at fair value in other comprehensive income (debt instruments)***

The Company measures its debt instruments at fair value in other comprehensive income if both of the following conditions are met:

- The financial asset is held within a business model aimed at obtaining the contractual cash flows, and its disposal as well; and
- On the specified dates, the contractual terms of the financial asset give rise to cash flows that represent solely payments of principal and interest on the outstanding principal amount.

In respect of debt instruments at fair value in other comprehensive income, interest income, currency revaluation and impairment losses or their reversal are recognized in profit or loss and calculated in the same way as those for financial assets measured at amortized cost. Other changes in fair value are recognized in other comprehensive income. Upon derecognition, the cumulative change in fair value recognized in other comprehensive income is stated in profit or loss.

***Financial assets designated as financial assets at fair value through other comprehensive income (equity instruments)***

Upon initial recognition, the Company may elect to classify irrevocably as equity instruments designated as measured at fair value in other comprehensive income when they meet the equity requirements under IAS 32 Financial Instruments: Presentation and when they are not held for trading. The classification is determined on an individual instrument basis.

Gains and losses on these financial assets are never "recycled" in profit or loss. Dividends are recognized as income in the statement of comprehensive income when the right to payment is established, except when the Company derives benefits from these receipts as a refund of part of the acquisition price of the financial asset, in which case the gains are reported in other comprehensive income. Equity instruments designated as measured at fair value through other comprehensive income are not subject to an impairment test.

### ***Derecognition***

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised (i.e. removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the rights to receive cash flows from the asset have been transferred or the Company has assumed the obligation to pay the received cash flows in full, without significant delay, to a third party through a transfer agreement; where either (a) the Company has transferred substantially all the risks and rewards of ownership of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of ownership of the asset but has not retained control.

When the Company has transferred its rights to receive cash flows from the asset or entered into a transfer agreement, it evaluates whether and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, nor has it transferred control over it, it still recognizes the transferred asset to the extent of its continuing involvement in it.

In this case, the Company also recognizes the related obligation. The transferred asset and related liability are valued on a basis that reflects the rights and obligations that the Company has retained. A continuing involvement being a security of the transferred asset is valued at the lower of the original book value of the asset and the maximum amount of consideration that the Company may be required to pay. The Company applies the same derecognition policies for impaired financial assets.

### ***Impairment of financial assets***

Additional disclosures related to impairment of financial assets, are included in the following notes as well:

- Significant judgements in applying the Company's accounting policy. Key estimates and assumptions with high uncertainty. (Note 2.7);
- Dividend and other receivables from related parties (Note 6.02)
- Trade receivables (Notes 4.07).

The Company recognizes an allowance for expected credit losses (ECL) for all debt instruments that are not measured at fair value through profit or loss. ECL are based on the difference between the contractual cash flows due under the terms of the contract and any cash flows the Company expects to receive, discounted at an approximation of the original effective interest rate. Expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are an integral part of the terms of the contract.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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ECL are recognized in three stages. For exposures for which there has been no significant increase in credit risk since initial recognition. Allowances for ECL are recognized for credit losses that arise as a result of default events that are possible occur within the next 12 months (12-month ECL). For exposures for which there has been a significant increase in credit risk since initial recognition, an allowance for expected credit loss is required in respect of credit losses expected over the remaining term of the exposure, regardless of when the default occurs (ECL over the lifetime of the instrument). A significant increase in credit risk is observed in the case of material financial difficulties of the debtor, probability of declaring bankruptcy and liquidation, financial restructuring or inability to repay the debt (overdue for more than 30 days) are taken as an indicator for impairment of the asset.

Regarding cash and cash equivalents, the Company applies the credit ratings of the banks in order to prepare an impairment assessment. Cash at banks with a high and stable rating are not subject to impairment.

The Company considers a financial instrument in default when contractual payments are overdue for 90 days. However, in certain cases, it may consider a financial asset to be in default when internal or external information provides an indication that it is unlikely that the Company will receive the outstanding contractual amounts in full before taking into account any credit improvements. All financial assets measured at amortized cost are subject to collective impairment, except for those in default (phase 3).

**Financial liabilities****Initial recognition and measurement**

Upon initial recognition, financial liabilities are classified as financial liabilities at fair value through profit or loss, incl. derivatives or as financial liabilities at amortized value, incl. loans and other borrowings and trade and other payable as appropriate. Initially, all financial liabilities are recognized at fair value, and in the case of loans and borrowed funds and liabilities, net of direct transaction costs.

The Company's financial liabilities include trade and other payables, bank loans and lease liabilities.

**Subsequent measurement**

Financial liabilities are measured according to their classification as specified below:

**Financial liabilities at amortized cost**

The Company's financial liabilities at amortized cost are reported at amortized cost after applying the effective interest method.

**Derecognition**

A financial liability is derecognized when the obligation is discharged, cancelled or expires. When an existing financial liability is exchanged with another from the same creditor under substantially different terms, or the terms of an existing liability are substantially changed, this exchange or modification is treated as extinguishment of the original financial liability and recognition of a new financial liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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The Company's activity does not imply various financial instruments. The main financial instruments included in the separate statement of financial position of the Company are presented below.

***Trade and other receivables***

Trade receivables are amounts owed by customers for goods sold and services performed in the ordinary course of business. They are usually due for short-term settlement and are therefore classified as current. Trade receivables are initially recognized at the amount of the unconditional consideration due, unless they contain significant financing components.

The Company holds trade receivables for the purpose of collecting contractual cash flows and therefore measures them at amortized cost using the effective interest method. No discounting is applied when the effect is immaterial.

Future cash flows determined for a group of financial assets that are collectively measured for impairment are determined on the basis of historical information regarding financial assets with credit risk characteristics similar to the characteristics of the group of financial assets.

Assets that are subject to individual impairment are not included in an impairment group.

The Company applies a simplified approach in recognizing impairment of trade and other receivables and recognizes loss allowance for lifetime expected credit losses. In estimating expected credit losses on trade receivables, the company uses a provision matrix.

When estimating expected credit losses on trade receivables, the Company uses its experience gained in the field of credit losses on trade receivables to estimate the expected credit losses for the entire life of the financial assets. The substantial part of contracts with customers and additional cash contributions are with entities that are related parties, as a result of which the Management believes the possibility of occurrence of credit losses is minimal.

***Cash and cash equivalents***

Cash and cash equivalents in BGN are stated at their nominal value, and cash in foreign currency - at the closing BNB exchange rate at the end of each reporting period.

Cash for the purposes of preparing the statement of cash flows include the cash on hand and at bank accounts.

***Loans granted to related parties and third parties***

Loan receivables are reported at cost, less any impairment, based on management's review of year-end balances. Uncollectible receivables are recognized as an expense in the period in which they are established. Interest-bearing loans are classified as current, except for the portion that will be settled within 12 months from the end of the reporting period.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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***Borrowings***

Borrowings are recognized initially at fair value, which is formed by the cash proceeds received, less the inherent transaction costs. After their initial recognition, interest-bearing loans are measured at amortized cost, where any difference between the initial cost and the maturity value is recognized in profit or loss over the period of the loan by applying the effective interest method.

Finance costs, including direct borrowing costs, are included in profit or loss using the effective interest method, except for transaction costs on bank overdrafts, which are recognized in profit or loss on a straight-line basis for the period, for which the overdraft was agreed upon.

Loans are classified as current when they are to be settled within twelve months from the end of the reporting period.

***Payables to suppliers, other current liabilities and advances received***

Trade and other payables arise as a result of goods or services received. Current liabilities are not amortized.

Trade payables are recognized initially at fair value and subsequently at amortized cost using the effective interest method.

**3.04. Authorized share capital**

The Company's authorized share capital is stated at par value of the Company's issued shares and corresponds to its current court registration.

Redeemed shares are presented in the statement of financial position at cost (acquisition cost), and the Company's equity is reduced by their gross purchase value.

