

ADDITIONAL INFORMATION

in accordance with Art.12, item 4 of Ordinance № 2 of FSC dated 09.11.2021 about initial and subsequent disclosure of information in public offerings of securities and admission of securities to trading on a regulated market

as of the fourth quarter of 2023

on consolidated basis

(reporting period 01.01.2023 – 31.12.2023)

1. Information about the changes in the accounting policy during the reporting period, the reasons for their connection and how they affect the financial result and the equity of the issuer

During the reporting period there was no change in the accounting policy of SHELLY GROUP AD.

2. Information about changes in the economic group of the issuer, if it participates in such a group

There is change in the business group of the Company during the reporting period, whereas in January 2023 the Company has closed the 1st stage of the acquisition 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” or “the Target Company”, acquiring 60% of the share capital of the Target Company. The transaction is based on Share Purchase Agreements (“SPAs”) that were signed with all four shareholders of the Target Company. The total purchase price for the 1st stage transactions is EUR 2 million.

The remaining 40% of share capital of the Slovenian Company belonging to three individual shareholders are subject to Option Agreement that was signed together with the SPAs. Under the Option Agreement Shelly Group will have unconditional call options and the selling shareholders will have conditional put options on 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% and the other option is for 24% of the 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).

SHELLY GROUP AD has participation of 625 new preference shares representing 10% of the capital of Corner Solutions Ltd. The participation was acquired for the price of BGN 196 thousand (EUR 100 000) as a result of an Investment Agreement that was entered into in the reporting quarter by and between Shelly Group AD and Vitosha Venture Partners - Fund I KD, UIC: 206223492, as co-investors, on 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, with UIC 206375571, on the other hand.

3. Information on the results of organizational changes within the issuer, such as transformation, sale of companies from the economic group, in-kind contributions from the company, rental of property, long-term investments, suspension of activity

During the reporting period there have been

- ✓ no organizational changes within the issuer
- ✓ no transformation proceedings have been initiated;
- ✓ no in-kind contributions have been made by the issuer;

- ✓ no property of the company has been leased;
- ✓ no suspended activities;
- ✓ long-term investments were made during the reporting period as shown under item 2 here above as well as the following investment in a company outside the business group of Shelly Group AD:

Investment in Ground Solutions Group AD by way of participation in the capital increase and subscription 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 the price of EUR 100 000, according to a signed Investment Agreement. There are no interested or related parties 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 one hand, and Ground Solutions Group AD, its founders Mr. Vladimir Konstantinov Todorov, Mr. Denis Krasimirov Florov, Mr. Nikola Konstantinov Ruychev and the target company Corner Solutions Ltd, with UIC 206375571, on the other hand.

After the end of the reporting period Shelly Group AD has exercised a Call option to acquire an additional 16% stake of the share capital of its Slovenian IoT subsidiary Shelly Tech (formerly GOAP Računalniški inženiring in avtomatizacija procesov d.o.o. Nova Gorica).

The exercise of the call option is the second stage of the acquisition of the Target Company based on an option agreement between Shelly and the shareholders of the Target Company signed and announced in January 2023.

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 Target Company held by three individual shareholders are subject to a further call/put option exercisable in 2026 under the agreed terms.

4. Opinion of the management body on the possibilities for realization of published forecasts for the results of the current financial year, taking into account the results of the current half-year, as well as information on the factors and circumstances that will affect the achievement of the forecast results at least until the end of the current financial year. year:

As of the end of the reporting period SHELLY GROUP PLC reported on consolidated basis a profit of BGN 32 920 thousand, which is an increase of 88.8% compared to 2022.

During the reporting period SHELLY GROUP PLC reports on consolidated basis revenue from sale of devices in the amount of BGN 146 301 thousand, which is 57.3 % higher than previous year.

During 2023 the Company sold its position in financial instruments that were traded on a regulated market and realized a profit at the amount of BGN 181 thousand.

SHELLY GROUP AD has published forecasts on consolidated basis as part of the Prospectus for the public offering of shares from the capital increase of SHELLY GROUP PLC together with the supplements thereto 2020. SHELLY GROUP PLC is updating its guidelines and targets on group level, whereas the Company has last updated its guidelines and targets in May 2023.

For the current financial year 2023, the Board of Directors has set a target revenue from sales of IoT devices and related services of EUR 72.0 million (BGN 140.8 million) compared to EUR 47.6 million in the previous year (BGN 93.1 million). 2023 earnings before interest and taxes (EBIT) are likely to be above EUR 17.0 million (BGN 33.2 million) compared to EUR 10.4 million in the previous year (BGN 20.3 million). Based on its expansion efforts and the market launch of new products, Shelly Group projects average annual growth of around 43.2% in the medium term to a revenue target of more than EUR 200.0 million by the end of 2026. For EBIT, the medium-term target is above EUR 50.0 million by the end of 2026, with average annual growth of around 48.1%.

