

ANNEX 4**UNDER 12, ITEM 1 OF ORDINANCE 2 OF 09.11.2021 OF FSC
TO THE INTERIM REPORT ON BUSINESS ACTIVITIES OF SHELLY GROUP AD
AS OF THE FOURTH QUARTER OF 2023
ON CONSOLIDATED BASIS****(reporting period 01.01.2023 – 31.12.2023)**

The Board of Directors of Shelly Group AD, UIC: 201047670, with registered office and address of management, Sofia, 103 Cherni Vrah Blvd. (“Shelly Group” / “the Company”), notifies all current and future investors that the information presented in this document has been prepared in compliance with the requirements of Art.12, para. 1, item 1 of Ordinance No. 2 of the Financial Supervision Commission and represents Annex No. 4 to the above-mentioned legal act. It contains the legally determined information about the activity of the company on consolidated basis for the period from 01.01.2023 to 31.12.2023. It is in the interest of the investors to get acquainted with the provided information before making a decision to invest in the company's securities.

**THE FINANCIAL SUPERVISION COMMISSION IS NOT RESPONSIBLE FOR THE ACCURACY
OF THE INFORMATION PROVIDED**

The persons responsible for damages caused by incorrect, misleading or incomplete data in this information are:

Wolfgang Kirsch - Executive Director and Representative;
Dimitar Dimitrov - Executive Director and Representative;
Christoph Vilanek – Chairman of the BoD (holding the position as of 01.01.2024);
Nikolay Martinov - Deputy Chairman of the BoD;
Svetlin Todorov - Member of the BoD and Representative;

1.1. Change of the persons exercising control over the company.

During the reporting period there was **no change** in the persons exercising control over the company. On the basis of a resolution of the General Meeting of Shareholders dated 18.12.2023, as of 01.01.2024, there have been personnel changes in the Board of Directors, namely the resigned Mr. Gregor Bieler has been replaced by Mr. Christoph Vilanek and therefor as of 01.01.2024, the Board of Directors has the following structure:

- 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;

The representatives represent the Company together or individually.

As of 31.12.2023 the capital structure of SHELLY GROUP AD is as follows:

NAME OF SHAREHOLDER	PERCENTAGE OF THE CAPITAL
Svetlin Todorov	30,39 %
Dimitar Dimitrov	32,00 %
Other individuals and legal entities	37,61 %

As of 31.12.2023 the Company does not hold any treasury shares.

1.2. Initiating insolvency proceedings for the company or its subsidiary and all significant stages related to the proceedings.

During the reporting period **no** insolvency proceedings were initiated for the company or its subsidiary.

1.3. Concluding or executing significant transactions.

During the reporting period **no** significant transactions outside the ordinary course of business were concluded or executed.

During the reporting period and within the scope of the ordinary course of business the Company has concluded the following transactions:

- In the first quarter of 2023 the Shelly Group AD acquired 60% of the share capital of the Slovenian IoT provider GOAP Računalniški inženiring in avtomatizacija procesov d.o.o. Nova Gorica (current company name Shelly Tech avtomatizacija stavb, d.o.o.) referred to hereinafter as “the Slovenian Company”. The transaction was based on Share Purchase Agreements that were signed with all four shareholders of the Slovenian Company. The total purchase price for the 1st stage transactions is EUR 2 million.
- In the first quarter of 2023 there was signed Option Agreement for the acquisition of the remaining 40% of the Slovenian Company share capital belonging to the three individual shareholders of that company. Under the Option Agreement Shelly Group AD will have unconditional option to buy (“call option”) and the selling shareholders will have conditional option to sell (“put option”) two packages of shares (the exercise of each of the sellers' options is conditional upon the achievement of certain minimum criteria of KPI, EBITDA and revenue within the period 2023 – 2025). One option is for 16% of GOAPs share capital and the other option is for 24% of share capital of the Slovenian Company. The aggregate price for the shares in case of the exercise of the options depends on the extent to which the conditions therefore are met and may range from EUR 699,999.70 (BGN 1,369,080.41) to EUR 3,449,998.60 (BGN 6,747,610.76)
- In the first quarter of 2023 Shelly Group AD has granted a cash loan to its subsidiary GOAP Računalniški inženiring in avtomatizacija proces d.o.o., Nova Gorica (current company name Shelly Tech avtomatizacija stavb, d.o.o.) in the amount of BGN 978 thousand (EUR 500 thousand) under the following conditions: repayment term 31.12.2029, interest rate - according to the statistical data published by the Bulgarian

National Bank on 'Interest rates and volumes on non-overdraft balances for the non-financial corporations sector (in EUR over 5 years)';