**3.05. Reserves**

The accumulated financial results from prior years, premium reserves related to the issuance of shares, reserves from investments measured at fair value through other comprehensive income, as well as legal reserves required under the provisions of the Commerce Act and the Company's Statute are presented in the separate financial statements as reserves. The Company's shareholders may dispose of the capital reserves following a decision of the General Meeting.

**3.06. Lease**

On the effective date of the contract, the Company assesses whether the contract is or contains a lease. In particular, whether the contract transfers the right to control the use of the identified asset for a certain period of time.

***The Company as a lessee***

The Company applies a unified approach to the recognition and assessment of all leases, except for short-term leases (i.e., leases with a lease term of up to 12 months) and leases of low-value assets. The Company

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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recognises lease liabilities for the payment of lease instalments and right-of-use assets, representing the right to use the assets.

**Right-of-use assets**

The Company recognizes right-of-use assets from the inception date of the lease (i.e. the date on which the underlying asset is available for use). Right-of-use assets are measured at acquisition cost less accumulated depreciation and impairment losses and adjusted for any revaluation of lease liabilities.

The acquisition cost of right-of-use assets includes the amount of recognized lease liabilities, the initial direct costs incurred and the lease payments made on or before the inception date of the lease, an estimate of the costs to be incurred by the lessee in dismantling and relocating the asset, the restoration of the site on which it is located or the restoration of the asset to the condition required under the terms of the lease, less any incentives received under the lease. The right-of-use assets are depreciated on a straight-line basis over the lease term.

If at the end of the lease term the ownership of the leased asset is transferred to the Company, or the acquisition cost reflects the exercise of a purchase option, depreciation is calculated using the expected useful life of the asset.

**Lease liabilities**

From the inception date of the lease, the Company recognises lease liabilities measured at the present value of the lease payments to be made during the lease term. Lease payments include fixed payments (including in-substance fixed payments) less any eligible lease incentives, variable lease payments depending on an index or an interest rate and amounts that are expected to be paid under guarantees for residual value.

Lease payments also include the exercise price of a purchase option if the Company is reasonably certain to exercise that option, as well as penalties for terminating the lease, if the lease term reflects the Company's exercising an option to terminate the lease.

Variable lease payments, not depending on an index or an interest rate, are recognised as expense in the period in which the event or condition triggering the payment occurs.

In calculating the present value of lease payments, the Company uses an intrinsic interest rate at the inception date of the lease because the interest rate implicit in the lease cannot be determined reliably. After the inception date, the amount of lease liabilities is increased by the interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is revalued, if there is a modification, a change in the lease term, a change in lease payments (for example, changes in future payments resulting from a change in the index or interest rate used to determine those lease payments) or a change in the measurement of the option to purchase the underlying asset.

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### ***Short-term leases and low-value assets leases***

The Company applies recognition exemption for short-term leases to its short-term building leases (for example, leases with lease term of 12 months or less from the inception date and not containing a purchase option). The Company also applies the recognition exemption of low-value assets leases to leases of office equipment which is considered low-value. Lease payments on short-term leases and low-value assets leases are carried as an expense on the straight-line basis over the lease term.

### **3.07. Payables to employees**

#### ***Defined benefit plans***

The Government of the Republic of Bulgaria is responsible for providing pensions under defined benefit plans. The liabilities under the Company's commitment to transfer accrued amounts to defined benefit plans are recognised in the separate statement of comprehensive income when they are incurred.

#### ***Paid annual leave***

The Company recognises as a liability the undiscounted amount of the estimated costs of paid annual leave, in accordance with the Labor Code and its internal rules, expected to be paid to employees in exchange for their labour for the past reporting period.

#### ***Retirement benefit plans***

In accordance with the requirements of the Labor Code, upon termination of the employment contract of an employee who has acquired the right to a pension, the Company pays the employee a compensation in the amount of two gross salaries, if the accumulated service at the Company is less than ten years, or six gross salaries, in case of accumulated service time at the Company of over ten consecutive years.

Based on their characteristics, these schemes are retirement benefit plans.

The measurement of long-term employee benefits is carried out using the projected unit credit method and the estimate at the date of the individual statement of financial position is made by licensed actuaries. The amount recognised in the separate statement of financial position is the present value of the liabilities. The revaluations of the retirement benefit plan liability (actuarial gain or loss), arising from experience and changes in actuarial financial and demographic assumptions, are recognised in equity through other comprehensive income as a reserve for retirement liabilities. The amounts released from this reserve are transferred through other comprehensive income into retained earnings.

### **3.08. Recognition of income and expenses**

#### **Revenue**

##### ***Dividend income***

Dividend income is recognised in the separate statement of comprehensive income in the period when the right to receive it is established.

All amounts are in thousand Bulgarian leva unless otherwise stated

### **Finance income and expenses**

Finance income and expenses are recognised in profit or loss for all instruments measured at amortised cost using the effective interest method.

The effective interest rate method is a method for calculating the amortised cost of a financial asset or liability and allocating interest income or expense over the relevant period. An effective interest rate is one at which the estimated future cash payments or receipts during the life of the financial instrument or, in certain cases, for a shorter period, are accurately discounted to the net carrying amount of the financial asset or liability. In calculating the effective interest rate, the Company measures cash flows taking into account all the contractual terms of the financial instrument but excluding potential future credit impairment losses. The calculation includes fees, transaction costs, premiums or discounts paid or received between the parties to the contract, which are an integral part of the effective interest rate.

### **Expenses**

Expenses at the Company are recognised when incurred. Expenses are recognised when there is a decrease in future economic benefits associated with a decrease in an asset or an increase in a liability that can be measured reliably. Recognition of expenses for the current period is made when the corresponding income is accrued. An expense is recognised immediately in the separate statement of comprehensive income, when the expense does not generate a future economic benefit or when, and to the extent that, future economic benefit does not qualify or no longer qualifies for recognition of an asset in the separate statement of financial position. Expenses are accounted for on the accrual basis and comparability with reported income. They are measured at the fair value of the liability paid or to be paid.

### **3.09. Income tax expense**

Income tax expense is the sum of the current income tax and the tax effect on temporary tax differences. The current income tax is determined on the basis of the taxable profit for the year, applying the tax rate according to the tax legislation as at the date of the separate financial statements. Deferred tax assets and/or liabilities are the amounts of recoverable and deferred income taxes due in respect of deductible and taxable temporary tax differences. Temporary tax differences are identified by comparing the carrying amount of an asset or liability in the separate statement of financial position and its tax base obtained by applying the tax rules.

Deferred income tax is calculated applying the balance sheet liabilities method. Deferred tax liabilities are calculated and recognised for all taxable temporary differences, while deferred tax assets are recognised only if their reversal is probable and provided the Company will be able to generate sufficient profit in the future from which they can be deducted.

The effect of recognising deferred tax assets and/or liabilities is reflected where the effect of the event giving rise to them is presented.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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For events that affect profit or loss and other comprehensive income, the effect of deferred tax assets and liabilities is recognised in the separate statement of comprehensive income.

For events initially recognised in equity (revaluation reserve), deferred tax assets and liabilities are recognised at the expense of equity.

In the separate statement of financial position, deferred tax assets and/or liabilities are recognized through offsetting because they are subject to a uniform taxation regime.

According to the Bulgarian tax legislation, the Company owes corporate tax at the amount of 10% of the taxable profit for the accounting year.

### 3.10. Fair value measurement

Some of the Company's accounting policies and disclosures require a fair value measurement of financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Company uses observable data as far as possible.

Fair values are categorized at different levels in the fair value hierarchy based on the inputs to the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for similar assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that, directly (i.e., as prices) or indirectly (i.e., derived from prices), are available for observation for the asset or liability.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable input data).

If the inputs used to measure the fair value of an asset or liability can be categorized at different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety at that level of the fair value hierarchy whose input information is relevant to the overall assessment.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period in which the change occurs. During 2024 and 2023 there have been no transfers between the levels of the fair value hierarchy.

More information on the assumptions made in measuring fair values is included in the relevant notes.