5. Data on the persons holding directly and indirectly at least 5 per cent of the voting shares in the General Meeting at the end of the respective quarter, and the changes in the number of voting shares held by the persons for the period from the end of the previous quarter

Shareholders holding at least 5 percent of the votes in the GMS of Shelly Group AD as of 31.12.2023

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

As of 31 December, 2023 the Company does not hold any treasury shares.

6. Data on the shares held by the management and supervisory bodies of the issuer at the end of the respective quarter period, as well as the changes that have occurred for the period from the end of the previous quarter for each person separately

Members of the Board of Directors

NAME OF BOARD MEMBER	CAPITAL PERCENTAGE
Svetlin Todorov	30,39 %
Dimitar Dimitrov	32,00 %
Nikolay Martinov *	0 %
Wolfgang Kirsch***	0 %
Gregor Bieler**	0 %

* Nikolay Martinov has no direct interest in the capital of the Issuer. The companies Unicom Consult EOOD, in which he is the sole owner of the capital and manager, Impetus Capital OOD and Impetus Partners OOD, in which he is a partner respectively with 50% and 43,75 % of the capital and manager, as well as ImVenture I KDA and ImVenture II KDA, in which he is a representative of the legal entity - "Impetus Capital" OOD, have respectively: "Unicom Consult "EOOD – 84,750 shares (0.47%), Impetus Capital OOD 162,000 shares (0.9%), Impetus Partners OOD 405,000 shares (2.25%) ImVenture I KDA 123,288 shares (0.68%), ImVenture II KDA - 68,493. shares (0.38%) in the capital of Shelly Group AD and a total number of shares 843,531 (4.686%) of the voting rights in its General Meeting.

**Gregor Bieler holds approx. 0.03% of the Company's capital, acquired before his appointment as member of the Board of Directors. By resolution of the General Meeting of Shareholders of 18.12.2023, as of 01.01.2024 Gregor Bieler is no longer a member of the Board of Directors.

*** Wolfgang Kirsch holds approx. 0.03% of the voting rights in the General Meeting of the Shareholders of the Issuer;

7. Information on pending court, administrative or arbitration proceedings concerning liabilities or receivables amounting to at least 10 percent of the issuer's equity; if the total value of the issuer's liabilities or receivables under all initiated proceedings exceeds 10 per cent of its own capital, information shall be provided for each proceeding separately

During the reporting period there are no pending court, administrative or arbitration proceedings concerning liabilities or receivables amounting to at least 10 percent of the issuer's equity; nor such individual cases with the total value of the issuer's liabilities or receivables under all initiated proceedings exceeds.

8. Information on the loans granted by the issuer or its subsidiary, providing guarantees or assuming obligations in total to one person or its subsidiary, including related parties, indicating the nature of the relationship between the issuer and the person, the amount of outstanding principal, interest rate, payment deadline, amount of commitment, conditions and term

Except for the transactions specified here below, during the reporting period SHELLY GROUP AD has not granted any loans or guarantees and has not assumed obligations towards one person or its subsidiary, including related parties.

During the first quarter of 2022 SHELLY GROUP AD has approved financing for the operations of the subsidiary Shelly USA Inc. (previous company name Allterco Robotics Inc, USA) with the following parameters: (1) provision of an additional cash contribution of USD 1 million, for a term of 1 year as of the payment date, at an annual interest rate of 1% and (2) a capital increase of USD 500 000. At the end of the reporting period, the financing is fully provided to the subsidiary. During the reporting period, Shelly Group AD accrued interest income of BGN 18 thousand on thee additional cash contribution to Shelly USA Inc.

In the first quarter of 2023 SHELLY GROUP AD has granted a cash loan to its subsidiary Shelly Tech avtomatizacija stavb, d.o.o (former company name GOAP Računalniški inženiring in avtomatizacija proces d.o.o., Nova Gorica) 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). The accrued interest income for the reporting period is BGN 44 thousand;

In the second quarter of 2023 SHELLY GROUP AD has granted an additional cash contribution to its subsidiary Shelly Tech avtomatizacija stavb, d.o.o (former company name GOAP Računalniški inženiring in avtomatizacija proces d.o.o., Nova Gorica), 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. The interest income accrued for the reporting period is BGN 3 thousand.

In the second quarter of 2023 SHELLY GROUP AD has provided a cash loan to a 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. The interest income accrued for the reporting period is BGN 3 thousand.

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Dimitar Dimitrov
CEO, SHELLY GROUP AD