- In the second quarter of 2023 SHELLY GROUP AD has granted an additional cash contribution to its subsidiary GOAP Računalniški inženiring in avtomatizacija proces d.o.o., Nova Gorica (current company name Shelly Tech avtomatizacija stavb, d.o.o.) in the amount of BGN 978 thousand (EUR 500 thousand) under the following conditions: repayment term 1 year as of the date of provision of the cash, interest rate – 1% interest to be charged at the end of the period; the additional cash contribution is provided for the purpose of covering losses from previous years and temporary cash requirements for the normal continuation of business as usual.
- In the third quarter of 2023 SHELLY GROUP AD has entered into an Investment Agreement regarding an investment in Ground Solutions Group AD by participating in a capital increase and subscribing for new preference shares in the capital of its subsidiary Corner Solutions Ltd (the "Investment"), namely 625 new preference shares representing 10% of the capital of Corner Solutions Ltd after the increase, for a price of EUR 100,000. No interested parties are involved in the transaction. The parties to the Investment Agreement are: SHELLY GROUP AD and Vitosha Venture Partners - Fund I KD, UIC: 206223492, as investors, on the one hand, and Ground Solutions Group AD, its founders Mr. Vladimir Konstantinov Todorov, Mr. Denis Krasimirov Florov, Mr. Nikola Konstantinov Ruychev and Corner Solutions Ltd., UIC 206375571, on the other hand.

Further the Company has entered into transactions with other companies outside its business group, which do not classify as “significant” in the meaning of §1, para. 1, item 2 of the Additional Provisions of Ordinance 2 of 09.11.2021 as follows:

- In the second quarter of 2023 Shelly Group AD has provided a cash loan to an unrelated and not-interested third party – Expat Capital AD, UIC 175192462, Bulgarian joint stock company in the amount of EUR 280 000 (BGN 547 632) under the following conditions: term – 1 year as of the date of provision of the cash, interest rate of 1% per annum on the amount borrowed in proportion to the period for which the amount has been used, which interest shall accrue at the end of the loan period

1.4. Decision to conclude, terminate and cancel a joint venture agreement.

During the reporting period **no** decision was made to conclude, terminate and cancel a joint venture agreement.

1.5. Change of the company's auditors and reasons for the change.

During the reporting period there **was no** change in the company's auditors.

By decision of the General Meeting of Shareholders, held on 19.06.2023, Deloitte Audit OOD, UIC: 121145199 has been appointed as the Company's auditor for 2023.

1.6. Initiation or termination of a court or arbitration case relating to liabilities or receivables of the company or its subsidiary, with a claim value of at least 10 percent of the company's equity.

During the reporting period there is no initiation or termination of a court or arbitration case relating to liabilities or receivables of the company or its subsidiary, with a claim value of at least 10 percent of the company's equity.

1.7. Purchase, sale or established pledge of shares in companies by the issuer or its subsidiary.

During the reporting period there is purchase, sale or established pledge of shares in companies by the issuer or its subsidiary.

During the reporting period the Company acquired 60% of the share capital of the Slovenian IoT provider GOAP Računalniški inženiring in avtomatizacija procesov d.o.o. Nova Gorica and signed an Option Agreement for the acquisition of the remaining 40% of the GOAP share capital. *(see item 1.3 here above)*

After the end of the reporting period, the Company has acquired 10 % of the capital of Corner Solutions Ltd by subscribing shares of the capital increase of that company. *(see item 1.3 here above)*

1.8. Other circumstances that the company considers may be important for the investors in deciding to acquire, sell or continue to hold publicly traded securities.

In June 2023 the Company increased its capital from BGN 17 999 999 to BGN 18 050 945 as a result of successful initial public offering of shares to the subscription of which there were entitled only employees (including managing directors but not members of the Board of Directors) of the Company and its Bulgarian subsidiaries – Shelly Europe Ltd. *(previously named Allterco Robotics)*, Shelly Trading Ltd. *(previously named Allterco Trading)* and Shelly Properties Ltd. *(previously named Allterco Properties)* based on Art. 112 (3) of POSA. The public offering was performed in compliance with Srt. 1, para 4 (i) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market.

In relation to the Options Agreement After under item 1.3 here above, that was signed between Shelly and the shareholders of the Slovenian IoT company Shelly Tech (formerly GOAP Računalniški inženiring in avtomatizacija procesov d.o.o. Nova Gorica) and announced in January 2023, in February 2024 Shelly Group AD has exercised a Call option to acquire an additional 16% stake of the share capital of Slovenian company. The exercise of the call option is the second stage of the acquisition of the Slovenian company.

The total purchase price for the 16% stake under the exercised call option amounts to EUR 586,666.30 calculated in accordance with the conditions of the option agreement. The remaining 24% of the shares in the Slovenian Company held by three individual shareholders are subject to a further call/put option exercisable in 2026 under the agreed terms.

Other circumstances that the company believes may be important for the investors in deciding to acquire, sell or continue to hold shares were publicly disclosed, incl. in the Interim Report on the Business Activities of the company as of the fourth quarter of 2023 on consolidated basis and the Explanatory Notes to the Interim Consolidated Financial Statements as of the fourth quarter of 2023.

On behalf of Shelly Group AD

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Dimitar Dimitrov, CEO