### 3.11. Earnings per share

Basic earnings incomes per share are calculated by dividing the net profit or loss for the period to be distributed among the shareholders holding ordinary shares by the weighted average number of ordinary shares held for the period.

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*All amounts are in thousand Bulgarian leva unless otherwise stated*

The weighted average number of shares represents the number of ordinary shares held at the beginning of the period, adjusted by the number of repurchased ordinary shares and the number of newly issued shares during the period multiplied by the average time factor. This factor expresses the number of days during which the specific shares were held, compared to the total number of days during the period.

Earnings of diluted shares are not calculated because there are no diluted shares issued.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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4. Notes to the Statement of financial position

4.01. Leases

	Vehicles
<b>01.01.2023 г.</b>	
Cost	34
Depreciation	(17)
<b>Book value</b>	<b>17</b>
Additions for the year	235
Depreciation for the year	(45)
<b>Book value at</b>	<b>207</b>
<b>31.12.2023 г.</b>	
Cost	269
Depreciation	(62)
<b>Book value</b>	<b>207</b>
<b>01.01.2024</b>	
Cost	269
Depreciation	(62)
<b>Book value</b>	<b>207</b>
Additions for the year	34
Depreciation for the year	(55)
<b>Book value written off</b>	<b>(26)</b>
<b>Book value at</b>	<b>160</b>
<b>31.12.2024</b>	
Cost	277
Depreciation	(117)
<b>Book value</b>	<b>160</b>

At the end of the reporting period, the Company is a party to vehicle lease agreements signed with the subsidiary Shelly Properties EOOD (former Allterco Properties EOOD) for which it has recognised in the separate statement of financial position right-of-use assets with a book value of BGN 160 thousand.

Present value of the lease liability:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Shelly Properties EOOD including		
- up to 1 year	-	47
- over 1 year	-	160
<b>Shelly Europe EOOD including</b>		
- up to 1 year	47	-
- over 1 year	113	-
<b>Total lease liability</b>	<b>160</b>	<b>207</b>
	<u>2024</u>	<u>2023</u>
Total amount of leasing payment for the period	(56)	(45)
Interest expense under lease contracts	(1)	-

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Leases for vehicles have an average term of 3 years. The discount rate used by the Company for the described leases is on average – 1.35%.

**4.02. Investments in subsidiaries**

Company	Share in capital %	December 31, 2024	Share in capital %	December 31, 2023
Shelly Trading EOOD	100	1	100	1
Shelly Europe EOOD	100	7 000	100	7 000
Shelly Properties EOOD	100	-	100	5 405
Shelly USA Inc., USA*	100	486	100	486
Shelly DACH GmbH, Germany	100	978	100	978
Shelly Tech d.o.o., Slovenia	76	5 281	60	4 134
Shelly Asia Ltd., China	80	1 025	80	-
<b>Total</b>		<b>14 771</b>		<b>18 004</b>

\*As of the end of 2023, the Company has recognized a 50% impairment on its investment in Shelly USA Inc. in the amount of BGN 486 thousand based on an internal assessment of the Company's business plan implementation. The quoted amount of the investment above is after impairment.

On February 22, 2024. Shelly Group SE has announced that it is exercising a Call option to acquire an additional 16% stake in its Slovenian IoT subsidiary Shelly Tech (former name GOAP). The exercise of the Call option is the second stage of the acquisition of the Slovenian company based on Option Agreement between Shelly Group and the partners in the Slovenian company, signed and announced in January 2023. The total acquisition price of the 16% share amounts to EUR 586 666.30 calculated in accordance with the terms of the Option Agreement. The remaining 24% of the shares of the Company, owned by three partners, are subject to an additional Call/Put option that can be exercised in 2026. according to the agreed conditions.

On 31<sup>st</sup> of May the Group exercised its Call option to acquire 50% in the associate company Shelly Asia ltd., (formerly known as Allterco Asia ltd.), and thus the ownership share reached 80%. The price paid for the acquired shares is EUR 520 000

On September 26, Shelly Group SE completed the sale of 100% of the capital of its subsidiary Shelly Properties EOOD, which main asset was the holding's former office building. The agreed price of the sale was EUR 3.5 million (BGN 6.8 million).

**4.03. Investments in associates**

In 2023, Shelly Group" ED concluded an Investment Agreement with "Ground Solutions Group" AD for participation in the capital increase and registration of new privileged company shares from the capital of its subsidiary "Corner Solutions" OOD. As a result, the Company acquired 625 new privileged company shares, representing 10% of the capital of "Corner Solutions" OOD after the increase, for a price of BGN 196 thousand (EUR 100,000).

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**4.04. Long term trade receivables**

In September 2021 the Company sold its investments in ALLTERCO PTE Singapore, ALLTERCO SDN Malaysia and ALLTERCO CO LTD Thailand. According to the Share Purchase Agreement part of the purchase price had to be paid in the future. In July 2023 an agreement was signed for rescheduling the payment of BGN 1 027 thousand until the end of 2025. At the end of 2024 the due amount was reclassified as short-term receivable based on its due date.

**4.05. Deferred tax assets**

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Deferred tax on revaluation reserve	-	1
Deferred tax on accrued costs	56	55
Deferred tax on unused paid leave	5	3
Deferred tax on pensions cost	10	5
Deferred tax on actuarial valuation	-	1
<b>Total:</b>	<b><u>71</u></b>	<b><u>65</u></b>

**4.06. Trade receivables**

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Receivables from clients	1 340	669
Advances to suppliers	88	-
<b>Receivables from clients, net</b>	<b><u>1 428</u></b>	<b><u>669</u></b>

As at December 31, 2024 the trade receivables amounting to BGN 1 340 thousand represent mainly a receivable under the sale transaction of Asian telecom business of Shelly Group, due in the next 12 months, as a result of signed agreement for debt rescheduling of the buyer of the Asian entities (see note 4.04).

The receivables from clients are in the following currencies:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<i>By types of currency</i>		
In BGN	36	-
In EUR	1 392	669
<b>Total:</b>	<b><u>1 428</u></b>	<b><u>669</u></b>

An ageing analysis of the gross amount of the trade receivables is presented in the table below:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current	1 079	669
Overdue up to 30 days	349	-
Overdue up to 60 days	-	-
Overdue up to 90 days	-	-
Overdue over 90 days	-	-
<b>Total:</b>	<b><u>1 428</u></b>	<b><u>669</u></b>

**4.07. Other receivables**

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
VAT receivable	124	19

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All amounts are in thousand Bulgarian leva unless otherwise stated

<b>Total:</b>	<u><u>124</u></u>	<u><u>19</u></u>
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#### 4.08.Receivables from loans granted

On June 23, 2023, the Company provided a short-term loan to a third party at the amount of BGN 548 thousand, with a term of 1 year and 1% annual interest. The loan is unsecured. In 2024 the loan was fully repaid.

#### 4.09.Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<b>CASH, including</b>	<b>2</b>	<b>3</b>
Cash in BGN	2	3
<b>CASH IN CURRENT BANK ACCOUNTS, including</b>	<b>4 776</b>	<b>2 940</b>
Current bank account in BGN	471	1 214
Current bank account in foreign currency	4 295	1 716
Cash equivalents	10	10
<b>Total:</b>	<u><u>4 778</u></u>	<u><u>2 943</u></u>
<i>By currency</i>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
In BGN	483	1 227
In USD	7	7
In EUR	4 288	491
Other	-	1 218
<b>Total:</b>	<u><u>4 778</u></u>	<u><u>2 943</u></u>

The Company's cash is in bank accounts with trade banks with a stable long-term rating. The Management has assessed the expected credit losses on Cash and cash equivalents.

The estimated credit losses are insignificant compared to the gross value of the cash deposited with financial institutions, therefore they are considered insignificant and are not recognized in the separate financial statements of the Company as of December 31, 2024. Cash at bank accounts are held in three banks.

#### 4.10.Prepaid expenses

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Insurances	39	22
Subscription to Information services	33	33
SAP licenses	47	42
Others	9	18
<b>Total:</b>	<u><u>128</u></u>	<u><u>115</u></u>

#### 4.11.Bank loans

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
UBB Bulgaria, including.:		
<input type="checkbox"/> to one year	-	302
<input type="checkbox"/> over one year	-	1020
<b>Total bank loans – non-current portion:</b>	<u>-</u>	<u>1 020</u>
<b>Total bank loans – current portion:</b>	<u><u>-</u></u>	<u><u>302</u></u>

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During 2024 the loan from UBB AD is fully repaid.

#### 4.12. Retirement benefits obligation

As of December 31, 2024, the Company reports obligations for a defined benefit plan upon retirement of BGN 48 thousand. The amount of the obligation is determined on the basis on an actuarial assessment based on assumptions about mortality, disability, probability of leaving, salary growth, etc.

The movements of the present value of the defined benefits plan upon retirement are presented below:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Liabilities at the beginning of the year	48	61
Liabilities paid during the year	-	(30)
<b>Expenses recognized in profit or loss</b>	<b>-</b>	<b>-</b>
Current service expense	-	-
Financial costs on future liabilities	5	7
<b>Actuarial loss, recognized in other comprehensive income</b>	<b>48</b>	<b>10</b>
<b>Liabilities at the end of the period</b>	<b>101</b>	<b>48</b>
	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Present value of the liability	53	38
Recognized actuarial losses	48	10
<b>Liabilities at the end of the period</b>	<b>101</b>	<b>48</b>

In the case of early retirement due to disability, the staff shall be entitled to a benefit of up to two months' salaries, increased by 100% for a minimum period of five years and provided that no such benefits have been received during the last five years of service.

The demographic statistical assumptions used are based on the following:

- turnover rate of the Company's staff over the past few years;
- mortality of the population of Bulgaria in the period 2021 – 2023 according to the data of the National Statistical Institute;
- statistics of the National Center for Health Information on disability of the population and premature retirement.

#### 4.13. Trade payables to subsidiaries

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Shelly Europe EOOD		
- Until one year	2	-
<b>Total:</b>	<b>2</b>	<b>168</b>

#### 4.14. Trade payables

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Suppliers	226	168

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By currency	<u>December 31, 2024</u>	<u>December 31, 2023</u>
in BGN	222	131
in EUR	4	37
<b>Total:</b>	<b><u>226</u></b>	<b><u>168</u></b>

**4.15. Payables to employees and social security obligations**

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Liabilities for non-used leaves	48	80
Liabilities for labour contracts	6	-
Social security and health contributions	8	6
Social security contributions on non-used leaves	3	3
<b>Total:</b>	<b><u>65</u></b>	<b><u>89</u></b>

**4.16. Tax liabilities**

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Personal income tax	21	15
Other taxes	-	4
<b>Total:</b>	<b><u>21</u></b>	<b><u>19</u></b>

**4.17. Other liabilities**

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Liabilities for purchase of shares	295	415
<b>Total</b>	<b><u>295</u></b>	<b><u>415</u></b>

**4.18. Registered capital**

Shelly Group SE is registered in 2010. The registered capital of the Company as of December 31, 2024, amounts to BGN 18 050 945 (eighteen million fifty thousand nine hundred forty-five) and is distributed in 18 050 945 ordinary registered shares with value of BGN 1 each. The registered capital is fully paid in four instalments:

The first issue was made upon the establishment of the Company in the form of a non-monetary contribution in the amount of BGN 50,000 by Dimitar Stoyanov Dimitrov and Svetlin Iliev Todorov.

In 2010 a second non-monetary contribution was made in the amount of BGN 5,438,000 by Dimitar Stoyanov Dimitrov and Svetlin Iliev Todorov. The subject of the non-monetary contribution was shares from the capital of Tera Communications AD.

At the end of 2015, a new issue of 8,012,000 ordinary registered voting shares was issued, with a nominal value of BGN 1 each.

At the end of 2016 the capital was increased with a new issue for the amount of 1,500,000 shares on the basis of a successful initial public offering, according to the Prospectus for public offering of shares.

In 2020 the capital of the Company was increased by cash contributions in the total amount of 2,999,999 against 2,999,999 subscribed and paid dematerialized ordinary registered voting shares with a nominal value of BGN 1 as a result of a procedure for Public Offering of a new issue of shares.

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In July 2023, the Company successfully completed a public offering of shares from the capital increase of Shelly Group SE (the Company), addressed to employees of the Company and its subsidiaries. The capital increase is in the amount of BGN 50 946, representing 50 946 ordinary, dematerialized, registered voting shares with a nominal value of BGN 1 each. The capital of Shelly Group after the increase is BGN 18 050 945, representing 18 050 945 ordinary, dematerialized, registered shares with voting rights and a nominal value of BGN 1 each.

In June 2024, the Company successfully completed a public offering of shares from the increase in its registered capital. The capital increase was addressed to employees of SHELLY GROUP SE and its subsidiaries. The registered capital increase is in the amount of BGN 54,614, representing 54,614 ordinary, non-cash, registered voting shares with a nominal value of BGN 1 each. The capital of SHELLY GROUP SE after the increase is BGN 18,105,559, representing 18,105,559 ordinary, non-cash, registered shares with voting rights and a nominal value of BGN 1 each.

As of December 31 2024, the shareholders in the Company are:

Name/business name	Number of shares:	% in the capital
Dimitar Dimitrov	5 478 120	30.26%
Svetlin Todorov	5 285 620	29.19%
<i>Persons possessing less than 5% of the capital</i>		
Other individuals and legal entities	7 341 819	40.55%
<b>Total</b>	<b>18 105 559</b>	<b>100.00%</b>

As of December 31, 2023 the shareholders in the Company are::

Name/business name	Number of shares:	% in the capital
Dimitar Dimitrov	5 776 120	32.00%
Svetlin Todorov	5 485 620	30.39%
<i>Persons possessing less than 5% of the capital</i>		
Other individuals and legal entities	6 789 205	37.61%
<b>Total</b>	<b>18 050 945</b>	<b>100.00%</b>

#### 4.19.Retained earnings

	December 31, 2024	December 31, 2023
<b>Retained earnings in the beginning of the year</b>	<b>8 090</b>	<b>4 580</b>
Profit (loss) for the year	1 974	7 852
Gain on sale of shares repurchased	-	280
Reclassified other comprehensive income	-	(122)
Distribution of dividends	(4 590)	(4 500)
Transfer to reserves	(6)	-
Other movements	2	-
<b>Retained earnings at the end of the year</b>	<b>5 470</b>	<b>8 090</b>

#### 4.20.Legal reserves

	December 31, 2024	December 31, 2023
Legal reserves in the beginning of the year	1 800	1 800
Profit transferred to reserves	6	-

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<b>Legal reserves at the end of the year</b>	<b>1 806</b>	<b>1 800</b>
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**4.21. Premium reserve**

As of December 31, 2024 and December 31, 2023, the reserves from issue of shares of the Company amount to BGN 5 403 thousand. They are formed by the excess of the proceeds from new shares issued in 2020 above their nominal value, amounting to BGN 6 000 thousand, reduced by the costs related to the capital increase, amounting to BGN 297 thousand and by BGN 300 thousand that were transferred to Legal reserves by a decision of General Meeting of Shareholders held on June 28, 2021.

**4.22. Reserve from revaluation of deferred benefits plans**

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
<b>Balance at the beginning of the year</b>	<b>(9)</b>	<b>-</b>
Loss as a result of actuarial revaluation of defined benefit plans	(48)	(10)
Deferred tax on actuarial loss	5	1
<b>Balance at the end of the year</b>	<b>(52)</b>	<b>(9)</b>

**5. Notes to the Statement of comprehensive income**

**5.01. Revenue from dividends**

	<b>2024</b>	<b>2023</b>
Revenue from dividends	4 500	11 000
<b>Total</b>	<b>4 500</b>	<b>11 000</b>

During 2024 the Company recognized dividend revenue from its subsidiaries Shelly Europe Ltd., at the amount of BGN 3 500 thousand, and Shelly Trading Ltd., at the amount of BGN 1 000 thousand.

During 2023 The Company recognized dividend revenue from its subsidiary Shelly Europe Ltd at the amount of BGN 11 000 thousand.

**5.02. Other revenue**

	<b>2024</b>	<b>2023</b>
Services	26	-
Written off liabilities	30	-
Other	45	36
<b>Total</b>	<b>101</b>	<b>36</b>

**5.03. Administrative expenses**

	<b>2024</b>	<b>2023</b>
<b>Materials, including</b>	<b>(6)</b>	<b>(6)</b>
<i>Office supplies, machinery and consumables</i>	(6)	(6)
<b>Hired services, including:</b>	<b>(1 698)</b>	<b>(1 201)</b>
<i>Office Rent</i>	(3)	(1)
<i>IT Infrastructure</i>	(234)	(160)
<i>Membership fee, Communications Regulation Commission</i>	(231)	(54)

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Insurances and car services	(5)	-
Consultancy, legal, accounting and audit services	(1 135)	(831)
Taxes and fees	(13)	-
Advertising	(24)	(70)
Other external services	(53)	(85)
<b>Depreciation</b>	<b>(58)</b>	<b>(47)</b>
<b>Payroll expenses</b>	<b>(2 087)</b>	<b>(1 545)</b>
<b>Social security expenses</b>	<b>(53)</b>	<b>(54)</b>
<b>Other expenses</b>	<b>(50)</b>	<b>(14)</b>
<b>Total</b>	<b>(3 952)</b>	<b>(2 867)</b>

**5.04. Financial income**

	<b>2024</b>	<b>2023</b>
Interest income	98	68
Net earnings on foreign exchange operations	298	98
Profit from sales of finance assets incl.	-	<b>181</b>
Revenue from sales of financial assets	-	1 455
Carrying amount of assets sold	-	(1 274)
<b>Total:</b>	<b>396</b>	<b>249</b>

**5.05. Financial expenses**

	<b>2024</b>	<b>2023</b>
Interest expenses on bank loan	(23)	(45)
Bank financial services	(25)	(14)
Net foreign exchange rates expenses	(180)	(62)
<b>Total financial expenses</b>	<b>(228)</b>	<b>(121)</b>

**5.06. Assets held for sale – result of sale of investment**

On September 26, 2024, the Company entered into an agreement to sell its investment in the subsidiary Shelly Properties EOOD. The agreed price for the sale is BGN 6 763 thousand. The investment in the subsidiary, classified as an asset held for sale, is BGN 5 405 thousand. Accordingly, the result of the sale of this investment is a profit of BGN 1 161 thousand, after deduction the expenses related to the deal.

**5.07. Earnings per share in BGN**

	<b>2024</b>	<b>2023</b>
Net profit for the reporting period in BGN'000	<b>1 974</b>	<b>7 852</b>
Weighted average number of shares	18 081 918	18 004 306
<b>Earnings per share in BGN</b>	<b>0.11</b>	<b>0.44</b>

In June 2024 the Company increased its share capital by issuing 54 614 new ordinary dematerialized registered voting shares with par value of BGN 1 each.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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**6. Transactions and balances with related parties**

At the end of 2024 the related parties are as follows:

<b>Company</b>	<b>Relationship</b>
Shelly Trading EOOD	Subsidiary
Shelly Europe EOOD	Subsidiary
Shelly USA Inc.	Subsidiary
Shelly DACH GmbH	Subsidiary
Shelly Asia Ltd.	Subsidiary
Corner Solutions OOD	Associate

During 2024 the Company has carried out transactions with the following related parties:

<b>Company</b>	<b>Relationship</b>
Shelly Properties EOOD	Subsidiary (until September 26, 2024)
Shelly USA Inc.	Subsidiary
Shelly Tech d.o.o.	Subsidiary
Shelly Europe EOOD	Subsidiary

Information of the Company's transactions with related parties is presented below.

**6.01.Loans granted to related parties**

**Short-term loans**

On March 19, 2023 Shelly Group SE as a sole owner of Shelly USA Inc's capital which is registered and operating according to the US legislation has granted additional cash contribution in the amount of USD 400 000 (BGN 763 thousand) for a term of 1 year starting now and with annual interest of 1%.

On May 14, 2024 The Board of Directors of "Shelly Group" SE has decided to grant an additional cash contribution in the amount of EUR 600,000 (BGN 1 173 thousand) to its Slovenian subsidiary Shelly Tech d.o.o. The additional cash contribution was granted for a period of 1 year at an annual interest rate of 1%.

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**6.02. Receivables from related parties**

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
<b>Shelly Europe EOOD, incl.:</b>	<b>3 000</b>	<b>8 000</b>
Dividends	3 000	8 000
<b>Shelly Trading EOOD, incl.:</b>	<b>1 000</b>	<b>-</b>
Dividends	1 000	-
<b>Shelly USA Inc., incl.:</b>	<b>2 690</b>	<b>1 797</b>
- Interest on additional cash contributions	54	27
- Funds provided for additional contributions	2 636	1 770
<b>Shelly Tech d.o.o., incl.:</b>	<b>3 247</b>	<b>2 003</b>
- Interest on additional cash contributions	23	6
- Interest on loans	95	41
- Funds provided for additional contribution	2 151	978
- Loan provided	978	978
<b>Shelly Asia</b>	<b>4</b>	<b>-</b>
Management fee	4	-
<b>Total incl.:</b>	<b>9 941</b>	<b>11 800</b>
Current:	8 868	10 781
Non-current:	1 073	1 019

All receivables from related companies are reviewed for impairment, however no such were identified, neither accrued for the reporting period.

Receivables from related companies are in the following currencies:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
<i>By currency</i>		
in BGN	4 000	8 000
in EUR	3 251	2 003
in USD	2 690	1 797
<b>Total:</b>	<b>9 941</b>	<b>11 800</b>

**6.03. Payables to related parties**

The payables to related parties during the year are related to the lease agreements concluded with Shelly Properties EOOD for vehicles, for which the Company has recognized in the separate statement of financial position right-of-use assets. As of December 30, 2023, the present value of the lease liability recognized under these agreements amounts to BGN 160 thousand, which is split by current portion BGN 47 thousand BGN and non-current amounting to BGN 113 thousand.

**6.04. Transactions and balances with related parties**

During the reporting period, Shelly Group SE recognized income from dividends from its subsidiaries Shelly Europe EOOD – BGN 3 500 thousand and Shelly Trading EOOD – BGN 1 000 thousand.

At the end of 2022 Shelly Group SE had made the additional cash contribution in the amount of BGN 1 834 thousand (USD 1 million) to its subsidiary Shelly USA Inc., with annual interest rate of 1.0%. The interest income accrued as of December 30, 2024 are in the amount of BGN 18 thousand.

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On March 23, 2023, Shelly Group SE provided to its subsidiary Shelly Tech d.o.o a loan of BGN 978 thousand (EUR 500 thousand). The recognized income from interest as of December 30, 2024 is at the amount of BGN 54 thousand.

On June 1, 2023, Shelly Group SE has granted to Shelly Tech d.o.o an additional cash contribution in the amount of BGN 978 thousand (EUR 500 thousand) at the following terms – repayment period within 1-year, annual interest rate 1%. The recognized income from interest as of December 30, 2024 is in the amount of BGN 10 thousand.

On March 19, 2023 Shelly Group SE has granted to Shelly USA Inc. additional cash contribution in the amount of USD 400 000 (BGN 762 thousand). The accrued income from interest as of December 30, 2024 is in the amount of 6 thousand BGN.

On May 14, 2024 The Board of Directors of "Shelly Group" SE has decided to grant an additional cash contribution in the amount of EUR 600,000 (BGN 1 173 thousand) to its Slovenian subsidiary Shelly Tech d.o.o. The additional cash contribution was granted for a period of 1 year at an annual interest rate of 1% The accrued income from interest as of 31 December 2024 is in the amount of 7 thousand BGN.

During 2024 the company recognized revenue from management services rendered to its subsidiaries Shelly Asia, at the amount of BGN 13 thousand, and Shelly DACH , at the amount of BGN 13 thousand.

**6.05.Key managerial personnel**

During 2024 to the members of the Board of Directors is accrued and paid gross remuneration (including employer's social security contributions) at the total amount of BGN 1 617 thousand (2023: BGN 1 039 thousand.). The remuneration paid was in accordance with the disclosed Remuneration policy and the changes made in the number and composition of the members of the Board of Directors, adopted at the extraordinary General Meetings held on December 13, 2023.

On 18.12.2023 the General Meeting of Shareholders voted a change in the Board of directors' personnel. As of 01.01.2024 Mr. Christoph Vilanek replaced Mr. Gregor Bieler, who has left the role of board member due to increase in his professional engagements. This change is reflected in the Commercial Register and Register of Non-Profit Entities with the Register Agency on 08.01.2024.

The members of the Board of Directors are:

- Christoph Vilanek - Chairman
- Nikolay Martinov - Deputy Chairman
- Dimitar Dimitrov - Executive Director and Representative
- Wolfgang Kirsch - Executive Director and Representative
- Svetlin Todorov - Member of the Board of Directors and Representative

**7. Contingent liabilities and commitments**

At the end of 2024 the company has no contingent liabilities.

As of 31.12.2023 the contingent liabilities include:

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Contract	Annex	Creditor	Debtor	Joint debtor / Guarantor	Amount / Limit	Financial conditions	Maturity	Collateral provided by the borrower
Investment loan August 25, 2017	Annexes No. 1/ October 31, 2018	UBB AD	Shelly Group SE	Shelly Properties EOOD – joint debtor	BGN 3 168 thousand. (EUR 1 620 thousand)	Fixed interest rate for the whole period 3% per year; Management fee	February 10, 2028	Mortgage on real estate owned by Shelly Properties EOOD; Pledge of receivables on bank accounts of the company in the bank. Pledge under the Financial Collateral Contracts Act
Overdraft September 30, 2019	Annexes No 1/ August 28, 2020	UBB AD	Shelly Europe EOOD	Shelly Group SE – guarantor	BGN 1 955 thousand (EUR 1 million)	One-month EURIBOR, increased by 2.5 percentage points, but not less than 2.5%; management fee; commitment fee; commission for issuing guarantees	September 29, 2024	Pledge of receivables on accounts of the Company in the bank

## 8. Financial instruments by categories

The structure of the financial assets and liabilities as of December 31, 2024, and December 31, 2023 by categories is as follows:

	December 31, 2024				December 31, 2023			
	Financial assets at amortized cost - Cash	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Total	Financial assets at amortized cost - Cash	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Total
<i>Financial assets according to the Statement of financial position</i>								
Cash and cash equivalents	4 778	-	-	4 778	2 943	-	-	2 943
Long term trade receivables	-	-	-	-	-	1 027	-	1 027
Non-current loans to related parties	-	1 073	-	1 073	-	1 019	-	1 019
Current receivables from related companies	-	8 868	-	8 868	-	10 781	-	10 781
Commercial loan	-	-	-	-	-	550	-	550
Trade receivables	-	1 428	-	1 428	-	669	-	669
<b>TOTAL FINANCIAL ASSETS</b>	<b>4 778</b>	<b>11 369</b>	<b>-</b>	<b>16 147</b>	<b>2 943</b>	<b>14 046</b>	<b>-</b>	<b>16 989</b>

	December 30, 2024		December 31, 2023	
	Financial liabilities at amortized cost	Total	Financial liabilities at amortized cost	Total
<i>Financial liabilities according to the Statement of financial position</i>				

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Bank loans			1 322	<b>1 322</b>
Lease liabilities	160	<b>160</b>	207	<b>207</b>
Trade payables	226	<b>226</b>	168	<b>168</b>
Other liabilities	295	<b>295</b>	415	<b>415</b>
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>681</b>	<b>681</b>	<b>2 112</b>	<b>2 112</b>

The fair value of the bank loan that the Company is using, is determined based on market interest rate applicable for similar instruments with similar term.

The Company has no practice of working with derivative instruments.

## 9. Financial risk management

The Company's activities are exposed to several risks related to objective conditions such as market unpredictability, general economic trends, changes in exchange rates.

To minimize the potential negative effects, the Company has adopted policies for overall risk management and assessment and establishing procedures for addressing the identified risks. The overall risk management is focused on forecasting the results of certain areas of the markets where the Company operates in order to minimize the potential negative effects that could affect the financial results. Financial risks are currently identified, measured and monitored using various control mechanisms to adequately assess market conditions and their effects on Company's investments and to maintain sufficient liquid funds to avoid unjustified concentration of any specific risk.

Risk management is carried out on an ongoing basis under the direct supervision of the Executive Director and the Company's financial experts in accordance with the policy set by the Board of Directors.

The risk management strategy is regularly reviewed in order to update the policies to the dynamics in the market and economic conditions. The Company aims to develop discipline and a constructive control environment in which all employees understand their responsibilities through periodic training and application of established standards.

The following describes the different types of risks to which the Company is exposed in carrying out its business operations, as well as the approach taken in managing these risks.

### Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices.

#### A. Currency risk

The Company carries out its transactions mainly on the domestic market and in the European Union. It is not exposed to significant currency risk because almost all its operations and transactions are denominated in Bulgarian levs and euros, and the latter has a fixed exchange rate against the lev by law. During the previous financial year, the Company transferred part of its cash in USD in order to optimize its expenses related to

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keeping available cash at current accounts. The Company has also provided an additional cash contribution in USD to its subsidiary.

The Company makes its main deliveries in BGN.

The tables below summarize the exchange rate exposure:

December 31, 2024	In EUR	In USD	In other foreign currency	In BGN	Total
Cash and cash equivalents	4 288	7	-	483	4 778
Long-term receivables	-	-	-	-	-
Non-current loans granted to related parties	1 073	-	-	-	1 073
Receivables from related companies	2 178	2 690	-	4 000	8 868
Trade receivables	1 375	-	-	53	1 428
<b>TOTAL ASSETS</b>	<b>8 914</b>	<b>2 697</b>	<b>-</b>	<b>4 536</b>	<b>16 147</b>
Bank loans	-	-	-	-	-
Financial lease	-	-	-	160	160
Trade payables	4	-	-	222	226
Other liabilities	-	-	-	295	295
<b>TOTAL LIABILITIES</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>677</b>	<b>681</b>

December 31, 2023	In EUR	In USD	In other foreign currency	In BGN	total
Cash and cash equivalents	491	7	1 218	1 227	2 943
Long term trade receivables	1 027	-	-	-	1 027
Non-current loans granted to related parties	1 019	-	-	-	1 019
Receivables from related companies	984	1 797	-	8 000	10 781
Receivables on loans granted	550	-	-	-	550
Trade receivables	669	-	-	-	669
<b>TOTAL ASSETS</b>	<b>4 740</b>	<b>1 804</b>	<b>1 218</b>	<b>9 227</b>	<b>16 989</b>
Bank loans	1 322	-	-	-	1 322
Lease liabilities	-	-	-	207	207
Trade payables	37	-	-	131	168
Other liabilities	-	-	-	415	415
<b>TOTAL LIABILITIES</b>	<b>1 359</b>	<b>-</b>	<b>-</b>	<b>753</b>	<b>2 112</b>

*Currency sensitivity analysis*

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The Company is not exposed to currency risk with respect to its euro exposures since the Bulgarian lev has a fixed exchange rate against the euro. With respect to its positions in US dollars, it carries a risk, but since they amount is a bit more than 17% of all currency exposures of the Company, and a large part of them are to related companies, the management considers this risk to be insignificant, at least at this stage.

At the end of 2023 the Company has exposure to Norwegian kroner (7.1% of the assets) as a result of received funds from sale of finance assets denominated in Norwegian kroner.

In the table below, a sensitivity analysis is presented to the possible changes in the exchange rate BGN/USD and BGN/NOK (Norwegian krone) and the profit before taxes (through changes in the book values of monetary assets and liabilities), provided that all other variables are assumed to be constant.

	Increase/ Decrease in exchange rate BGN/ USD	Effect on the profit before tax	Increase/ Decrease in exchange rate BGN/ NOK	Effect on profit before tax
	%		%	
2024	+/-1.00%	27	+/-1.00%	n/a
2023	+/-1.00%	18	+/-1.00%	12

### B. Price risk

As of December 31, 2024 the company has no exposure to price risk related to ownership of financial instruments.

### C. Risk of the interest-bearing cash flows

The Company does not have a significant concentration of interest-bearing assets, except for free cash on current accounts with banks and the loans to the related companies and third parties, therefore the revenues and inflows of operating cash flows are not largely dependent on changes in market interest rates.

At the same time, the outgoing cash flows of Shelly Group SE are not exposed to interest rate risk from utilizing a bank loan and lease, as they are agreed with a fixed interest rate.

Cash on current accounts with banks bear interest at interest rates according to the tariffs of the respective banks.

The management of the Company currently monitors and analyses its exposure to changes in market interest rates. Different refinancing scenarios, renewal of existing interest-bearing positions and alternative financing are simulated. Calculations are made for significant interest-bearing positions.

	Interest-free	With floating interest %	With fixed interest %	total
<b>December 31, 2024</b>				
Cash and cash equivalents	-	-	4 778	4 778
Long term trade receivables	-	-	-	-

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Loans granted to related parties	-	1 073	-	<b>1 073</b>
Receivables from related companies	4 081	-	4 787	<b>8 868</b>
Trade receivables	1 428	-	-	<b>1 428</b>
<b>TOTAL ASSETS</b>	<b>5 509</b>	<b>1 074</b>	<b>9 565</b>	<b>16 147</b>
Bank loans	-	-	-	-
Lease liabilities	-	-	160	160
Trade payables	226	-	-	226
Other liabilities	295	-	-	295
<b>TOTAL LIABILITIES</b>	<b>521</b>	<b>-</b>	<b>160</b>	<b>681</b>

	Interest-free	With floating interest %	With fixed interest %	total
<b>December 31, 2023</b>				
Cash and cash equivalents	-	-	2 943	2 943
Long term trade receivables	1 027	-	-	1 027
Loans granted to related parties	-	1 019	-	1 019
Receivables from related companies	8 033	-	2 748	10 781
Receivables on loans granted	-	-	550	550
Trade receivables	669	-	-	669
<b>TOTAL ASSETS</b>	<b>9 729</b>	<b>1 019</b>	<b>6 241</b>	<b>16 989</b>
Bank loans	-	-	1 322	1 322
Lease liabilities	-	-	207	207
Trade payables	168	-	-	168
Other liabilities	415	-	-	415
<b>TOTAL LIABILITIES</b>	<b>583</b>	<b>-</b>	<b>1 529</b>	<b>2 112</b>

#### D. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to meet its obligation and thereby cause a loss to the other party. The financial assets that potentially expose the Company to credit risk are mainly receivables from sales of investments. The Company is exposed to credit risk if in case customers fail to pay their receivables.

The financial assets of the Company are concentrated in the following groups: cash (cash on hand and at bank accounts), receivables from clients and additional cash contributions and loans provided to its subsidiaries.

Trade receivables (short-term and long-term) represent receivables related to the sale of long-term investments in subsidiaries, part of them is secured, receivables from dividends of subsidiaries, as well as receivables related to financing of subsidiaries.

The collection and concentration of receivables is monitored on an ongoing basis, according to the established policy of the Company. For this purpose, the open positions by clients, as well as the received receipts, are

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periodically reviewed by the financial and accounting department and the management, and an analysis of the unpaid amounts is performed.

The Management follows an internal policy for assessing credit losses. For receivables from related parties and trade receivables the simplified method is applied, as the percentages are determined based on historical data.

As of December 31, 2024 the Company has no written off receivables and impairment of receivables.

Company's exposure to credit risk arising from its financial assets as of December 31, 2024 and December 31, 2023 is presented below:

	As of December 31, 2024	As of December 31, 2024
Cash and cash equivalents	4 778	2 943
Loans granted to related parties	1 073	1 019
Long-term trade receivables	-	1 027
Receivables from related companies	8 868	10 781
Receivables on loans granted	-	550
Trade receivables	1 428	669
<b>Total</b>	<b>16 147</b>	<b>16 989</b>

The staging of the financial assets of the Company as of December 31, 2024, and December 31, 2023 is presented in the table below:

	31.12.2024			
	Stage 1	Stage 1	Stage 1	Stage 1
<b>Financial assets</b>				
Cash and cash equivalents	4 778	-	-	4 778
Loans granted to related parties	1 073	-	-	1 073
Loans granted to related parties Long-term trade receivables	-	-	-	-
Receivables from related parties	8 868	-	-	8 868
Trade receivables	1 428	-	-	1 428
<b>Total</b>	<b>16 147</b>	<b>-</b>	<b>-</b>	<b>16 147</b>
Accrued provisions (ECL) for financial assets	-	-	-	-
<b>Financial assets, net of accrued provisions</b>	<b>16 147</b>	<b>-</b>	<b>-</b>	<b>16 147</b>
	31.12.2023			
	Stage 1	Stage 2	Stage 3	Total
<b>Financial assets</b>				
Cash and cash equivalents	2 943	-	-	2 943
Long-term trade receivables	1 019	-	-	1 019
Loans granted to related parties	1 027	-	-	1 027

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Receivables from related parties	10 781	-	-	10 781
Receivables from loan granted	550	-	-	550
Trade receivables	669	-	-	669
<b>Total</b>	<b>16 989</b>	<b>-</b>	<b>-</b>	<b>16 989</b>
Accrued provisions (ECL) for financial assets	-	-	-	-
<b>Financial assets, net of accrued provisions</b>	<b>16 989</b>	<b>-</b>	<b>-</b>	<b>16 989</b>

The changes in the gross carrying amount of the financial assets are presented below:

<i>Gross carrying amount of the financial assets</i>	<i>Stage 1 - expected credit loss for 12 months period</i>	<i>Stage 2 - expected credit loss for the period of the financial asset life</i>	<i>Stage 3 - expected credit loss for the period of the financial asset life</i>	<i>TOTAL</i>
<b>Gross carrying amount as of December 31, 2023</b>	<b>16 989</b>	<b>-</b>	<b>-</b>	<b>16 989</b>
Changes during the year:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
New financial assets	34 249	-	-	34 249
Maturity of financial assets	(35 090)	-	-	(35 090)
<b>Gross carrying amount as of December 30, 2024</b>	<b>16 147</b>	<b>-</b>	<b>-</b>	<b>16 147</b>

<i>Gross carrying amount of the financial assets</i>	<i>Stage 1 - expected credit loss for 12 months period</i>	<i>Stage 2 - expected credit loss for the period of the financial asset life</i>	<i>Stage 3 - expected credit loss for the period of the financial asset life</i>	<i>TOTAL</i>
<b>Gross carrying amount as of December 31, 2022</b>	<b>15 587</b>	<b>-</b>	<b>-</b>	<b>15 587</b>
Changes during the year:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
New financial assets	28 062	-	-	28 062
Maturity of financial assets	(26 660)	-	-	(26 660)
<b>Gross carrying amount as of December 31, 2023</b>	<b>16 989</b>	<b>-</b>	<b>-</b>	<b>16 989</b>

The changes in booked ECL provision for financial assets as of December 31, 2024 and 2023 are presented

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below:

	<i>Stage 1 - expected credit loss for 12 months period</i>	<i>Stage 2 - expected credit loss for the period of the financial asset life</i>	<i>Stage 3 - expected credit loss for the period of the financial asset life</i>	<i>TOTAL</i>
<b><i>ECL provision as of December 31, 2023</i></b>	-	-	-	-
Changes during the year:	-	-		
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
New financial assets	-	-	-	-
Maturity of financial assets	-	-	-	-
<b><i>ECL provision as of December 31, 2024</i></b>	-	-	-	-

  

	<i>Stage 1 - expected credit loss for 12 months period</i>	<i>Stage 2 - expected credit loss for the period of the financial asset life</i>	<i>Stage 3 - expected credit loss for the period of the financial asset life</i>	<i>TOTAL</i>
<b><i>ECL provision as of December 31, 2022</i></b>	-	-	-	-
Changes during the year:	-			
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
New financial assets	-	-	-	-
Maturity of financial assets	-	-	-	-
<b><i>ECL provision as of December 31, 2023</i></b>	-	-	-	-

**E. Liquidity risk**

The liquidity risk is expressed in the negative situation that the Company will not be able to meet unconditionally all its obligations, according to their maturity.

It pursues a conservative liquidity management policy, through which it constantly maintains an optimal liquidity reserve of monetary funds and a good ability to finance its business activities. In order to control the risk, the Company monitors the timely payment of the incurred liabilities.

The Company monitors and controls the actual and projected cash flows for periods ahead and maintains a balance between the maturity limits of the assets and liabilities of the Company.

On an ongoing basis the maturity and timely execution of payments is monitored by the finance and accounting department, maintaining daily information on available cash and upcoming payments.

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December 31, 2024	to 1 m.	1-3 m.	3-6 m.	6-12 m.	1-2 y.	2-5 y.	over 5 y.	without maturity	total
Cash and equivalents	-	-	-	-	-	-	-	4 778	4 778
Long-term receivables	-	-	-	-	-	-	-	-	-
Loans granted to related parties	-	-	-	-	-	1 073	-	-	1 073
Receivables from related companies	-	4 004	-	4 864	-	-	-	-	8 868
Trade receivables	88	-	-	1 340	-	-	-	-	1 428
<b>TOTAL ASSETS</b>	<b>88</b>	<b>4 004</b>	<b>-</b>	<b>6 203</b>	<b>-</b>	<b>1 073</b>	<b>-</b>	<b>4 778</b>	<b>16 147</b>
Bank Loans							-	-	
Lease liabilities	4	8	12	23	113	-	-	-	160
Trade payables	130	-	96	-	-	-	-	-	226
Other liabilities	10	20	30	235	-	-	-	-	295
<b>TOTAL LIABILITIES</b>	<b>144</b>	<b>28</b>	<b>138</b>	<b>258</b>	<b>113</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>681</b>
December 31, 2023	to 1 m.	1-3 m.	3-6 m.	6-12 m.	1-2 y.	2-5 y.	over 5 y.	without maturity	total
Cash and equivalents	-	-	-	-	-	-	-	2 943	2 943
Long-term receivables	-	-	-	-	1 027	-	-	-	1 027
Loans granted to related parties	-	-	-	-	-	1 019	-	-	1 019
Receivables from related companies	-	8 000	-	2 781	-	-	-	-	10 781
Receivables from loan granted	-	-	550	-	-	-	-	-	550
Trade receivables	176	-	176	317	-	-	-	-	669
<b>TOTAL ASSETS</b>	<b>176</b>	<b>8 000</b>	<b>726</b>	<b>3 098</b>	<b>1 027</b>	<b>1 019</b>	<b>-</b>	<b>2 943</b>	<b>16 989</b>
Bank loans	24	49	76	153	307	713	-	-	1 322
Lease liabilities	13	27	41	79	47	-	-	-	207
Trade payables	72	96	-	-	-	-	-	-	168
Other liabilities	10	20	30	355	-	-	-	-	415
<b>TOTAL LIABILITIES</b>	<b>119</b>	<b>192</b>	<b>147</b>	<b>587</b>	<b>354</b>	<b>713</b>	<b>-</b>	<b>-</b>	<b>2 112</b>

## F. Capital risk management

With the capital management the Company aims to create and maintain opportunities for it to continue to operate as a going concern and to ensure the appropriate return on investment of shareholders, and to maintain optimal capital structure, to reduce capital expenses.

The Company on a regular basis monitors the security and capital structure based on the debt ratio. This ratio

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is calculated between the net debt capital and the total amount of capital. Net debt capital is defined as the difference between all borrowings (current and non-current) as stated in the statement of financial position and the cash and cash equivalents. The total amount of capital is equal to the equity and net debt capital.

The table below presents the debt ratios based on the capital structure:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
<b>Total debt capital incl.</b>	<b>870</b>	<b>2 268</b>
Less: cash and cash equivalents	4 778	2 943
<b>Net debt capital</b>	<b>(3 908)</b>	<b>(675)</b>
Total equity	30 733	33 335
Total capital	26 825	32 660
<b>Debt ratio</b>	<b>0.00%</b>	<b>0.00%</b>

As the cash is larger than the debt capital, the Company has no indebtedness at the end of 2023 and end of 2024.

## 10. Fair values

For the purposes of disclosing fair value, the Company determines different classes of assets and liabilities depending on their nature, characteristics and risk and the respective level of the fair value hierarchy specified in item 3.10 from the Notes to the separate financial statements.

The Company's management has determined that the book values of cash and cash equivalents, receivables from related companies and other trade receivables approximate their fair values due to the short-term nature of these financial instruments.

The attached table shows the book values and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. Fair value information is not included if the book value is reasonably close to the fair value.

The table below presents the hierarchy of the fair value of the Company's assets and liabilities in accordance with IFRS 13:

<b>As of 31 December 2024,</b>	<b>Book value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets</b>				
Long-term trade receivables		-		-
Cash and cash in bank	4 778	-	4 778	-
Loans granted to related parties	1 073	-	-	-
Receivables from related companies	8 868	-	-	-
Trade receivables	1 428	-	-	-
<b>Total:</b>	<b>16 147</b>	<b>-</b>	<b>4 778</b>	<b>-</b>
<b>Financial liabilities</b>				
Bank loans	-	-	-	-
Lease liabilities	160	-	156	-
Trade payables	226	-	-	-

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Other liabilities	295	-	-	-
<b>Total:</b>	<b>681</b>	<b>-</b>	<b>156</b>	<b>-</b>

As of 31 December 2023,	<u>Book value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Financial assets</b>				
Long term receivables	1 027	-	1 027	-
Cash and cash in bank	2 943	-	2 943	-
Loans granted to related parties	1 019	-	-	-
Receivables from related companies	10 781	-	-	-
Receivables from loan granted	550	-	-	-
Trade receivables	669	-	-	-
<b>Total:</b>	<b>16 989</b>	<b>-</b>	<b>3 970</b>	<b>-</b>
<b>Financial liabilities</b>				
Bank loans	1 322	-	1 239	-
Lease liabilities	207	-	203	-
Trade payables	168	-	-	-
Other liabilities	415	-	-	-
<b>Total:</b>	<b>2 112</b>	<b>-</b>	<b>1 442</b>	<b>-</b>

The fair value of the financial liabilities included in Level 2 in the table above was determined in accordance with the generally accepted valuation model based on discounted cash flows, the interest rate on the loan was used as a discount factor.

The fair value of receivables from related companies (loans granted, including), trade payables, granted commercial loans and other liabilities approximates their carrying amount as these assets/liabilities are not subject to effects, that lead to different fair value.

## 11. Events after the end of the reporting period

“Shelly Group” ED decided to provide its US subsidiary Shelly USA Inc. with financing in the form of an additional cash contribution of USD 700 thousand (BGN 1 329 thousand) for a period of one year at an annual interest rate of 1%. This financing is provided in addition to the additional cash contributions provided in 2022 and 2024, in the amount of USD 1 million (BGN 1 834 thousand) and USD 400 thousand (BGN 762 thousand), respectively, each of which the Board of Directors decided to extend for a period of another 1 year under the same conditions.